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This release does not constitute an offer of any securities for sale in the United States, or in any other jurisdiction in which such offer would not be permitted, and is not for distribution in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons, as such terms are defined in Regulation S under the Securities Act, except in accordance with an applicable exemption from registration. There will be no public offering of the securities in the United States.

17 November 2014

Company Announcements
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Pursuant to ASX Listing Rules 2.1 (Condition 5) and 15.2, I attach the Information Memorandum dated 14 November 2014 for Westpac Banking Corporation's US \$70,000,000,000 Programme for the Issuance of Debt Instruments. Westpac may, from time to time, offer debt securities on the terms and conditions described in the Information Memorandum.

Yours sincerely

Tim Hartin
Head of Group Secretariat
Westpac Banking Corporation



(A.B.N. 33 007 457 141)

(AFSL 233714)

(incorporated with limited liability in Australia and registered in the State of New South Wales)

U.S. \$70,000,000,000 Programme for the Issuance of Debt Instruments

This Information Memorandum has been prepared on the basis that application will be made to the Australian Securities Exchange (the "**ASX**") for subordinated instruments (the "**Subordinated Instruments**") issued pursuant to this Information Memorandum to be admitted to listing and/or trading on the ASX's wholesale Interest Rate Securities Market. This Information Memorandum has also been prepared on the basis that Subordinated Instruments may be issued under the Programme which they will be unlisted or admitted to listing and/or trading on such other or further listing authority and/or stock exchange as may be agreed between Westpac Banking Corporation (the "**Issuer**" or "**Westpac**") and the relevant Dealer(s).

This Information Memorandum does not comprise (i) a prospectus for the purposes of Part VI of the United Kingdom Financial Services and Markets Act 2000 (as amended) or (ii) a base prospectus for the purposes of Directive 2003/71/EC (as amended) (the "Prospectus Directive"). This Information Memorandum has been prepared solely with regard to Subordinated Instruments that are (i) not to be admitted to listing or trading on any regulated market for the purposes of the Markets in Financial Instruments Directive (2004/39/EC) and (ii) not to be offered to the public in a Member State (other than pursuant to one or more of the exemptions set out in Article 3.2 of the Prospectus Directive).

Instruments issued on a senior, unsubordinated basis may be issued under the Programme on the basis that they will be admitted to trading on the London Stock Exchange's Regulated Market, being a regulated market for the purposes of the Markets in Financial Instruments Directive (2004/39/EC) (the "**Senior Instruments**"). The Issuer has published a prospectus (approved by the United Kingdom Financial Conduct Authority, being the United Kingdom competent authority for the purposes of the Prospectus Directive) pursuant to which Senior Instruments may be issued under the Programme.

This Information Memorandum supersedes any previous base prospectus, listing particulars, information memorandum or information memorandum addendum describing the programme in respect of Subordinated Instruments. Any Subordinated Instruments issued under the Programme on or after the date of this Information Memorandum are issued subject to the provisions described herein. This does not affect any Subordinated Instruments issued before the date of this Information Memorandum.

Factors which could be material for the purpose of assessing the risks associated with an investment in the Subordinated Instruments issued under the Programme are set out on pages 13 to 40 of this Information Memorandum.

The Subordinated Instruments have not been, and will not be, registered under the *United States Securities Act of 1933*, as amended (the "**Securities Act**"), or any state securities laws, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons.

Arranger for the Programme

UBS Investment Bank

Dealers

Barclays
BNP PARIBAS
BofA Merrill Lynch
Citigroup

Deutsche Bank
HSBC
J.P. Morgan
Morgan Stanley
Nomura

The Royal Bank of Scotland
Goldman Sachs International
UBS Investment Bank
Westpac Banking Corporation

14 November 2014

Standard and Poor's (Australia) Pty Limited has assigned Westpac a senior unsecured credit rating of AA-. The outlook for the rating is stable. The short-term credit rating assigned by Standard and Poor's (Australia) Pty Limited to Westpac is A-1+. Moody's Investors Service Pty Limited has assigned Westpac a senior unsecured credit rating of Aa2. The outlook for the rating is stable. The short-term credit rating assigned by Moody's Investors Service Pty Limited to Westpac is P-1.

Neither Standard & Poor's (Australia) Pty Limited nor Moody's Investors Service Pty Limited is established in the European Union or has applied for registration under *Regulation (EU) No. 1060/2009, as amended* (the "**CRA Regulation**"). However, Standard & Poor's (Australia) Pty Limited is endorsed by Standard & Poor's Credit Market Services Europe Limited and Moody's Investors Service Pty Limited is endorsed by Moody's Investor Services Limited, each of which is established in the European Union and registered under the CRA Regulation.

The Issuer accepts responsibility for the information contained in this Information Memorandum and each Pricing Supplement. To the best of the knowledge of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Information Memorandum should be read and construed with any amendment or supplement thereto and, unless the context otherwise requires, be deemed to include any other documents incorporated by reference herein and, in relation to any Series (as defined herein) of Subordinated Instruments, should be read and construed together with the relevant Pricing Supplement (as defined herein).

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other document entered into in relation to the Programme or any additional written information supplied by the Issuer or such other information as has been published in the public domain by the Issuer and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any Dealer (as defined in "**Subscription and Sale**").

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates make any representation or warranty or accept any responsibility, as to the accuracy or completeness of the information contained in this Information Memorandum. Neither the delivery of this Information Memorandum nor any Pricing Supplement nor the offering, sale or delivery of any Subordinated Instrument shall, in any circumstances, create any implication that the information contained in this Information Memorandum is true subsequent to the date thereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial situation of the Issuer since the date thereof or, if later, the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with this Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Information Memorandum and any Pricing Supplement and the offering, sale and delivery of the Subordinated Instruments in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum or any Pricing Supplement comes are required by the Issuer and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Subordinated Instruments and on the distribution of this Information Memorandum or any Pricing Supplement and

other offering material relating to the Subordinated Instruments, see the “**Subscription and Sale**” section in this Information Memorandum. In particular, the Subordinated Instruments have not been and will not be registered under the Securities Act and Subordinated Instruments will be in bearer form and will be subject to U.S. tax law requirements. Subject to certain exceptions, Subordinated Instruments may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. Persons. Neither this Information Memorandum nor any Pricing Supplement may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such an offer or solicitation.

In The Netherlands, the Issuer is not authorised to pursue business as a bank and is not registered as such in the Dutch public register pursuant to 1:107 paragraph 2 of the *Dutch Financial Markets Supervision Act* (Wet op het financieel toezicht), as amended, restated or re-enacted at any time, hereinafter the “**Wft**”.

Neither this Information Memorandum nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Subordinated Instruments and should not be considered as a recommendation by the Issuer or the Dealers or any of them that any recipient of this Information Memorandum or any Pricing Supplement should subscribe for or purchase any Subordinated Instruments. Each recipient of this Information Memorandum or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

All references in this Information Memorandum to a “**Member State**” are references to a Member State of the European Economic Area, references to “**U.S.\$**”, “**U.S. dollars**” or “**U.S. cents**” are to the lawful currency of the United States of America, all references to “**A\$**” and “**cents**” are to the lawful currency of Australia, all references to “**NZ\$**” and “**NZ cents**” are to the lawful currency of New Zealand, all references to “**£**”, “**Sterling**” and “**GBP**” are to the lawful currency of the United Kingdom, and all references to “**Renminbi**” and “**CNY**” are to the lawful currency of the People’s Republic of China. References to “**€**”, “**Eur**”, “**euro**” or, as the context may require, cents are to the currency, introduced at the third stage of European Economic and Monetary Union pursuant to the *Treaty on European Union* of those member states of the European Union which are participating in the European economic and monetary union (the “**Eurozone**”). References to “**Australia**” are to the Commonwealth of Australia, its territories and possessions.

In connection with the issue of any Tranche (as defined herein) of Subordinated Instruments under the Programme, the Dealer or Dealers (if any) specified as the stabilising dealers (the “**Stabilising Dealer(s)**”) (or persons acting on behalf of any Stabilising Dealer(s)) may over-allot Subordinated Instruments or effect transactions with a view to supporting the market price of the Subordinated Instruments at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Dealer(s) (or persons acting on behalf of a Stabilising Dealer) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Subordinated Instruments is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Subordinated Instruments and 60 days after the date of the allotment of the relevant Tranche of Subordinated Instruments. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Dealer(s) (or person(s) acting on behalf of any Stabilising Dealer(s)) in accordance with all applicable laws and rules.

The Subordinated Instruments are complex financial instruments and are not a suitable or appropriate investment for all investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Subordinated Instruments to retail investors. By purchasing, or making or accepting an offer to purchase, any Subordinated Instruments from the Issuer and/or the Dealers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each Dealer that it has and will at all times comply with all applicable laws, regulations and regulatory guidance (whether inside or outside the European Economic Area) relating to the promotion, offering, distribution and/or sale of the Subordinated Instruments (including without limitation the European Union's *Directive 2004/39/EC* (as amended) as implemented in each Member State of the European Economic Area) and any other applicable laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in the Subordinated Instruments by investors in any relevant jurisdiction. Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Subordinated Instruments from the Issuer and/or the Dealers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

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OVERVIEW OF THE PROGRAMME

This overview must be read as an introduction to this Information Memorandum and any decision to invest in the Subordinated Instruments should be based on a consideration of this Information Memorandum as a whole, including the documents incorporated by reference.

Words and expressions defined elsewhere in this Information Memorandum have the same meanings in this overview.

This Programme has been established by the Issuer to allow for the issue of instruments from time to time to Investors. Details of the types of Subordinated Instruments that may be issued and the terms and conditions which may apply to them are set out below.

Issuer:	Westpac Banking Corporation, acting through its head office.
Dealers:	Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities Ltd., Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc, The Royal Bank of Scotland plc, UBS Limited, Westpac Banking Corporation and any other dealer appointed from time to time by the Issuer generally in relation to the Programme or a particular Tranche.
Fiscal Agent:	The Bank of New York Mellon.
Programme Amount:	The maximum aggregate principal amount of Senior Instruments and Subordinated Instruments permitted to be outstanding under the Programme is U.S.\$70,000,000,000 (for this purpose, any instruments denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such instruments using the spot rate of exchange for the purchase of such currency against payment of U.S. dollars being quoted by the Fiscal Agent on the date on which the relevant agreement in respect of the relevant Tranche was made or such other rate as the Issuer and the relevant Dealer may agree). The maximum aggregate principal amount of instruments which may be outstanding under the Programme may be increased subject to compliance with the relevant provisions of the Dealership Agreement.
Essential Characteristics of the Issuer:	<p>The Issuer is domiciled and incorporated in Australia. The Issuer was registered on 23 August 2002 as a public company limited by shares under the <i>Australian Corporations Act 2001</i>.</p> <p>The Issuer is the ultimate parent of the Westpac group of companies (the “Westpac Group”). The Westpac Group is one of four major banking organisations in Australia and one of the largest banking organisations in New Zealand. The Westpac Group provides a broad range of banking and financial services in these markets, including consumer, business and institutional banking and wealth management services.</p>

The Westpac Group's operations comprise the following key customer-facing business divisions operating under multiple brands serving around 12.8 million customers.

Australian Financial Services ("**AFS**") is responsible for the Westpac Group's Australian retail banking, business banking and wealth operations. AFS also includes the product and risk responsibilities for Australian banking. It incorporates the operations of Westpac Retail & Business Banking ("**Westpac RBB**"), St.George Banking Group ("**St.George**") and BT Financial Group (Australia) ("**BTFG**"), as follows:

- Westpac RBB is responsible for sales and service to consumer, small to medium enterprise customers ("**SME**") and commercial and agribusiness customers (with turnover of up to A\$100 million) in Australia under the Westpac brand.
- St.George is responsible for sales and service to consumer, SME and corporate customers (businesses with facilities up to \$150 million) in Australia under the St.George, BankSA, Bank of Melbourne and RAMS brands.
- BTFG is the Westpac Group's Australian wealth division. BTFG's funds management operations include the manufacturing and distribution of investment, superannuation and retirement products, investment platforms including BT Wrap and Asguard, private banking, financial planning as well as equity capability and broking.

Westpac Institutional Bank ("**WIB**") delivers a broad range of financial services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand.

Westpac New Zealand is responsible for the sales and service of banking, wealth and insurance products for consumers, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks in New Zealand: Westpac New Zealand Limited, which is incorporated in New Zealand, and Westpac Banking Corporation (NZ Division), which is incorporated in Australia.

Other divisions in the Westpac Group include:

- Westpac Pacific - which provides banking services for retail and business customers in seven Pacific Island nations;
- Group Services - encompassing technology, banking operations, compliance, legal and property services;
- Treasury - which is primarily focused on the management of the Group's interest rate risk and funding requirements; and

- Core Support - which comprises those functions performed centrally, including finance, risk and human resources.

Issuance in Series:	Subordinated Instruments will be issued in series (each a “ Series ”). Each Series may comprise one or more tranches (“ Tranches ”) issued on different issue dates. The Subordinated Instruments of each Series will all be subject to identical terms except that the issue date and/or the amount of the first payment of interest and/or the issue price may be different in respect of different Tranches and a Series may comprise Subordinated Instruments in more than one denomination. The Subordinated Instruments of each Tranche will all be subject to identical terms save that a Tranche may comprise Subordinated Instruments of different denominations.
Form of Subordinated Instruments:	Subordinated Instruments shall be issued in bearer form. In respect of each Tranche of Instruments issued in bearer form, the Issuer will deliver a temporary global instrument (a “ Temporary Global Instrument ”) or (if so specified in the relevant Pricing Supplement in respect of Subordinated Instruments to which <i>U.S. Treasury Regulation §1.163-5(c)(2)(i)(C)</i> (the “ TEFRA C Rules ”) applies (as so specified in such Pricing Supplement)) a permanent global instrument (a “ Permanent Global Instrument ”). Such global instruments will be either (i) deposited on or before the relevant issue date therefor with a depositary or a common depositary for Euroclear Bank SA/NV (“ Euroclear ”) and/or Clearstream Banking, société anonyme (“ Clearstream, Luxembourg ”) and/or any other relevant clearing system or (ii) lodged on or before the relevant issue date thereof with a sub-custodian in Hong Kong for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (“ CMU Service ”). Each Temporary Global Instrument will be exchangeable for a Permanent Global Instrument or, if so specified in the relevant Pricing Supplement, for Subordinated Instruments in definitive bearer form. Each permanent global Instrument will be exchangeable for Subordinated Instruments in definitive bearer form. Subordinated Instruments in definitive bearer form will, if interest-bearing, either have interest coupons (“ Coupons ”) attached and, if appropriate, a talon (“ Talon ”) for further Coupons and will, if the principal thereof is repayable by instalments, have a grid for recording the payment of principal endorsed thereon or, if so specified in the relevant Pricing Supplement, have payment receipts (“ Receipts ”) attached.
Currencies:	Subordinated Instruments may be denominated in any currency or currencies subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Subordinated Instruments may, subject to compliance as aforesaid, be made in and/or linked to, any currency or currencies other than the currency in which such Subordinated Instruments are denominated.
Status:	The Subordinated Instruments will be issued on a subordinated basis and, subject to the approval of the Australian Prudential Regulation

Authority (“**APRA**”), are expected to qualify as Tier 2 Capital for the purposes of the Prudential Standards (as defined in the Terms and Conditions). The rights and claims of holders of Subordinated Instruments against the Issuer will be subordinated on a winding-up of the Issuer.

Set-off: Neither the Issuer nor any Holder of Subordinated Instruments is entitled to set-off any amounts due in respect of Subordinated Instruments held by the Holder against any amount of any nature owed by the Issuer to the Holder or by the Holder to the Issuer.

Issue Price: Subordinated Instruments may be issued at any price, as specified in the relevant Pricing Supplement.

Maturities: Any maturity of not less than five years, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Redemption: Subordinated Instruments may be redeemable at par or such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Pricing Supplement.

Early Redemption: Early redemption will be permitted (i) as mentioned in “Terms and Conditions of the Subordinated Instruments – Redemption and Purchase – Early redemption at the option of the Issuer” following notice by the Issuer, (ii) for taxation reasons as mentioned in “Terms and Conditions of the Subordinated Instruments – Redemption and Purchase – Redemption for adverse tax events” or, (iii) if specified as applicable in the relevant Pricing Supplement, for regulatory reasons as mentioned in “Terms and Conditions of the Subordinated Instruments – Redemption and Purchase – Redemption for regulatory reasons” but will otherwise be permitted only to the extent specified in the relevant Pricing Supplement.

The Issuer’s right to exercise any option to repay, purchase or otherwise redeem Subordinated Instruments (prior to the stated maturity thereof, if any) is subject to the prior written approval of APRA, and investors should not assume that such approval will be given.

Interest: Subordinated Instruments may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed or floating rate and may vary during the lifetime of the relevant Series.

Denominations: Subordinated Instruments will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

In the case of Subordinated Instruments which have a denomination consisting of the minimum denomination plus a higher integral multiple

of another smaller amount, so long as the Subordinated Instruments are represented by a Temporary Global Instrument or Permanent Global Instrument and the relevant clearing system(s) so permit, the Subordinated Instruments will be tradeable only in the minimum denomination and higher integral multiples of another smaller amount, notwithstanding that no definitive Subordinated Instruments will be issued over a certain denomination (as specified in the Pricing Supplement).

Conversion:	If the Subordinated Instruments are required to be converted on account of a non-viability trigger event in accordance with the “Terms and Conditions of the Subordinated Instruments – Non-viability, Conversion and Write-off and – Procedures for Conversion” holders of Subordinated Instruments will receive Ordinary Shares (as defined in the section below entitled “Information on the Underlying Securities”) in the Issuer, provided that the Issuer is not prevented for any reason from issuing Ordinary Shares. If the Issuer is unable to issue Ordinary Shares to holders of Subordinated Instruments on Conversion such Subordinated Instruments will be written-off.
Information on the underlying securities:	The Ordinary Shares are admitted to listing and trading on the Australian Securities Exchange (for further information see the section entitled “Information on the Underlying Securities” below).
Taxation:	Payments in respect of Subordinated Instruments, Receipts or Coupons, or upon or with respect to the issuance of any Ordinary Shares upon any Conversion of Subordinated Instruments, will be made without withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of Australia or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, unless specified otherwise in the relevant Pricing Supplement, the Issuer will (subject to customary exceptions) pay such additional amounts as will result in the Holders receiving such amounts as they would have received had no such withholding or deduction been required. Holders should be aware that the Pricing Supplement prepared in respect of a Tranche of Subordinated Instruments may modify the terms and conditions set out herein for that Tranche. This can include, for example, specifying that the call right of the Issuer, which would ordinarily apply in the event that the Issuer is required to gross up payments on that tranche of Subordinated Instruments, will not apply.
Governing Law:	Save as provided below, the Subordinated Instruments and all related contractual documentation will be governed by, and construed in accordance with, English law. Any matter, claim or dispute arising out of or in connection with the Subordinated Instruments and all related contractual documentation, whether contractual or non-contractual, will be governed by, and determined in accordance with, English law. The

provisions of Conditions 4, 5 and 6 (and the defined terms when used in those Conditions) which relate to subordination, non-viability and conversion will be governed by, and construed in accordance with, the laws of New South Wales, Australia.

Listing:	Each Series may be admitted to listing and/or trading on the wholesale Interest Rate Securities Market of the Australian Securities Exchange. Subordinated Instruments may also be admitted to the Official List of the Irish Stock Exchange and admitted to trading by the Irish Stock Exchange's Global Exchange Market and/or to listing and/or trading by any other competent listing authority and/or stock exchange as agreed between the Issuer and the relevant Dealer(s) and specified in the relevant Pricing Supplement or may be issued on the basis that they will not be admitted to listing and/or trading by any listing authority and/or stock exchange.
Terms and Conditions:	<p>A Pricing Supplement will be prepared in respect of each Tranche of Subordinated Instruments a copy of which will:</p> <p>(a) in the case of Subordinated Instruments admitted to listing and/or trading on the wholesale Interest Rate Securities Market of the Australian Securities Exchange or by any other competent listing authority and/or stock exchange, be lodged on or with the relevant competent listing authority and/or stock exchange by the time required by the relevant competent listing authority and/or stock exchange; and</p> <p>(b) in the case of Subordinated Instruments to be listed on the Official List and admitted to trading on the Irish Stock Exchange's Global Exchange Market, be delivered to the Irish Stock Exchange and to the Irish Stock Exchange's Global Exchange Market as soon as practicable and, in any event, on or before the closing date for such Subordinated Instruments.</p> <p>The terms and conditions applicable to each Tranche will be those set out herein under "Terms and Conditions of the Subordinated Instruments" as supplemented, modified or replaced by the relevant Pricing Supplement.</p>
Enforcement of Subordinated Instruments in Global Form	In the case of Subordinated Instruments in global form, individual investors' rights will be governed by a Deed of Covenant dated 7 November 2008, a copy of which will be available for inspection at the office of the Fiscal Agent specified on page 165.
Clearing Systems:	Euroclear, Clearstream, Luxembourg, the CMU Service and/or, in relation to any Subordinated Instruments, any other clearing system as may be specified in the relevant Pricing Supplement.
Selling Restrictions:	For certain restrictions on offers, invitations, purchases, sales and deliveries of Instruments and on the distribution of offering material in

the USA, the EEA, the UK, Australia, Hong Kong, Japan, France, Italy, The Netherlands, New Zealand and Singapore, see the “Subscription and Sale” section.

Cross default:

None.

RISK FACTORS

Westpac believes that the following material factors may adversely affect its ability to fulfil its obligations under Subordinated Instruments issued under the Programme. These factors are contingencies that may or may not occur and Westpac is not in a position to express a view on the likelihood of any such contingency occurring. In addition, the inability of Westpac to pay interest, principal or other amounts on or in connection with any Subordinated Instruments may occur for other reasons.

Prospective investors should consult their own financial and legal advisers about risks associated with an investment in such Subordinated Instruments and the suitability of investing in such Subordinated Instruments in light of their particular circumstances.

Factors which could be material for the purpose of assessing the market risks associated with Subordinated Instruments issued under the Programme are described below.

Words and expressions defined in the “Terms and Conditions of the Subordinated Instruments” below or elsewhere in this Information Memorandum have the same meanings in this section, unless otherwise stated.

Risks relating to Westpac’s business

Westpac’s businesses are highly regulated and it could be adversely affected by failing to comply with existing laws and regulations or by changes in laws and regulations and regulatory policy

As a financial institution, Westpac is subject to detailed laws and regulations in each of the jurisdictions in which it operates or obtains funding, including Australia, New Zealand and the United States. Westpac is also supervised by a number of different regulatory and supervisory authorities which have broad administrative power over its businesses. In Australia, the relevant regulatory authorities include the Australian Prudential Regulation Authority (“**APRA**”), Reserve Bank of Australia (“**RBA**”), Australian Securities and Investments Commission (“**ASIC**”), Australian Securities Exchange (“**ASX**”), Australian Competition and Consumer Commission (“**ACCC**”), the Australian Transaction Reports and Analysis Centre (“**AUSTRAC**”) and the Australian Taxation Office (“**ATO**”). The Reserve Bank of New Zealand (“**RBNZ**”) and the Financial Markets Authority (“**FMA**”) have supervisory oversight of Westpac’s New Zealand operations. In the United States, Westpac is subject to supervision and regulation by the US Office of the Comptroller of the Currency (“**OCC**”), the Board of Governors of the Federal Reserve System and the U.S. Securities and Exchange Commission (“**SEC**”). In other jurisdictions in which Westpac operates, including the United Kingdom, Asia and various Pacific countries, Westpac is also required to comply with relevant requirements of the local regulatory bodies.

Westpac is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including accounting standards) and industry codes of practice in the jurisdictions in which it operates or obtains funding, as well as meeting its ethical standards.

Compliance risk arises from these legal and regulatory requirements. If Westpac fails to comply it may be subject to fines, penalties or restrictions on its ability to do business. At a domestic level, an example of the broad administrative power available to regulatory authorities is the power available to APRA under the Banking Act 1959 in certain circumstances to investigate Westpac’s affairs and/or

issue a direction to it (such as a direction to comply with a prudential requirement, to conduct an audit, to remove a director, executive officer or employee or not to undertake transactions). In recent years, there have been significant increases in the quantum of fines issued by global regulators. Any such fines, costs and restrictions could adversely affect Westpac's business, reputation, prospects, financial performance or financial condition.

As with other financial services providers, Westpac faces increasing supervision and regulation in most of the jurisdictions in which it operates or obtains funding, particularly in the areas of funding, liquidity, capital adequacy, conduct, prudential regulation anti-bribery and corruption, anti-money laundering and counter-terrorism financing and trade sanctions. In December 2010 the Basel Committee on Banking Supervision (the "**BCBS**") announced a revised global regulatory framework known as Basel III. Basel III, among other things, increases the required quality and quantity of capital held by banks and introduces new standards for the management of liquidity risk. APRA has now incorporated much of the framework into its prudential standards.

During the year ended 30 September 2014 there were also a series of other regulatory releases from authorities in the various jurisdictions in which Westpac operates or obtains funding proposing significant regulatory change for financial institutions. This includes new accounting and reporting standards that have been finalised, global OTC derivatives reform and the US Dodd-Frank legislation including the Volcker Rule promulgated thereunder. The latter is designed to reform the entire system for the supervision and regulation of financial firms that operate in or have a connection with the U.S., including non-U.S. banks like Westpac. Other areas of proposed or potential change that could impact Westpac include changes to tax legislation, regulation relating to remuneration, consumer protection and competition legislation and bribery, privacy and data collection, anti-bribery and corruption, anti-money laundering and counter-terrorism financing laws and trade sanctions. In addition, further changes may occur driven by policy, prudential or political factors. The Australian Government has commissioned an inquiry into Australia's financial system (the "**Inquiry**") with broad terms of reference. While a preliminary report has been released, the final outcomes of this Inquiry are difficult to predict but may result in substantial regulatory changes, including additional capital requirements which could have a material impact on Westpac's business, prospects, financial performance or financial condition.

Regulation is becoming increasingly extensive and complex. Some areas of potential regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach. This may result in conflicts with specific requirements of the jurisdictions in which Westpac operates and, in addition, such changes may be inconsistently introduced across jurisdictions.

Changes may also occur in the oversight approach of regulators. It is possible that governments in jurisdictions in which Westpac operates or obtains funding might revise their application of existing regulatory policies that apply to, or impact, Westpac's business, including for reasons relating to national interest and/or systemic stability.

Regulatory changes and the timing of their introduction continue to evolve and Westpac currently manages its businesses in the context of regulatory uncertainty. The nature and impact of future changes are not predictable and are beyond Westpac's control. Regulatory compliance and the management of regulatory change is an increasingly important part of Westpac's strategic planning. Westpac expects that it will be required to continue to invest significantly in compliance and the management and implementation of regulatory change and, at the same time, significant management attention and resources will be required to update existing or implement new processes to comply with the new regulations.

Regulatory change may also impact Westpac's operations by requiring it to have increased levels of liquidity and higher levels of, and better quality, capital as well as place restrictions on the businesses Westpac conducts, require Westpac to amend its corporate structure or require Westpac to alter its product or service offerings. If regulatory change has any such effect, it could adversely affect one or more of Westpac's businesses, restrict Westpac's flexibility, require Westpac to incur substantial costs and impact the profitability of one or more of Westpac's business lines. Any such costs or restrictions could adversely affect Westpac's business, prospects, financial performance or financial condition.

Adverse credit and capital market conditions may significantly affect Westpac's ability to meet funding and liquidity needs and may increase its cost of funding

Westpac relies on credit and capital markets to fund its business and as a source of liquidity. Westpac's liquidity and costs of obtaining funding are related to credit and capital market conditions.

Global credit and capital markets can experience periods of extreme volatility, disruption and decreased liquidity as was demonstrated during the global financial crisis. While there have now been extended periods of stability in these markets, the environment has become more volatile and unpredictable. The main risks Westpac faces are damage to market confidence, changes to the access and cost of funding and a slowing in global activity or through other impacts on entities with whom it does business.

As of 30 September 2014, approximately 33 per cent. of Westpac's total funding originated from domestic and international wholesale markets; of this around 59 per cent. was sourced outside Australia and New Zealand.

A shift in investment preferences of businesses and consumers away from bank deposits toward other asset or investment classes could increase Westpac's need for funding from other, potentially less stable or more expensive forms of funding.

If market conditions deteriorate due to economic, financial, political or other reasons, Westpac's funding costs may be adversely affected and its liquidity and its funding and lending activities may be constrained.

If Westpac's current sources of funding prove to be insufficient, it may be forced to seek alternative financing. The availability of such alternative financing, and the terms on which it may be available, will depend on a variety of factors, including prevailing market conditions, the availability of credit, Westpac's credit ratings and credit market capacity. Even if available, the cost of these alternatives may be more expensive or on unfavourable terms, which could adversely affect Westpac's financial performance, liquidity, capital resources and financial condition. There is no assurance that Westpac will be able to obtain adequate funding and do so at acceptable prices, nor that it will be able to recover any additional costs.

If Westpac is unable to source appropriate funding, it may also be forced to reduce its lending or begin selling liquid securities. Such actions may adversely impact Westpac's business, prospects, liquidity, capital resources, financial performance or financial condition.

Westpac enters into collateralised derivative obligations, which may require it to post additional collateral based on movements in market rates, which have the potential to adversely affect Westpac's liquidity.

Sovereign risk may destabilise financial markets adversely

Sovereign risk, is the risk that foreign governments will default on their debt obligations or will be unable to refinance their debts as they fall due or will nationalise parts of their economy. Should one sovereign default, there could be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, may be similar to or worse than those experienced during the global financial crisis. Such an event could destabilise global financial markets adversely affecting Westpac's liquidity, financial performance or financial condition.

Failure to maintain credit ratings could adversely affect Westpac's cost of funds, liquidity, competitive position and access to capital markets

Credit ratings are independent opinions on Westpac's creditworthiness. Westpac's credit ratings affect the cost and availability of its funding from capital markets and other funding sources and they may be important to customers or counterparties when evaluating Westpac's products and services. Therefore, maintaining high quality credit ratings is important.

The credit ratings assigned to Westpac by rating agencies are based on an evaluation of a number of factors, including Westpac's financial strength, structural considerations regarding the Australian financial system and the credit rating of the Australian Government. A credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this section or by other events including changes to the methodologies used by the rating agencies to determine ratings.

If Westpac fails to maintain its current credit ratings, this could adversely affect its cost of funds and related margins, collateral requirements, liquidity, competitive position and its access to capital markets. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change, whether Westpac's ratings differ among agencies (split ratings) and whether any ratings changes also impact Westpac's peers or the sector.

A systemic shock in relation to the Australian, New Zealand or other financial systems could have adverse consequences for Westpac or its customers or counterparties that would be difficult to predict and respond to

There is a risk that a major systemic shock could occur that causes an adverse impact on the Australian, New Zealand or other financial systems.

As outlined above, during the past decade the financial services industry and capital markets have been, and may continue to be, adversely affected by continuing market volatility and the negative outlook for global economic conditions. A shock to one of the major global economies could again result in currency and interest rate fluctuations and operational disruptions that negatively impact the Westpac Group.

Any such market and economic disruptions could adversely affect financial institutions such as Westpac because consumer and business spending may decrease, unemployment may rise and demand for the products and services it provides may decline, thereby reducing Westpac's earnings. These conditions may also affect the ability of Westpac's borrowers to repay their loans or Westpac's counterparties to meet their obligations, causing Westpac to incur higher credit losses. These events could also result in the undermining of confidence in the financial system, reducing liquidity impairing Westpac's access to funding and impairing Westpac's customers and counterparties and their

businesses. If this were to occur, Westpac's business, prospects, financial performance or financial condition could be adversely affected.

The nature and consequences of any such event are difficult to predict and there can be no certainty that Westpac could respond effectively to any such event.

Declines in asset markets could adversely affect Westpac's operations or profitability

Declines in Australian, New Zealand or other asset markets, including equity, residential and commercial property and other asset markets, could adversely affect Westpac's operations and profitability.

Declining asset prices also impact Westpac's wealth management business. Earnings in Westpac's wealth management business are, in part, dependent on asset values because it typically receives fees based on the value of securities and/or assets held or managed. A decline in asset prices could negatively impact the earnings of this business.

Declining asset prices could also impact customers and counterparties and the value of security (including residential and commercial property) Westpac holds against loans and derivatives which may impact its ability to recover amounts owing to it if customers or counterparties were to default. It may also affect Westpac's level of provisioning which in turn impacts profitability.

Westpac's business is substantially dependent on the Australian and New Zealand economies

Westpac's revenues and earnings are dependent on economic activity and the level of financial services its customers require. In particular, lending is dependent on various factors including economic growth, business investment, business and consumer sentiment, levels of employment, interest rates and trade flows in the countries in which Westpac operates.

Westpac conducts the majority of its business in Australia and New Zealand and, consequently, its performance is influenced by the level and cyclical nature of lending in these countries. These factors are in turn impacted by both domestic and international economic conditions, natural disasters and political events. A significant decrease in Australian and New Zealand housing valuations could adversely impact Westpac's home lending activities because borrowers with loans in excess of their property value may show a higher propensity to default and in the event of defaults Westpac's security would be eroded. The demand for its home lending products may also decline due to buyer concerns about decreases in values.

Adverse changes to the economic and business conditions in Australia and New Zealand and other countries such as China, India and Japan could also adversely affect the Australian economy and Westpac's customers. In particular, due to the current relationship between Australia and China particularly in the mining and resources sectors, a slowdown in China's economic growth could negatively impact the Australian economy. Changes in economic conditions could in turn result in reduced demand for Westpac's products and services and affect the ability of its borrowers to repay their loans. If this were to occur, it could negatively impact Westpac's business, prospects, financial performance or financial condition.

An increase in defaults in credit exposures could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition

Credit risk is a significant risk and arises primarily from Westpac's lending and derivatives activities. The risk arises from the possibility that some customers and counterparties will be unable to honour their obligations to Westpac, including the repayment of loans and interest.

Westpac establishes provisions for credit impairment based on current information. If economic conditions deteriorate, some customers and/or counterparties could experience higher levels of financial stress and Westpac may experience a significant increase in defaults and write-offs, and be required to increase its provisioning. Such events would diminish available capital and could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition.

Credit risk also arises from certain derivative contracts Westpac enters into and from Westpac's dealings with, and holdings of, debt securities issued by other banks, financial institutions, companies, governments and government bodies the financial conditions of which may be affected to varying degrees by economic conditions in global financial markets. Emerging competitors are increasingly utilising new technologies and seek to disrupt existing business models including in relation to digital payment services.

Westpac faces intense competition in all aspects of its business

The financial services industry is highly competitive. Westpac competes, both domestically and internationally, with retail and commercial banks, asset managers, investment banking firms, brokerage firms, other financial service firms and businesses in other industries with emerging financial services aspirations. This includes specialist competitors that may not be subject to the same capital and regulatory requirements and therefore may be able to operate more efficiently. Emerging competitors are increasingly utilising new technologies and seek to disrupt existing business models including in relation to digital payment services.

If Westpac is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also adversely affect Westpac by diverting business to its competitors or creating pressure to lower margins.

Increased competition for deposits could also increase Westpac's cost of funding and lead it to access other types of funding. Westpac relies on bank deposits to fund a significant portion of its balance sheet and deposits have been a relatively stable source of funding. Westpac competes with banks and other financial services firms for such deposits. To the extent that Westpac is not able to successfully compete for deposits, it would be forced to rely more heavily on other potentially less stable or more expensive forms of funding, or reduce lending.

Westpac is also dependent on its ability to offer products and services that match evolving customer preferences. If Westpac is not successful in developing or introducing new products and services or responding or adapting to changes in customer preferences and habits, Westpac may lose customers to its competitors. This could adversely affect Westpac's business, prospects, financial performance or financial condition.

Westpac could suffer losses due to market volatility

Westpac is exposed to market risk as a consequence of its trading activities in financial markets and through the asset and liability management of its financial position. In Westpac's financial markets trading business, Westpac is exposed to losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates, commodity prices, credit prices and equity prices. If Westpac were to suffer substantial losses due to any market volatility it may adversely affect its business, prospects, liquidity, capital resources, financial performance or financial condition.

Westpac could suffer losses due to operational risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It also includes, among other things, technology risk, model risk and outsourcing risk. As a financial services organisation, Westpac is exposed to a variety of operational risks which can be heightened in periods of rapid organisational or customer preference changes.

Westpac is also highly dependent on the conduct of its employees, contractors and external service providers. Westpac could, for example, be adversely affected in the event of human error, inadequate or failed processes or if an employee, contractor or external service provider engages in fraudulent conduct. Westpac could incur losses from incorrect or fraudulent payments and settlements, particularly real time payments. Westpac could also incur losses from an unintentional or negligent failure to meet a professional obligation to specific clients, including fiduciary and suitability requirements or from the nature or design of a product. These may include client, product and business practice risks such as product defects and unsuitability, market manipulation, insider trading, misleading or deceptive conduct and inadequate or defective financial advice. While Westpac has policies and processes to manage the risk of human error and employee, contractor or external service provider misconduct, these policies and processes may not always be effective.

Fraudulent conduct can also emerge from external parties seeking to access Westpac's systems and customers' accounts. If systems, procedures and protocols for managing fraud fail, or are ineffective, they could lead to losses which could adversely affect Westpac's business, prospects, reputation, financial performance or financial condition.

Entities within the Westpac Group may be involved from time to time in legal proceedings arising from the conduct of their business. The Group's material contingent liabilities are described in Note 37 to the financial statements in respect of the year ended 30 September 2014. There is a risk that these contingent liabilities may be larger than anticipated or that additional litigation or other contingent liabilities may arise.

As a financial services organisation, Westpac is heavily reliant on the use of data and models in the conduct of its business. Westpac is therefore exposed to model risk, being the risk of loss arising because of errors or inadequacies in data or a model or in the control and use of the model.

Westpac relies on a number of suppliers, both in Australia and overseas, to provide services to it and its customers. Failure by these suppliers to deliver services as required could disrupt services and adversely impact Westpac's operations, profitability or reputation.

Operational risks could impact on Westpac's operations or adversely affect demand for its products and services. Operational risks can directly impact Westpac's reputation and result in financial losses which would adversely affect its financial performance or financial condition.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the Financial Conduct Authority.

Westpac could suffer information security risks including cyberattacks

The proliferation of new technologies, the increasing use of the internet and telecommunications to conduct financial transactions and the growing sophistication and activities of organised crime have resulted in increased information security risks for major financial institutions such as Westpac and its external service providers.

While Westpac has systems in place to detect and respond to cyberattacks, there can be no assurance that Westpac will not suffer losses from cyberattacks or other information security breaches in the future.

Westpac's operations rely on the secure processing, storage and transmission of information on its computer systems and networks, and the systems and networks of external suppliers. Although Westpac implements significant measures to protect the security, integrity and confidentiality of its information, there is a risk that the computer systems, software and networks on which Westpac relies may be subject to security breaches, unauthorised access, malicious software, external attacks or internal breaches that could have an adverse impact on Westpac's confidential information or that of its customers and counterparties.

Major banks in other jurisdictions have recently suffered security breaches from sophisticated cyberattacks. Westpac's external service providers or other parties that facilitate its business activities (eg vendors, exchanges, clearing houses, central depositories and financial intermediaries) are also subject to the risk of cyberattacks. Any such security breach could result in the loss of customers and business opportunities, significant disruption to Westpac's operations, misappropriation of Westpac's confidential information and/or that of its customers and damage to Westpac's computers or systems and/or those of its customers. Such a security breach could also result in reputational damage, claims for compensation and regulatory investigations and penalties, which could adversely affect Westpac's business, prospects, financial performance, or financial condition.

Westpac's risk and exposure to such threats remains heightened because of the evolving nature of technology, Westpac's prominence within the financial services industry and its plans to continue to improve and expand its internet and mobile banking infrastructure.

Westpac continues to seek to strengthen and enhance its cybersecurity systems and investigate or remediate any information security vulnerabilities, investing additional resources as required to counter new and emerging threats as they continue to evolve.

Westpac could suffer losses due to technology failures

The reliability and security of Westpac's information and technology infrastructure are crucial in maintaining its banking applications and processes. There is a risk that Westpac's information and technology systems might fail to operate properly or become disabled as a result of events that are wholly or partially beyond its control.

Further, Westpac's ability to develop and deliver products and services to customers is dependent upon technology that requires periodic renewal. Westpac is constantly managing technology projects including projects to consolidate technology platforms, simplify and enhance its technology and operations environment, improve productivity and provide for a better customer experience. Failure to implement these projects or manage associated change effectively could result in cost overruns, a failure to achieve anticipated productivity, operational instability or reputational damages. In turn, this could place Westpac at a competitive disadvantage and may adversely affect its financial performance.

Westpac could suffer losses due to failures in risk management strategies

Westpac has implemented risk management strategies and internal controls involving processes and procedures intended to identify, monitor and manage the risks to which it is subject, including liquidity risk, credit risk, market risk (such as interest rate and foreign exchange and equity risk), compliance risk, conduct risk and operational risk, all of which may impact Westpac Group's reputation.

However, there are inherent limitations with any risk management framework as there may exist, or emerge in the future, risks that Westpac has not anticipated or identified.

If any of Westpac's management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, Westpac could suffer unexpected losses and reputational damage which could adversely affect its business, prospects, financial performance or financial condition.

Westpac could suffer losses due to insurance risk

Westpac has exposure to insurance risk in both its life insurance and general insurance businesses, which may adversely affect its business, operations and financial condition.

Insurance risk is the risk of loss due to increases in policy benefits paid to customers arising from variations in the incidence or severity of insured events.

In the life insurance business, insurance risk arises primarily through mortality (death) and morbidity (illness and injury) risks being greater than expected.

In the general insurance business, insurance risk arises mainly through environmental factors (including floods and bushfires) and other calamities, such as earthquakes, tsunamis and volcanic activity, as well as general variability in home, contents, motor, travel and other insurance claim amounts.

Westpac could suffer losses due to environmental factors

Westpac and its customers operate businesses and hold assets in a diverse range of geographic locations. Any significant environmental change or external event (including fire, storm, flood, earthquake or pandemic) in any of these locations has the potential to disrupt business activities, impact on Westpac's operations, damage property and otherwise affect the value of assets held in the affected locations and Westpac's ability to recover amounts owing to it. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets.

The risk of loss due to environmental factors is also relevant to Westpac's insurance business. The frequency and severity of external events such as natural disasters is difficult to predict and it is possible that the amounts Westpac reserves for such events may not be adequate to cover actual claims that may arise, which could adversely affect Westpac's business, prospects, financial performance or financial condition.

Reputational damage could harm Westpac's business and prospects

Westpac's ability to attract and retain customers and its prospects could be adversely affected if Westpac's reputation is damaged.

Reputation risk arises where there are differences between stakeholders' current and emerging, perceptions, beliefs and expectations and its current and planned activities, performance and behaviours.

There are various potential sources of reputational damage including failure to effectively manage risks in accordance with Westpac's risk management framework, potential conflicts of interest, pricing policies, failure to comply with legal and regulatory requirements, making inaccurate public statements, environmental, social and ethical issues, engagements and conduct of external suppliers, failure to comply with anti-money laundering and anti-bribery and corruption laws, trade sanctions and counter-terrorism finance legislation or privacy laws, litigation, failure of information security systems, improper sales and trading practices, failure to comply with personnel and supplier policies, improper conduct of companies in which Westpac holds strategic investments, technology failures and security breaches. Westpac's reputation could also be adversely affected by the actions of the financial services industry in general or from the actions of customers, suppliers and other counterparties.

Failure to appropriately address issues that could or do give rise to reputational risk could also impact the regulatory change agenda, give rise to additional legal risk, subject Westpac to regulatory enforcement actions, fines and penalties, or remediation costs, or harm Westpac's reputation among customers, investors and the marketplace. This could lead to loss of business which could adversely affect Westpac's business, prospects, financial performance or financial condition.

Westpac could suffer losses due to impairment to capitalised software, goodwill and other intangible assets that may adversely affect its business, operations and financial condition

In certain circumstances Westpac may be exposed to a reduction in the value of intangible assets. As at 30 September 2014, Westpac carried goodwill principally related to its investments in Australia, other intangible assets principally relating to assets recognised on acquisition of subsidiaries and capitalised software balances.

Westpac is required to assess the recoverability of the goodwill balances on at least an annual basis. For this purpose Westpac uses either a discounted cash flow or a multiple of earnings calculation. Changes in the assumptions upon which the calculation is based, together with expected changes in future cash flows, could materially impact this assessment, resulting in the potential write-off of part or all of the goodwill balances.

Capitalised software and other intangible assets are assessed for indicators of impairment at least annually or on indication of impairment. In the event that an asset is no longer in use, or that the cash

flows generated by the asset do not support the carrying value, an impairment will be recorded, adversely impacting the Group's financial condition.

Westpac could suffer losses if it fails to syndicate or sell down underwritten securities

As a financial intermediary Westpac underwrites listed and unlisted debt and equity securities. Underwriting activities include the development of solutions for corporate and institutional customers who need capital and investor customers who have an appetite for certain investment products. Westpac may guarantee the pricing and placement of these facilities. Westpac could suffer losses if it fails to syndicate or sell down its risk to other market participants. This risk is more pronounced in times of heightened market volatility.

Certain strategic decisions may have adverse effects on Westpac's business

Westpac, at times, evaluates and may undertake strategic decisions which may include business expansion including acquisitions of businesses. The expansion, or integration of a new business, can be complex and costly and may require Westpac to comply with additional local or foreign regulatory requirements which may carry additional risks. These decisions may, for a variety of reasons, not deliver the anticipated positive business results and could have a negative impact on Westpac's business, prospects, engagement with regulators, financial performance or financial condition.

Risks related to the market generally

The secondary market generally

Subordinated Instruments may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Subordinated Instruments easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Subordinated Instruments that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Subordinated Instruments would generally have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Subordinated Instruments.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Subordinated Instruments in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "***Investor's Currency***") other than the Specified Currency. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Subordinated Instruments, (ii) the Investor's Currency-equivalent value of the principal payable on the Subordinated Instruments and (iii) the Investor's Currency-equivalent market value of the Subordinated Instruments.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Credit or corporate ratings may not reflect all risks

One or more independent rating agencies may assign ratings to the Subordinated Instruments and/or the Issuer. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Subordinated Instruments or the standing of the Issuer. A credit rating and/or a corporate rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Risks related to Subordinated Instruments generally

Investments in Subordinated Instruments are not deposit liabilities or protected accounts under Australian legislation

The Subordinated Instruments are not deposit liabilities or protected accounts of the Issuer for the purposes of the Australian Banking Act or Financial Claims Scheme and will not be subject to the depositor protection provisions of Australian banking legislation. The Subordinated Instruments will not be guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.

Payments are subject to satisfaction of the Solvency Condition

All of the Issuer's obligations to make payments in respect of the Subordinated Instruments are subject to the Solvency Condition being satisfied.

If the Solvency Condition is not satisfied (that is, if the Issuer is not able to pay its debts as they become due and payable, or the Issuer's assets do not exceed its liabilities, both at the time the payment is due or immediately after making the payment) no payment will be made in respect of the Subordinated Instruments. The Issuer's failure to pay in such circumstances will not be an Event of Default and any unpaid amount of principal will accrue interest and interest not paid will accrue with compounding until it is paid and will be payable on the first Business Day on which the Issuer meets the Solvency Condition. However, if a Non-Viability Trigger Event occurs, all of the Issuer's obligations to make payments in respect of the Subordinated Instruments (including in respect of accrued but unpaid interest) will cease and Holders will have no rights to recover any unpaid amounts (although if Conversion is the primary method of loss absorption as specified in the Pricing Supplement, Holders will receive Ordinary Shares upon Conversion, assuming Westpac is able to Convert the Subordinated Instruments).

A Non-Viability Trigger Event may occur

If a Non-Viability Trigger Event occurs, the Issuer may be required to Convert the Subordinated Instruments to Ordinary Shares or, if Write-off is specified in the Pricing Supplement as being the primary method of loss absorption, Write-off the Subordinated Instruments. Even if Conversion is specified in the Pricing Supplement as being the primary method of loss absorption, the Subordinated Instruments may, in certain circumstances, still be subject to Write-off. See

“Termination of rights where Conversion not possible or if Write-off is the primary method of loss absorption” below.

A Non-Viability Trigger Event occurs when APRA notifies the Issuer in writing that it believes:

- Conversion or Write-Off of all or some Subordinated Instruments (or conversion or write down of all or some of the capital instruments of the Westpac Group) is necessary because, without it, the Issuer would become non-viable; or
- a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable.

APRA has indicated that at this time it will not provide guidance as to how it will determine non-viability. Non-viability could be expected to include serious impairment of the Issuer’s financial position, concerns about its capital, funding or liquidity levels and/or insolvency. However, it is possible that APRA’s definition of non-viability may not necessarily be confined to these matters and APRA’s position on these matters may change over time. As the occurrence of a Non-Viability Trigger Event is at the discretion of APRA, there can be no assurance given as to the factors and circumstances that might give rise to such an event. A Non-Viability Trigger Event could occur at any time. It could occur on dates not previously contemplated by investors or which may be unfavourable in light of then-prevailing market conditions or investors’ individual circumstances or timing preferences.

The Issuer has a framework in place to manage capital, funding and liquidity risk to lower the risk of experiencing financial difficulty.

The section entitled “Risks relating to Westpac’s business” sets out a number of general risks associated with the Issuer’s businesses. If one, or a combination, of these risks leads to a significant capital loss, or prolonged difficulties in raising funding or maintaining sufficient liquidity, the Issuer believes this may be the type of situation in which APRA would become concerned and notify the Issuer that it has become non-viable. It should be noted that these are examples. The risks outlined in the section entitled “Risks relating to Westpac’s business” are not exhaustive and there may be other risks which affect the financial performance and condition of the Issuer and consequently, the likelihood of the occurrence of a Non-Viability Trigger Event.

Conversion following a Non-Viability Trigger Event

Upon the occurrence of a Non-Viability Trigger Event, if Conversion is specified in the Pricing Supplement as being the primary method of loss absorption and if Subordinated Instruments are required to be Converted (see “**Order of Conversion of Relevant Securities**”, below), all or some Subordinated Instruments (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument) will Convert into the applicable Conversion Number of Ordinary Shares. The Conversion Number will be based on the VWAP during the 5 ASX Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Non-Viability Trigger Event Date, which may differ from the Ordinary Share price on or after that date. Holders will receive the Conversion Number of Ordinary Shares on the Non-Viability Trigger Event Date. The Conversion Number will not exceed the Maximum Conversion Number (see “**Maximum Conversion Number**”, below). Accordingly, depending upon the Ordinary Share price during the 5 ASX Business Days prior to a Non-Viability Trigger Event Date, the value of Ordinary Shares received for each Subordinated Instrument may be significantly less than the Outstanding Principal Amount of each

Subordinated Instrument. However, even if Conversion is specified in the Pricing Supplement as being the primary method of loss absorption, the Subordinated Instruments may, in certain circumstances, still be subject to Write-off. See “Termination of rights where Conversion not possible or if Write-off is the primary method of loss absorption” below.

Ordinary Shares

While the Issuer currently has Ordinary Shares listed on the ASX, the Ordinary Shares issued on Conversion may not be listed, for example, if the Issuer is acquired by another entity and delisted. The Ordinary Shares may not be able to be sold at prices representing their value based on the VWAP. In particular, VWAP prices will be based on trading days which occurred immediately before the occurrence of the Non-Viability Trigger Event.

Ordinary Shares are a different type of investment to the Subordinated Instruments. Dividends are payable at the absolute discretion of the Issuer and the amount of each dividend is also discretionary. In a Winding-Up, claims of holders of Ordinary Shares rank behind claims of holders of all other securities and debts of the Issuer. The market price of Ordinary Shares may be more sensitive than that of Subordinated Instruments to changes in the Issuer’s performance, operational issues and other business issues.

Potential investors in Subordinated Instruments should understand that, unless they are ineligible to receive Ordinary Shares or have elected not to receive them in accordance with the Terms and Conditions of the Subordinated Instruments, if a Non-Viability Trigger Event occurs and Subordinated Instruments are Converted into Ordinary Shares, investors are obliged to accept Ordinary Shares. This will be so even if they do not at the time consider such shares to be an appropriate investment for them and despite any change in the financial position of the Issuer since the Issue Date for the relevant Subordinated Instruments or any disruption to the market for those Ordinary Shares or to capital markets generally.

Maximum Conversion Number

The Maximum Conversion Number of Ordinary Shares will be calculated based on a VWAP set to reflect 20% of the Issue Date VWAP (which will be based on VWAP prices on the 20 ASX Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date). The Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification, or pro rata bonus issue, of Ordinary Shares. However, no adjustment will be made to it on account of other transactions which may affect the price of Ordinary Shares, including for example, rights issues, returns of capital, buy-backs or special dividends. The Conditions do not limit the transactions that the Issuer may undertake with respect to its share capital and any such action may increase the risk that Holders receive only the Maximum Conversion Number and so adversely affect the position of Holders.

Order of Conversion of Relevant Securities

If the Issuer is only required to convert a certain amount of Relevant Securities, the Issuer will determine the amount of Subordinated Instruments which will be Converted and other Relevant Securities which will be converted or be written-down as follows:

- first, the Issuer will convert or write-down such number or amount of the face value or outstanding principal amount of all outstanding Relevant Tier 1 Securities before Conversion or Write-off of the Subordinated Instruments; and
- second, if conversion or write-down of those Relevant Tier 1 Securities is not sufficient, the Issuer will Convert or Write-off the Subordinated Instruments and convert or write-down other Relevant Tier 2 Securities, on a pro-rata basis or in a manner that is otherwise, in the opinion of the Issuer, fair and reasonable (subject to such adjustments as the Issuer may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Subordinated Instruments or Relevant Tier 2 Securities remaining on issue),

but such determination will not impede the immediate Conversion or Write-Off of the relevant Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument or, if applicable, termination of the relevant Holders' rights and claims.

However, the Issuer has no obligation to have or maintain on issue Relevant Tier 1 Securities which are liable to be converted or written off ahead of Subordinated Instruments and other Relevant Tier 2 Securities and gives no assurance that there will be any such instruments on issue at the time at which the Subordinated Instruments may be required to be Converted.

Termination of rights where Conversion not possible or if Write-off is the primary method of loss absorption

If Conversion of a Subordinated Instrument is not possible for any reason and the Issuer is not able to issue the Ordinary Shares within 5 ASX Business Days following a Non-Viability Trigger Event (including for example, due to applicable law, order of a court or action of any government authority, including regarding the insolvency, Winding-Up or other external administration of the Issuer or as a result of the Issuer's inability or failure to comply with its obligations under the terms and conditions of the Subordinated Instruments in relation to Conversion), or if Write-off is specified in the Pricing Supplement as being the primary method of loss absorption, then the Subordinated Instruments will be Written-off and the rights of Holders (including to payments of interest and repayment of principal) in relation to those Subordinated Instruments will be immediately and irrevocably terminated and investors will lose all or some of their investment.

Issue of Ordinary Shares to a Clearing System Participant and/or Sale and Transfer Agent

If Subordinated Instruments are held by the operator of a Clearing System, then in respect of a Non-Viability Trigger Event Date:

- provided a Clearing System Participant has provided the Issuer and the relevant Sale and Transfer Agent with certain details relating to its holding of Ordinary Shares (such as name, address and account details) by the Clearing System Cut-Off Date (which will be specified in the Pricing Supplement) the Clearing System Participant will be entitled to receive the Ordinary Shares; or
- the Clearing System Participant will receive the proceeds of the sale of the Ordinary Shares from one or more Sale and Transfer Agents,

in accordance with the Terms and Conditions of the Subordinated Instruments. If a Clearing System Participant fails to provide the required information, notifies the Issuer that it does not wish to receive Ordinary Shares or would be an Ineligible Holder, the Clearing System Participant will not be entitled to receive Ordinary Shares and will instead receive the proceeds of their sale at market value by a Sale and Transfer Agent.

It is expected that all Subordinated Instruments will be held by one or more Clearing System Participants (and will be so held for so long as the Subordinated Instruments are represented by a Global Instrument) and as a result, Clearing System Participants wishing to receive Ordinary Shares on Conversion should provide their details relating to its holding of the Ordinary Shares to the Issuer as soon as possible after the Issue Date.

Where Subordinated Instruments are held by an Ineligible Holder, or a Holder has notified the Issuer that it does not wish to receive Ordinary Shares on Conversion, then, on a Non-Viability Trigger Event Date, such Holder's rights (including to payments of interest or the repayment of principal) in relation to each Subordinated Instrument will be immediately and irrevocably terminated. The Issuer will in these circumstances issue the Conversion Number of Ordinary Shares to one or more Sale and Transfer Agents to hold on trust for sale for the benefit of the Holder.

An "Ineligible Holder" is:

- a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia from being offered, holding or acquiring Ordinary Shares. This would include restrictions under Chapter 6 of the *Corporations Act of Australia*, the *Foreign Acquisitions and Takeovers Act 1975 of Australia*, the *Financial Sector (Shareholdings) Act 1998 of Australia* and Part IV of the *Competition and Consumer Act 2010 of Australia*; or
- a Foreign Holder. A "Foreign Holder" is a Holder (a) whose place of residence is outside Australia or (b) who the Issuer otherwise believes may not be a resident of Australia and, in either case, the Issuer is not satisfied that the laws of the Holder's country of residence would permit the offer to, or the holding or acquisition of Ordinary Shares by, the Holder (although the Issuer is not bound to enquire into those laws).

Where the Ordinary Shares are issued to one or more Sale or Transfer Agents, the Sale and Transfer Agent(s) may not be able to sell the shares at a fair market price or at all. In addition, their market value may be significantly less than the value of the Subordinated Instruments.

The Issuer may fail to pay principal, interest or other amounts and there are limited remedies available for an Event of Default

There is a risk that the Issuer may default on payment of some or all of the principal, interest or other amounts payable on the Subordinated Instruments. If the Issuer does not pay some or all of the principal, interest or other amounts payable on the Subordinated Instruments, Holders may lose some or all of the money invested in Subordinated Instruments.

The remedies available to Holders in the event of non-payment are limited. Failure to pay because the Solvency Condition is not satisfied is not an Event of Default.

If an amount is not paid in circumstances where the Solvency Condition has been satisfied, that is an Event of Default and the Holder may institute proceedings:

- to recover any amount then due and payable but unpaid on its Subordinated Instrument (subject to the Issuer being able to make the payment and remain Solvent);
- to obtain an order for specific performance of any other obligation in respect of its Subordinated Instrument; or
- for a Winding-Up of the Issuer.

There is a risk that the entire amount owed may not be recovered even if the Holder institutes proceedings against the Issuer. Further, although the Conditions may specify certain remedies (for example, seeking an order for the Winding-Up of the Issuer), the grant of those remedies may be in the discretion of a court and, as such, may not be granted.

Ranking of the Subordinated Instruments

The Subordinated Instruments are unsecured, subordinated obligations of the Issuer.

In the event of a Winding-Up, if the Subordinated Instruments are still on issue and have not been redeemed early, or, following a Non-Viability Trigger Event, Converted or Written-off, they rank for payment:

- ahead of Ordinary Shares and other Junior Ranking Capital Instruments;
- equally among themselves and with other Equal Ranking Instruments; and
- behind Senior Creditors (including depositors and all holders of the Issuer's senior or less subordinated debt).

However, the ranking of the Subordinated Instruments in a Winding-Up will be adversely affected if a Non-Viability Trigger Event occurs. If Conversion is not possible following this event, all rights in relation to the Subordinated Instruments will be terminated and no compensation will be paid. In these circumstances, the Subordinated Instruments will have no ranking in a Winding-Up.

Senior Creditors include holders of any instruments issued by the Issuer prior to 1 January 2013 which constituted Lower Tier 2 Capital as described in the Prudential Standards as in effect prior to 1 January 2013, irrespective of whether or not such instruments are treated as constituting Tier 2 Capital in accordance with any transitional arrangements approved by APRA.

As the Subordinated Instruments rank after Senior Creditors, there is a risk that in a Winding-Up, there will be insufficient funds to provide any return to Holders.

If, in a Winding-Up, the Subordinated Instruments of any series are still on issue and have not been redeemed early, or, following a Non-Viability Trigger Event, Converted or Written-off, Holders will only be entitled to prove for any sums payable in respect of their Subordinated Instruments as a debt which is subject to prior payment in full of Senior Creditors.

If the Subordinated Instruments have been Converted, Holders will hold Ordinary Shares and rank equally with other holders of Ordinary Shares in a Winding-Up.

However, if, following a Non-Viability Trigger Event, Conversion is not possible for any reason (for example, due to applicable laws, order of a court or action of any government authority) and the Issuer is not able to issue the Ordinary Shares within 5 ASX Business Days following the Non Viability Trigger Event Date, or if Write-off is specified in the Pricing Supplement as being the primary method of loss absorption, then the Subordinated Instruments will be Written-off and the Holders' rights (including to Interest) in relation to those Subordinated Instruments will be immediately and irrevocably terminated.

Exposure to the Issuer's financial performance and position and changes to the Issuer's ratings

An investment in Subordinated Instruments is an investment in the Issuer and may be affected by the ongoing performance and financial position of the Issuer, or changes to the credit ratings assigned to the Issuer by rating agencies.

As a result, if the Issuer's financial performance or position declines or the credit ratings assigned to it change, or if market participants anticipate such a decline or change, an investment in the Subordinated Instruments could decline in value even if the Subordinated Instruments have not been Converted.

See the section entitled "Failure to maintain credit ratings could adversely affect Westpac's cost of funds, liquidity, competitive position and access to capital markets" for further information regarding the potential impact of failing to maintain credit ratings assigned to the Issuer by rating agencies.

On 5 September 2013, Moody's Investors Service announced that, as part of a global methodology update, it has changed the way in which it looks at the probability of governmental support for banks' subordinated debt and that as a result, it has downgraded the subordinated debt ratings of banks in several jurisdictions. In Australia, Moody's has downgraded the subordinated debt of eight banks, including the subordinated debt of the Issuer.

Any further downgrade in the credit ratings assigned to the subordinated debt of the Issuer may result in a decline in value of an investment in the Subordinated Instruments.

The Ordinary Share price used to calculate the Conversion Number of Ordinary Shares may be different to the market price of Ordinary Shares at the time of Conversion

The number of Ordinary Shares issued to Holders upon Conversion will generally depend on the average of the daily VWAP of Ordinary Shares over the 5 ASX Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Non-Viability Trigger Event Date, and is subject to the Maximum Conversion Number. Accordingly, the Ordinary Share price used to calculate the Conversion Number of Ordinary Shares may be different to the market price of Ordinary Shares at the time of Conversion so that the value of Ordinary Shares received may be less than the value of those Ordinary Shares based on the Ordinary Share price on the Non Viability Trigger Event Date.

The market price for Ordinary Shares following Conversion may fluctuate due to various factors, including:

- changes in Australian and international economic and market conditions, interest rates, credit margins, foreign exchange rates, credit ratings and equity markets;

- changes in investor perception and sentiment in relation to the Issuer or the financial services industry;
- changes in the market price of other securities issued by the Issuer or by other issuers;
- the Issuer's financial performance and position; and
- other major Australian and international events such as hostilities, tensions and acts of terrorism.

These risks are described earlier in this section and may have an impact on the market price of Ordinary Shares, as well as the market price of the Subordinated Instruments.

Holders cannot request redemption or Conversion of Subordinated Instruments

Holders have no right to request redemption or Conversion of the Subordinated Instruments prior to the Maturity Date. Therefore, prior to the Maturity Date, unless the Issuer has the right to and elects to redeem the Subordinated Instruments early (subject to APRA's prior written approval), in order to realise an investment, a Holder would need to sell its Subordinated Instruments at the prevailing market price. Depending on market conditions at the time, the Subordinated Instruments may be trading at a market price below the issue price and/or the market for the Subordinated Instruments may not be liquid. The Issuer does not guarantee that Holders will be able to sell each Subordinated Instrument at an acceptable price or at all.

Redemption at the Issuer's option or for tax or regulatory reasons

Where the Pricing Supplement specifies "Early redemption at the option of the Issuer" as being applicable, the Subordinated Instruments may (subject to APRA's prior written approval) be redeemed at the Issuer's option in certain circumstances (but not earlier than the fifth anniversary of the Issue Date). Where the Pricing Supplement specifies "Early redemption for adverse tax events" or "Early redemption for regulatory events" as being applicable, the Issuer may (subject to APRA's prior written approval) redeem the Subordinated Instruments following the occurrence of an Adverse Tax Event or Regulatory Event, provided that the Issuer has obtained, in the case of an Adverse Tax Event, a supporting opinion of legal or tax advisers of recognised standing in Australia or, in the case of a Regulatory Event, a supporting opinion of advisers of recognised standing in Australia or confirmation from APRA.

An Adverse Tax Event will occur if the Issuer determines that as a result of any amendment to, clarification of or change in Tax Legislation which has been or will be effected or any Administrative Action under or in connection with Tax Legislation or any amendment to, clarification of, or change in, any such Administrative Action, being in each case by a legislative body, court, government authority or regulatory body after the relevant Issue Date (but which the Issuer did not expect at the Issue Date):

- there is a material risk that the Issuer would be exposed to a more than de minimis adverse tax consequence (other than the Issuer being required to pay an Additional Amount) in relation to the Subordinated Instruments;
- the Issuer determines that any interest payable on the Subordinated Instruments is not, or may not be, allowed as a deduction for the purposes of Australian income tax; or

- the Issuer has or will become obliged to pay Additional Amounts in accordance with the Terms and Conditions of the Subordinated Instruments.

A Regulatory Event will occur if:

- as a result of any amendment to, clarification of or change in any law or regulation of the Commonwealth of Australia or the Prudential Standards or any official administrative pronouncement or action or judicial decision interpreting or applying such law, regulation or Prudential Standards; or
- written confirmation is received from APRA that,

the Issuer is not or will not be entitled to treat all of the Subordinated Instruments of a Series as Tier 2 Capital.

There can be no certainty that APRA will provide its prior written approval for any redemption prior to the Maturity Date. Redemption is also subject to the Solvency Condition having been satisfied and to the Issuer having replaced, or concurrently with redemption replacing, the Subordinated Instruments with a capital instrument which is of the same or better quality than the Subordinated Instruments (or confirmation from APRA that it does not have to replace the Subordinated Instruments).

If redemption occurs on a date not previously contemplated, it may be disadvantageous in light of market conditions or individual circumstances. The possibility of redemption means that the period for which Holders will be entitled to the benefit of the rights attaching to the Subordinated Instruments is unknown.

Where cash is received on redemption, the rate of return at which a Holder could re-invest such funds may be lower than the return received on the Subordinated Instruments. Further, upon redemption a Holder will receive the Outstanding Principal Amount of the Subordinated Instruments which may be less than their market value immediately prior to redemption.

Implementation of the Basel III framework in Australia

Any fall in the Issuer's Common Equity Tier 1 Capital Ratio as a result of changes to APRA's implementation of the Basel III framework may adversely impact the market price of the Subordinated Instruments or potentially increase the chance at a later date that Conversion of Subordinated Instruments takes place due to the occurrence of a Non-Viability Trigger Event (a Non-Viability Trigger Event will occur where APRA notifies the Issuer in writing that it believes Conversion of some or all of the Subordinated Instruments or a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable).

U.S. Foreign Account Tax Compliance Act ("FATCA")

Legislation incorporating provisions referred to as FATCA was passed in the United States on 18 March 2010. This description is based on guidance issued to date by the U.S. Department of Treasury, including final regulations. Future guidance may affect the application of FATCA to the Subordinated Instruments.

It is possible that, in order to comply with FATCA, the Issuer (or if the Subordinated Instruments are held through another financial institution, such other financial institution) may be required (pursuant

to an agreement entered into with the United States or under applicable law (including pursuant to the terms of any applicable intergovernmental agreement entered into between the United States and any other jurisdiction)) (i) to request certain information from the Holders or beneficial owners of the Subordinated Instruments, which information may be provided to the U.S. Internal Revenue Service (“*IRS*”), and (ii) to withhold U.S. tax on some portion of payments made after 31 December 2016 with respect to the Subordinated Instruments or with respect to the issuance of any Ordinary Shares upon any Conversion if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the United States (and are not otherwise required to comply with the FATCA regime under applicable law (including pursuant to the terms of any applicable intergovernmental agreement entered into between the United States and any other jurisdiction)).

If the Issuer or any other person is required to withhold or deduct amounts arising under or in connection with FATCA from any payments made with respect to the Subordinated Instruments or with respect to the issuance of any Ordinary Shares upon any Conversion, the Holders and beneficial owners of the Subordinated Instruments, and holders and beneficial owners of Ordinary Shares issued upon any Conversion, will not be entitled to receive any gross up or other additional amounts under Condition 10 (Taxation) of the Subordinated Instruments, or otherwise, on account of any such withholding or deduction. FATCA is complex and its application to the Subordinated Instruments and any Conversion remains uncertain. Prospective investors are advised to consult their own tax advisors as to the application of FATCA to the Subordinated Instruments.

Future issues of securities by the Issuer

The Issuer and members of the Westpac Group may, at their absolute discretion, issue securities in the future that:

- rank for payment of principal or interest (including in the Winding-Up of the Issuer or another member of the Westpac Group) equally with, behind or ahead of the Subordinated Instruments;
- have the same or different maturities as the Subordinated Instruments;
- have the same or different dividend, interest or distribution rates as the Subordinated Instruments; or
- have the same or different terms and conditions as the Subordinated Instruments.

The Issuer may incur further indebtedness and may issue further securities including further Tier 2 Capital securities. The Conditions do not require the Issuer to refrain from certain business changes or require the Issuer to operate within certain ratio limits.

An investment in Subordinated Instruments carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by any member of the Westpac Group.

No prediction can be made as to the effect, if any, such future issues of securities by an entity in the Westpac Group may have on the market price or liquidity of Subordinated Instruments.

Amendment of the Conditions of Subordinated Instruments

The Issuer may, with the consent of the Fiscal Agent and provided it obtains APRA's prior written approval where the amendment would affect the eligibility of any Subordinated Instrument as Tier 2 Capital, amend the Terms and Conditions for any Subordinated Instrument, the relevant Pricing Supplement and the Deed of Covenant (each insofar as they may apply to such Subordinated Instruments) without the approval of Holders, provided the Issuer is of the opinion that the amendment is for the purposes of correcting a manifest or proven error. Except for the amendments necessary to effect the substitution of an Approved Successor (see below), no other amendments are permitted without the sanction of an Extraordinary Resolution.

Amendments under these powers are binding on all Holders despite the fact that a Holder may not agree with the amendment.

APRA's prior written approval to amend the Terms and Conditions is always required where the amendment may affect the eligibility of the Subordinated Instruments as Tier 2 Capital.

Successor holding company

Where the Issuer is replaced as the ultimate holding company of the Westpac Group by an Approved Successor and certain other conditions are satisfied, the Issuer may be allowed to make amendments (provided APRA's prior written approval is obtained) to substitute the Approved Successor as the debtor in respect of the Subordinated Instruments and the issuer of the ordinary shares issued on Conversion and to make certain other amendments to the Conditions. Accordingly, potential investors should be aware that, if:

- the Issuer is replaced by an Approved Successor as the ultimate holding company of the Westpac Group; and
- a substitution of the Approved Successor as the debtor in respect of the Subordinated Instruments and the issuer of the ordinary shares on Conversion is effected under the Conditions,

Holders will be obliged to accept Approved Successor Shares and will not receive Ordinary Shares if Conversion occurs after the replacement of the Issuer with an Approved Successor.

Potential investors should also be aware that Holders may not have a right to vote on any proposal to approve, implement or give effect to the establishment of an Approved Successor.

The Issuer has not made a decision to substitute an Approved Successor as the ultimate holding company of the Westpac Group.

Where the Issuer transfers its assets to an Approved Successor, the Issuer may as a result have reduced assets which may affect its credit rating and the likelihood Holders will receive their claims in full in a Winding-Up.

No rights if control of the Issuer is acquired

If a person other than an Approved Successor acquires control of the Issuer, the Conditions do not provide any right or remedy for the Holders on account of such an acquisition occurring. Further,

such an acquisition of the Issuer may result in the Issuer's Ordinary Shares no longer being quoted on ASX.

If, after such an acquisition has occurred, a Non-Viability Trigger Event occurs, the number of Ordinary Shares issued on Conversion will reflect the VWAP for the period of 5 Business Days on which the Ordinary Shares were last traded on ASX. The period of 5 ASX Business Days may be well before the Non-Viability Trigger Event and, accordingly, the value of the Conversion Number of Ordinary Shares when issued may be very different from the value based on that VWAP. This may adversely affect the value of the Ordinary Shares which are issued to Holders upon Conversion and such Ordinary Shares may not be freely tradeable.

Insolvency and similar proceedings are likely to be governed by Australian law

In the event that the Issuer becomes insolvent, insolvency proceedings are likely to be governed by Australian law. Australian insolvency laws are different from the insolvency laws of certain other jurisdictions, including the United States and the United Kingdom. In particular, the voluntary administration procedure under the *Australian Corporations Act*, which provides for the potential re-organisation of an insolvent company, is different from Chapter 11 under the *US Bankruptcy Code*, the voluntary administration procedure under the United Kingdom Insolvency Act 1989 and may differ from similar provisions under the insolvency laws of other non-Australian jurisdictions.

In addition, to the extent that the holders of the Subordinated Instruments are entitled to any recovery with respect to the Subordinated Instruments in any bankruptcy or certain other events in bankruptcy, insolvency, dissolution or reorganization relating to the Issuer, those holders might not be entitled in such proceedings to a recovery in a currency other than Australian dollars.

Risks related to CNY Subordinated Instruments

The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the People's Republic of China (the "PRC")

The Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between the Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over trade transactions involving import and export of goods and services as well as other routine foreign exchange transactions under current accounts. Participating banks in Hong Kong have been permitted to engage in the settlement of Renminbi trade transactions under a pilot scheme introduced in July 2009. This represents a current account activity. The pilot scheme was extended in June 2010 to cover 20 provinces and cities in the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide. The pilot scheme was further extended in August 2011 to cover all provinces in the PRC.

On 25 February 2011, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the Circular on Issues concerning Foreign Investment Management (the "**MOFCOM Circular**"). The MOFCOM Circular states that if a foreign investor intends to make investments in the PRC (whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities) with Renminbi that it has generated from cross-border trade settlement or that is lawfully obtained by it outside the PRC, MOFCOM's prior written consent is required. In April 2011, the State Administration of Foreign Exchange ("**SAFE**") promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi

(the “**SAFE Circular**”), which provides that borrowing by an onshore entity of Renminbi loans from an offshore entity shall in principle follow the current regulations on borrowing foreign debts. On 3 June 2011, the People’s Bank of China (the “**PBOC**”) issued the Notice on Clarification of Issues regarding Cross-border Renminbi Activities (the “**PBOC Notice**”), which provides that the pilot programme of foreign direct investment in Renminbi will be launched on a case by case basis, and approval by the PBOC is required for foreign direct investment in Renminbi. For industries under restrictions or strictly regulated by the PRC government, foreign direct investment in Renminbi is prohibited.

On 13 October 2011, PBOC issued the Measures on Administration of the Renminbi Settlement in relation to Foreign Direct Investment (the “**PBOC Renminbi FDI Measures**”), to implement PBOC’s detailed Renminbi foreign direct investments (“**Renminbi FDI**”) administration system, which covers almost all aspects of Renminbi FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as Renminbi denominated cross-border loans. Under the PBOC Renminbi FDI Measures, special approval for Renminbi FDI and shareholder loans from the PBOC which was previously required by the PBOC Notice is no longer necessary. In some cases, however, post-event filing with PBOC is still necessary.

On 5 July 2013, PBOC promulgated the Notice on Simplifying the Procedures of Cross-border Renminbi Business and Improving Relevant Policies (the “**PBOC 2013 Notice**”), which simplifies the operating procedures on current account cross-border Renminbi settlement and sets out policies with respect to issuance of offshore Renminbi bonds by onshore non-financial institutions. The intention behind the PBOC 2013 Notice is to improve the efficiency of cross-border Renminbi settlement and facilitate the use of cross-border Renminbi settlement by banks and enterprises.

On 3 December 2013, MOFCOM promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (“**MOFCOM Renminbi FDI Circular**”), which became effective on 1 January 2014, to further facilitate Renminbi FDI by simplifying and streamlining the applicable regulatory framework. The MOFCOM Renminbi FDI Circular provides that if a foreign investor intends to make Renminbi FDI in the PRC with Renminbi that it has generated from legal activities, including setting up new enterprises, increase of capital contribution, acquisition of domestic enterprises, such Renminbi FDI shall be approved by competent authorities in accordance with relevant regulations on foreign investment. However, pursuant to the MOFCOM Renminbi FDI Circular, the appropriate office of MOFCOM and/or its local counterparts will grant written approval for each Renminbi FDI and specify “Renminbi Foreign Direct Investment” and the amount of capital contribution in the approval. Unlike previous MOFCOM regulations on Renminbi FDI, the MOFCOM Renminbi FDI Circular removes the approval requirement for foreign investors who intend to change the currency of its existing capital contribution from a foreign currency to Renminbi. In addition, the MOFCOM Renminbi FDI Circular also clearly prohibits the Renminbi FDI funds from being used for any investment in securities and financial derivatives (except for investment in the PRC listed companies as strategic investors) or for entrustment loans in the PRC.

As new regulations, the MOFCOM Circular, the SAFE Circular, the PBOC 2013 Notice, the MOFCOM Renminbi FDI Circular and the PBOC Renminbi FDI Measures will be subject to interpretation and application by the relevant PRC authorities.

Subject to the prior receipt of all necessary governmental approvals, the Issuer may remit the net proceeds from the offering of the CNY Instruments into the PRC. There is no assurance that such approvals will be granted and, if granted, will not be revoked or amended in the future. There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border

Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which would have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. The Issuer may need to source Renminbi offshore to finance its obligations under the CNY Instruments, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC. Further, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE, MOFCOM and PBOC rules.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the CNY Instruments and the Issuer's ability to source Renminbi outside China to service the CNY Instruments

As a result of the restrictions imposed by the PRC government on cross-border Renminbi fund flows, the availability of Renminbi outside of the PRC is limited. Since February 2004, in accordance with arrangements between the PRC central government and the Hong Kong government, licensed banks in Hong Kong may offer limited Renminbi-denominated banking services to Hong Kong residents and specified business customers. PBOC, the central bank of the PRC, has also established a Renminbi clearing and settlement system for participating banks in Hong Kong. On 19 July 2010, further amendments were made to the Settlement Agreement on the Clearing of Renminbi Business (the "**Settlement Agreement**") between the PBOC and Bank of China (Hong Kong) Limited (the "**Renminbi Clearing Bank**") to further expand the scope of Renminbi business for participating banks in Hong Kong. Pursuant to the revised arrangements, all corporations are allowed to open Renminbi accounts in Hong Kong; there is no longer any limit (other than as provided in the following paragraph) on the ability of corporations to convert Renminbi; and there is no longer any restriction on the transfer of Renminbi funds between different accounts in Hong Kong.

However, the current size of Renminbi-denominated financial assets outside China is limited. According to statistics published by the Hong Kong Monetary Authority ("**HKMA**"), as of 31 August 2014, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately CNY936.8 billion (this information has been accurately reproduced from information published by the HKMA and, as far as the Issuer is aware and is able to ascertain from information published by the HKMA, no facts have been omitted which would render the reproduced information inaccurate or misleading). In addition, although participating banks are no longer required by the HKMA to maintain a Renminbi liquidity ratio of no less than 25 per cent. of their Renminbi deposits they are still required to account for Renminbi together with other currencies on the same basis as the statutory liquidity ratio, which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The Renminbi Clearing Bank will only have access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporates in relation to cross-border trade settlement and for personal customers of up to CNY20,000 per person per day. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future, which will have the effect of restricting

availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the CNY Instruments. To the extent that the Issuer is required to source Renminbi in the offshore market to service the CNY Instruments, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If the Renminbi is not available in certain circumstances as described under “Terms and Conditions – Payments Inconvertibility, Non-transferability or Illiquidity”, the Issuer can make payments under the CNY Instruments in a currency other than Renminbi.

Investment in the CNY Instruments is subject to exchange rate risks

The value of the Renminbi against the U.S. dollar, the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. Governments and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable interest rate. Subject to the Terms and Conditions of the CNY Instruments, and, in particular, the Issuer’s right to make payments in certain circumstances in other currencies, the Issuer will make all payments of interest and principal with respect to the CNY Instruments in Renminbi. As a result, the value of these Renminbi payments in foreign currency may vary with the prevailing exchange rates in the marketplace. For example, when an investor buys CNY Instruments, such investor may need to convert foreign currency to Renminbi at the exchange rate available at that time. If the value of Renminbi depreciates against the relevant foreign currency between then and the time that the Issuer pays back the principal of the CNY Instruments in Renminbi at maturity, the value of the investment in the relevant foreign currency will have declined.

Payments in respect of the CNY Instruments will only be made to investors in the manner specified in the CNY Instruments

All payments to investors in respect of the CNY Instruments will be made solely by (i) when the CNY Instruments are represented by a Temporary Global Instrument or a Permanent Global Instrument, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and procedures of Euroclear, Clearstream, Luxembourg or CMU as applicable, or (ii) when the CNY Instruments are in definitive form, transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations.

The Issuer cannot be required to make payment by any other means (including in any other currency (unless this is specified in the Pricing Supplement of the CNY Instruments) or by transfer to a bank account in the PRC).

Risks in relation to PRC currency controls

Remittance of Renminbi into and outside the PRC

The Renminbi is not a freely convertible currency. The remittance of Renminbi into and outside the PRC is subject to controls imposed under PRC law.

Current Account Items

Under PRC foreign exchange control regulations, current account item payments include payments for imports and exports of goods and services, payments of income and current transfers into and outside the PRC.

Prior to July 2009, all current account items were required to be settled in foreign currencies. Since July 2009, the PRC has commenced a scheme pursuant to which Renminbi may be used for settlement of imports and exports of goods between approved pilot enterprises in five designated pilot cities in the PRC, being Shanghai, Guangzhou, Dongguan, Shenzhen and Zhuhai and enterprises in designated offshore jurisdictions including Hong Kong and Macau. On 17 June 2010, the PRC government promulgated the Circular on Issues concerning the Expansion of the Scope of the Pilot Program of Renminbi Settlement of Cross-Border Trades (Yin Fa (2010) No. 186) (the “**Circular**”), pursuant to which (i) Renminbi settlement of imports and exports of goods and of services and other current account items became permissible, (ii) the list of designated pilot districts was expanded to cover 20 provinces and cities including Beijing, Shanghai, Tianjin, Chongqing, Guangdong, Jiangsu, Zhejiang, Liaoning, Shandong and Sichuan, and (iii) the restriction on designated offshore jurisdictions was lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle any current account items between them (except in the case of payments for exports of goods from the PRC, such Renminbi remittance may only be effected by approved pilot enterprises in designated pilot districts in the PRC). In particular, any foreign invested enterprises located in the designated pilot districts may remit all lawful dividends and distribution payments in Renminbi to its foreign investors outside the PRC. The pilot scheme was further extended in August 2011 to cover all provinces in the PRC and to make Renminbi trade and other current account settlement available in all countries worldwide.

As a new regulation, the Circular will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying the Circular and impose conditions for settlement of current account items.

Capital Account Items

Under PRC foreign exchange control regulations, capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans. Capital account payments are generally subject to approval of the relevant PRC authorities.

Settlements for capital account items are generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) are generally required to make any capital contribution to foreign invested enterprises in a foreign currency in accordance with the terms set out in the relevant joint venture contracts and/or articles of association as approved by the relevant authorities. Foreign invested enterprises or any other relevant PRC parties are also generally required to make capital account item payments including proceeds from liquidation, transfer of shares, reduction of capital and principal repayment under foreign debt to foreign investors in a foreign currency. That said, the relevant PRC authorities may approve a foreign entity to make a capital contribution or shareholder’s loan to a foreign invested enterprise with Renminbi lawfully obtained by it outside the PRC and for the foreign invested enterprise to service interest and principal repayment to its foreign investor outside the PRC in Renminbi on a trial basis. The foreign invested enterprise may also be required to complete registration and verification process with the relevant PRC authorities before such Renminbi remittances.

The MOFCOM Circular, the SAFE Circular, the PBOC 2013 Notice, the MOFCOM Renminbi FDI Circular and the PBOC Renminbi FDI Measures, which are relatively new regulations, have been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items, and they will be subject to interpretation and application by the relevant PRC authorities.

Further, if any new PRC regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules. Also, since the remittance of Renminbi by way of investment or loans are now categorised as capital account items, such remittances will need to be made subject to the specific requirements or restrictions set out in the relevant SAFE, MOFCOM and PBOC rules.

DOCUMENTS INCORPORATED BY REFERENCE

The consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes thereto) appearing on pages 55 to 79 (inclusive), pages 125 to 285 (inclusive) and pages 287 to 288 (inclusive) of the Issuer's 2014 Annual Report in respect of the year ended 30 September 2014 and the consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes thereto) appearing on pages 56 to 74 (inclusive), pages 119 to 284 (inclusive) and pages 286 to 287 (inclusive) of the Issuer's 2013 Annual Report in respect of the year ended 30 September 2013, shall be deemed to be incorporated in, and to form part of, this Information Memorandum.

Any information contained in a document incorporated by reference herein which is not incorporated in, and does not form part of, this Information Memorandum is either not relevant for investors or is contained elsewhere in this Information Memorandum.

Following the publication of this Information Memorandum a supplementary Information Memorandum may be prepared by the Issuer and approved by any relevant listing authority or stock exchange. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Information Memorandum or in a document which is incorporated by reference in this Information Memorandum. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

For as long as the Programme remains in effect or any Subordinated Instruments are outstanding, copies of the documents incorporated by reference herein may be inspected during the normal business hours at the office of the Fiscal Agent (or the other office(s) of the Paying Agent(s) in the United Kingdom) specified on page 165 of this Information Memorandum and from the registered head office of Westpac Banking Corporation.

TERMS AND CONDITIONS OF THE SUBORDINATED INSTRUMENTS

The following are the Terms and Conditions of the Subordinated Instruments which, as supplemented in relation to any Subordinated Instruments by the relevant Pricing Supplement, will be applicable to each Series of Subordinated Instruments:

The subordinated debt instruments (the “**Subordinated Instruments**”) are issued pursuant to and in accordance with an amended and restated issue and paying agency agreement (as amended, supplemented or replaced, the “**Issue and Paying Agency Agreement**”) dated 15 November 2013, as supplemented by way of a supplemental issue and paying agency agreement on 14 November 2014, and made between Westpac Banking Corporation (the “**Issuer**”), The Bank of New York Mellon in its capacity as fiscal agent (the “**Fiscal Agent**”, which expression shall include any successor to The Bank of New York Mellon in its capacity as Fiscal Agent), The Bank of New York Mellon (Luxembourg) S.A. in its capacity as Luxembourg paying agent (the “**Luxembourg Paying Agent**”, which expression shall include any successor to The Bank of New York Mellon (Luxembourg) S.A. in its capacity as Luxembourg Paying Agent), The Bank of New York Mellon, Hong Kong Branch in its capacities as Hong Kong paying agent and as lodging agent (the “**Hong Kong Paying Agent**” and the “**Lodging Agent**”, which expressions shall include any successors to The Bank of New York Mellon, Hong Kong Branch in its capacities as such) and the other paying agents named therein (together with the Hong Kong Paying Agent, the “**Paying Agents**”, which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Issue and Paying Agency Agreement).

The Subordinated Instruments have the benefit of a deed of covenant (as amended, supplemented or replaced, the “**Deed of Covenant**”) dated 7 November 2008 executed by the Issuer in relation to the Subordinated Instruments. Copies of the Issue and Paying Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the Specified Office of each of the Paying Agents. All persons from time to time entitled to the benefit of obligations under any Subordinated Instruments shall be deemed to have notice of, and shall be bound by, all of the provisions of the Issue and Paying Agency Agreement and the Deed of Covenant insofar as they relate to the relevant Subordinated Instruments.

The Subordinated Instruments are issued in series (each, a “**Series**”), and each Series may comprise one or more tranches (“**Tranches**” and each, a “**Tranche**”) of Subordinated Instruments. Each Tranche will be the subject of an applicable pricing supplement (each, the “**Pricing Supplement**”), a copy of which will be available for inspection during normal business hours at the Specified Office of the Fiscal Agent. In the case of a Tranche of Subordinated Instruments in relation to which application has not been made for listing and/or trading on or by any competent listing authority and/or stock exchange, copies of the Pricing Supplement will only be available for inspection by a Holder (as defined in Condition 3.1) of or, as the case may be, a Relevant Account Holder (as defined in the Deed of Covenant) in respect of, such Subordinated Instruments.

References in these Terms and Conditions to Subordinated Instruments are to Subordinated Instruments of the relevant Series only and any references to Coupons (as defined in Condition 2.6) and Receipts (as defined in Condition 2.7) are to Coupons and Receipts relating to Subordinated Instruments of the relevant Series.

References in these Terms and Conditions to the Pricing Supplement are to the Pricing Supplement prepared in relation to the Subordinated Instruments of the relevant Tranche or Series and endorsed on or attached to such Subordinated Instruments.

In respect of any Subordinated Instruments, references herein to these Terms and Conditions are to these terms and conditions as supplemented by the Pricing Supplement.

1. Interpretation

Definitions

1.1 In these Terms and Conditions, the following expressions have the following meanings:

“Accrual Feature” means the result of the fraction of which the numerator is the number of days in the relevant Interest Accrual Period on which interest will be deemed to have accrued by reference to the following formula:

“N” divided by “D” where:

“N” is the number of calendar days in the relevant Observation Period where the Applicable Swap Rate is within the thresholds specified in the Pricing Supplement; and

“D” is the total number of calendar days in the relevant Observation Period.

“Applicable Swap Rate” means the USD-ISDA-Swap Rate or such other rate set out in the ISDA Definitions and specified in the Pricing Supplement.

“USD-ISDA-Swap Rate” is the rate determined in accordance with the ISDA Definitions, with the following modifications:

- (i) the Designated Maturity (as defined in the ISDA Definitions) is, in respect of each Interest Accrual Period, a period specified for such Interest Accrual Period in the Pricing Supplement; and
- (ii) the words “Reset Date” shall be replaced with the words “Calculation Date”, the words “on the day that is two U.S. Government Securities Business Days preceding that Reset Date” shall be replaced with “on that Calculation Date”, and the words “as the applicable Floating Rate Option” shall be replaced with “as defined in the ISDA Definitions”.

“Calculation Date” means for each calendar day in the relevant Observation Period, that calendar day, provided that, if that calendar day is not a New York and London Banking Day (as defined below), the relevant Calculation Date will be the immediately preceding New York and London Banking Day (as defined below).

“Observation Period” means the period specified as such in the Pricing Supplement.

“New York and London Banking Day” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York and London.

In the event that no quotations are available pursuant to USD-ISDA-Swap Rate with the relevant Designated Maturity, including the fall back option of “USD-CMS-Reference Banks” (as defined in the ISDA Definitions), or the Calculation Agent determines that no suitable Reference Bank (as defined in the ISDA Definitions) which is prepared to quote is available, then the Calculation Agent shall reasonably determine the applicable rate (or method for determining such rate) in its sole and absolute discretion, taking into consideration all available information that it in good faith deems appropriate;

“**Accrual Yield**” has the meaning given in the Pricing Supplement;

“**Additional Amount**” has the meaning given to it in Condition 10.1;

“**Additional Business Centre(s)**” means the city or cities specified as such in the Pricing Supplement;

“**Additional Tier 1 Capital**” has the meaning given to it in the Prudential Standards;

“**ADI**” means Authorised Deposit-taking Institution;

“**Approved Replacement Notice**” has the meaning given to it in Condition 6.14(a);

“**Approved Successor**” means a holding company that replaces, or is proposed to replace, the Issuer as the ultimate holding company of the Westpac Group and that satisfies the following requirements:

- (a) the proposed successor holding company complies with all applicable legal requirements and obtains any necessary regulatory approvals (including, to the extent required, APRA’s prior written approval);
- (b) the proposed successor holding company agrees to take any necessary action to give effect to an amendment to the Terms and Conditions as contemplated in Condition 6.14;
- (c) the ordinary shares of the proposed successor holding company are to be listed on the ASX or any internationally recognised stock exchange;
- (d) the proposed successor holding company has a place of business in New South Wales, Australia or has appointed a process agent in New South Wales, Australia to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Subordinated Instruments;
- (e) the proposed successor holding company has, in the reasonable opinion of an independent expert, the financial capacity to perform the Issuer’s obligations under these Terms and Conditions and the Deed of Covenant in respect of the Subordinated Instruments; and

- (f) the proposed replacement of the Issuer and the requirements described in paragraphs (a) to (c) would not, in the reasonable opinion of an independent expert, otherwise adversely affect the interests of Holders,

and for the purposes of this definition, “independent expert” means a reputable investment bank operating in Australia or an investment bank of international repute acting independently of the Issuer and appointed by the Issuer to provide the opinions referred to in paragraphs (e) and (f);

“**APRA**” means the Australian Prudential Regulation Authority;

“**Assets**” means, in respect of the Issuer, its total non-consolidated gross assets as shown by the latest published audited accounts of the Issuer, but adjusted for events subsequent to the date of such accounts in such manner and to such extent as two authorised signatories of the Issuer or, if the Issuer is in Winding-Up, the Liquidator may determine to be appropriate;

“**ASX**” means the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691);

“**ASX Business Day**” means a business day as defined in the ASX Listing Rules;

“**ASX Listing Rules**” means the listing rules of ASX from time to time with any modifications or waivers in their application to the Issuer which ASX may grant;

“**Australian Dollars**” and “**A\$**” mean the lawful currency of Australia;

“**Broken Amount**” has the meaning given in the Pricing Supplement;

“**Business Day**” means:

- (i) for the purposes of Condition 9A.6 only, a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; or
- (ii) in relation to any sum payable, either:
 - (a) where such sum is payable in a currency other than euro or Renminbi, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Principal Financial Centre which, if the relevant currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively, and any Additional Business Centre(s) specified in the Pricing Supplement; or
 - (b) where such sum is payable in euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Principal Financial Centre, each (if any) Additional Business

Centre(s) specified in the Pricing Supplement and a TARGET Settlement Day; or

- (c) where such sum is payable in Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets in Hong Kong are generally open for business and settlement of Renminbi payments in Hong Kong;
- (iii) for all other purposes, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the Principal Financial Centre and any Additional Business Centre(s) specified in the Pricing Supplement;

“Business Day Convention”, in relation to any particular date, has the meaning given in the Pricing Supplement and, in this context, the following expressions shall have the following meanings:

- (i) **“Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) **“Modified Following Business Day Convention”** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) **“Preceding Business Day Convention”** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) **“FRN Convention”, “Floating Rate Convention” or “Eurodollar Convention”** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
 - (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

- (v) “**No Adjustment**” means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

“**Calculation Agent**” means the Fiscal Agent or such other Person specified in the Pricing Supplement as the party responsible for calculating the Interest Rate(s) and Interest Amount(s) and/or such other amount(s) as may be specified in the Pricing Supplement;

“**Calculation Amount**” means (i) if there is only one Denomination, the Denomination of the relevant Subordinated Instruments, and (ii) if there are several Denominations, the highest common factor of these Denominations. Note there must be a common factor in the case of two or more Denominations;

“**Clearing System**” means Euroclear, Clearstream or any other clearing system specified in the Pricing Supplement;

“**Clearstream, Luxembourg**” means Clearstream Banking, société anonyme;

“**CMU Service**” means the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority;

“**Common Equity Tier 1 Capital**” has the meaning given to it in the Prudential Standards;

“**Conversion**” means, upon the occurrence of a Non-Viability Trigger Event, the conversion of all or some Subordinated Instruments (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument) into Ordinary Shares of the Issuer in accordance with these Terms and Conditions. “**Convert**” and “**Converted**” shall have corresponding meanings;

“**Conversion Number**” has the meaning given in Condition 6.1;

“**Cum Value**” has the meaning given in Condition 6.2(a);

“**Coupon Sheet**” means, in respect of a Subordinated Instrument, a coupon sheet relating to such Subordinated Instrument;

“**Day Count Fraction**” means, in respect of the calculation of an amount for any period of time (the “**Calculation Period**”), such day count fraction as may be specified in these Terms and Conditions or the Pricing Supplement and:

- (i) if “Actual/Actual (ICMA)” is so specified, means:
- (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:

- (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (ii) if “Actual/365” or “Actual/Actual (ISDA)” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
 - (iii) if “Actual/365 (Fixed)” is so specified, means the actual number of days in the Calculation Period divided by 365;
 - (iv) if “Actual/360” is so specified, means the actual number of days in the Calculation Period divided by 360;
 - (v) if “30/360” is so specified, means the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vii) if “30E/360 (ISDA)” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

“**Denomination**” has the meaning given in the Pricing Supplement;

“**Early Redemption Amount (Adverse Tax Event)**” has the meaning given in Condition 8.4(b);

“**Early Redemption Amount (Call)**” has the meaning given in Condition 8.3(b);

“**Early Redemption Amount (Regulatory Event)**” has the meaning given in Condition 8.5(b);

“**Equal Ranking Instruments**” means instruments which satisfy the requirements set out in one of the following paragraphs (a), (b) or (c):

- (a) any instruments, present and future, issued by the Issuer after 1 January 2013 which:
 - (i) by their terms are, or are expressed to be, subordinated in a Winding-up to the claims of Senior Creditors;
 - (ii) qualify as Tier 2 Capital of the Issuer; and
 - (iii) in a Winding-Up rank, or are expressed to rank, prior to, and senior in right of payment to, instruments which constitute Additional Tier 1 Capital or Common Equity Tier 1 Capital of the Issuer (or any instruments which were issued prior to 1 January 2013 and were treated as constituting tier one capital in accordance with the Prudential Standards which applied prior to 1 January 2013 irrespective of whether or not such instruments are treated as constituting tier one capital in accordance with any transitional arrangements approved by APRA); and
- (b) the Perpetual Capital Notes (irrespective of whether or not such instruments are treated as constituting Tier 2 Capital in accordance with any transitional arrangements approved by APRA); or
- (c) any other instruments, present and future, issued by the Issuer where, the right to repayment ranks, or is expressed to rank, in a Winding-Up equally with the claims of Holders (irrespective of whether or not such instruments qualify as Tier 2 Capital of the Issuer);

“**Euroclear**” means Euroclear Bank S.A./N.V.;

“Extraordinary Resolution” has the meaning given in the Issue and Paying Agency Agreement;

“FATCA” means sections 1471 to 1474 of the *United States Internal Revenue Code of 1986*, as amended (or any consolidation, amendment, re-enactment or replacement of those provisions and including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-US laws enacted with respect thereto);

“Final Redemption Amount” means, in respect of any Subordinated Instrument, its Outstanding Principal Amount or such other amount as may be specified in the Pricing Supplement;

“Fixed Coupon Amount” has the meaning given in the Pricing Supplement;

“Foreign Holder” means a Holder (a) whose place of residence is outside Australia or (b) who the Issuer otherwise believes may not be a resident of Australia and, in either case, the Issuer is not satisfied that the laws of the Holder’s country of residence would permit the offer to, or the holding or acquisition of, Ordinary Shares by, the Holder (but the Issuer will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which the Issuer, in its absolute discretion, regards as acceptable and not unduly onerous;

“Holder” has the meaning given in Condition 3.1;

“Ineligible Holder” means:

- (a) a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including, but not limited to, Chapter 6 of the *Corporations Act*, the *Foreign Acquisitions and Takeovers Act 1975 of Australia*, the *Financial Sector (Shareholdings) Act 1998 of Australia* and Part IV of the *Competition and Consumer Act 2010 of Australia*) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its Subordinated Instruments, it shall only be treated as an Ineligible Holder in respect of those Subordinated Instruments and not in respect of the balance of its Subordinated Instruments). The Issuer will be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Non-Viability Trigger Event Date; or
- (b) a Foreign Holder;

“Interest Accrual Period” means, in respect of an Interest Period, each successive period beginning on and including an Interest Period End Date and ending on but excluding the next succeeding Interest Period End Date during that Interest Period provided always that the first Interest Accrual Period shall commence on and include the Interest Commencement Date and the final Interest Accrual Period shall end on but exclude the date of redemption of the Subordinated Instruments;

“Interest Amount” means, in relation to a Subordinated Instrument and an Interest Period, the amount of interest payable per Calculation Amount in respect of that Subordinated Instrument for that Interest Period;

“Interest Commencement Date” means the Issue Date of the Subordinated Instruments or such other date as may be specified as the Interest Commencement Date in the Pricing Supplement;

“Interest Determination Date” has the meaning given in the Pricing Supplement;

“Interest Payment Date” means the date or dates specified as such in the Pricing Supplement and, if a Business Day Convention is specified in the Pricing Supplement:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

“Interest Period End Date” means the date or dates specified as such in the Pricing Supplement and, if a Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the relevant Business Day Convention or, if the Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Pricing Supplement as the Interest Accrual Period, such dates as may occur in accordance with the FRN Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case) or, if none of the foregoing is specified in the Pricing Supplement, the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Subordinated Instruments;

“Interest Rate” means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Subordinated Instruments specified in Pricing Supplement or calculated or determined in accordance with the provisions of these Terms and Conditions and/or the Pricing Supplement;

“ISDA Definitions” means the 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Subordinated Instruments of the relevant Series (as specified in the Pricing Supplement) and as published by the International Swaps and Derivatives Association, Inc.;

“Issue Date” has the meaning given in the Pricing Supplement;

“Issue Date VWAP” means the VWAP during the period of 20 ASX Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with Condition 6;

“Junior Ranking Capital Instruments” means instruments, present and future, issued by the Issuer which:

- (a) by their terms are, or are expressed to be, subordinated in a Winding-Up to the claims of Holders and other Equal Ranking Instruments; and
- (b) qualify as Additional Tier 1 Capital or Common Equity Tier 1 Capital of the Issuer (or, in the case of any instruments issued prior to 1 January 2013, were treated as constituting tier one capital in accordance with the Prudential Standards which applied prior to 1 January 2013 irrespective of whether or not such instruments are treated as constituting Tier 1 Capital in accordance with any transitional arrangements approved by APRA);

“Liabilities” means, in respect of the Issuer, its total non-consolidated gross liabilities as shown by its latest published audited accounts, but adjusted for events subsequent to the date of such accounts in such manner and to such extent as two authorised signatories of the Issuer or, if the Issuer is in Winding-Up, the Liquidator may determine to be appropriate;

“Liquidator” means the liquidator or other official responsible for the conduct and administration of a Winding-Up;

“local banking day” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Subordinated Instrument or, as the case may be, Coupon;

“Margin” has the meaning given in the Pricing Supplement;

“Maturity Date” means the date specified as such in the provisions of the Pricing Supplement and, if a Business Day Convention is specified in the Pricing Supplement, as the same may be adjusted in accordance with the relevant Business Day Convention;

“Maximum Conversion Number” has the meaning given in Condition 6.1;

“Maximum Interest Rate” has the meaning given in the Pricing Supplement;

“Maximum Redemption Amount” has the meaning given in the Pricing Supplement;

“Member State” means a Member State of the European Union;

“Minimum Interest Rate” has the meaning given in the Pricing Supplement;

“Minimum Redemption Amount” has the meaning given in the Pricing Supplement;

a “**Non-Viability Trigger Event**” occurs when APRA notifies the Issuer in writing that it believes:

- (a) Conversion or Write-off of all or some Subordinated Instruments, or conversion or write down of all or some of the capital instruments of the Westpac Group is necessary because, without it, the Issuer would become non-viable; or
- (b) a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable;

“**Non-Viability Trigger Event Date**” has the meaning given to it in Condition 5.1(c)(iii);

“**Ordinary Resolution**” has the meaning given in the Issue and Paying Agency Agreement;

“**Ordinary Share**” means a fully paid ordinary share in the capital of the Issuer;

“**Outstanding**” means, on any day, all Subordinated Instruments issued, less such Subordinated Instruments:

- (a) which have been redeemed, Converted, Written-off or satisfied in full by the Issuer in accordance with the Terms and Conditions;
- (b) for the payment of which funds equal to their aggregate Outstanding Principal Amount are on deposit with the relevant Paying Agent on terms which prohibit the return of the deposit or the use of the deposit for any purpose other than the payment of such Subordinated Instruments or in respect of which the relevant Paying Agent holds an irrevocable direction to apply funds in repayment of Subordinated Instruments to be redeemed on that day;
- (c) in respect of which a Holder is unable to make a claim as a result of the operation of Condition 12; or
- (d) those which have been purchased and cancelled as provided in the Terms and Conditions,

provided that for the purposes of:

- (i) ascertaining the right to attend and vote at any meeting of the Holders; and
- (ii) the determination of how many Subordinated Instruments are outstanding for the purposes of the definition of the Outstanding Principal Amount,

such Subordinated Instruments which are beneficially held by, or are held on behalf of, the Issuer and not cancelled shall be deemed not to remain outstanding;

“**Outstanding Principal Amount**” means in respect of any Subordinated Instrument which is Outstanding at any time, the outstanding principal amount of the Subordinated Instrument, and for such purposes:

- (a) the principal amount of a Subordinated Instrument issued at a discount (other than a Zero Coupon Subordinated Instrument as defined in Condition 7.4), par or at a premium is at any time to be taken to be equal to its Denomination;
- (b) the principal amount of a Zero Coupon Subordinated Instrument is at any time to be taken to be equal to the amount calculated in accordance with Condition 7.4(ii);
- (c) if a Subordinated Instrument is repayable in instalments, the principal amount at any time is to be taken to be the Denomination of the Subordinated Instrument less the aggregate of each instalment repaid as at that time, to the extent that the instalment relates to a payment of principal;
- (d) if an amount is required to be determined in Australian Dollars, the Australian Dollar equivalent of the Specified Currency is to be determined on the basis of the spot rate of exchange for the sale of Australian Dollars against the purchase of such relevant Specified Currency in the Sydney foreign exchange market quoted by any leading bank selected by the Issuer on the relevant calculation date. The calculation date is, at the discretion of the Issuer, either the date of the Pricing Supplement for such Subordinated Instruments or the preceding day on which commercial banks and foreign exchange markets are open for business in Sydney or such other date as may be specified by the Issuer in the Pricing Supplement; and
- (e) if the principal amount of a Subordinated Instrument has from time to time been Converted or Written-off as described in, and in accordance with, Conditions 5 and 6 the principal amount of the Subordinated Instrument will be reduced by the principal amount so Converted or Written-off;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

“Perpetual Capital Notes” means the Perpetual Capital Floating Rate Notes issued by the Issuer on 30 September 1986 (as may be varied or amended from time to time);

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency provided, however, that in relation to euro, it means the principal financial centre of such Member State as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

“Prudential Standards” means the prudential standards and guidelines published by APRA and as applicable to the Issuer from time to time;

“Reclassification” has the meaning given in Condition 6.3;

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Call), the Early Redemption Amount (Adverse Tax Event), the Early Redemption Amount (Regulatory Event), or the final Instalment Amount;

“Reference Banks” has the meaning given in the Pricing Supplement or, if none is specified, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

“Reference Price” has the meaning given in the Pricing Supplement;

“Reference Rate” means either “USD LIBOR”, “GBP LIBOR”, “CAD LIBOR”, “EURIBOR”, “CHF LIBOR” “JPY LIBOR” or “NZD LIBOR”, in each case for the relevant period, as may be specified in the Pricing Supplement;

“Regular Period” means:

- (i) in the case of Subordinated Instruments where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Subordinated Instruments where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Subordinated Instruments where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

“Related Entity” means an entity over which the Issuer or any parent of the Issuer exercises control or significant influence, as determined by APRA from time to time;

“Relevant Date” means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders;

“Relevant Financial Centre” has the meaning given in the Pricing Supplement;

“Relevant Screen Page” means the page, section or other part of a particular information service (including, without limitation, the Reuters Monitor Money Rates Service) specified as the Relevant Screen Page in the Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“Relevant Securities” means Relevant Tier 1 Securities and Relevant Tier 2 Securities;

“Relevant Tier 1 Security” means a security forming part of the Tier 1 Capital of the Issuer on a “Level 1 basis” or “Level 2 basis” in accordance with the Prudential Standards which, upon the occurrence of a Non-Viability Trigger Event, may be either:

- (a) converted into Ordinary Shares; or
- (b) written-off or written-down (and all rights and claims of the holders in respect of the security shall be written-off or written-down);

“Relevant Tier 2 Security” means a security (other than the Subordinated Instruments) forming part of the Tier 2 Capital of the Issuer on a “Level 1 basis” or “Level 2 basis” in accordance with the Prudential Standards which, upon the occurrence of a Non-Viability Trigger Event, may be either:

- (a) converted into Ordinary Shares; or
- (b) written-off or written-down (and all rights and claims of the holders in respect of the security shall be written-off or written-down);

“Relevant Time” has the meaning given in the Pricing Supplement;

“Replacement” has the meaning given in Condition 6.14(a);

“Sale and Transfer Agent” means each nominee (who cannot be a member of the Westpac Group or a Related Entity) appointed by the Issuer under a facility established for the sale or transfer of Ordinary Shares issued on Conversion on behalf of:

- (a) if the Holder is the operator of a Clearing System or a nominee for a common depository for any one or more Clearing Systems (such operator or nominee for a common depository acting in such capacity as is specified in the rules and regulations of the relevant Clearing System or Clearing Systems), the participants in the relevant Clearing System or Clearing Systems;
- (b) Holders who do not wish to receive Ordinary Shares on Conversion; or
- (c) Holders who are Ineligible Holders,

in accordance with Condition 6.10. For the avoidance of doubt, the Issuer may appoint more than one Sale and Transfer Agent in respect of the Conversion of one or more Series of Subordinated Instruments;

“Senior Creditors” means all depositors and other creditors (present and future) of the Issuer, including all holders of the Issuer’s debt:

- (a) whose claims are admitted in a Winding-up; and
- (b) whose claims are not made as holders of indebtedness arising under:

- (i) an Equal Ranking Instrument; or
- (ii) a Junior Ranking Capital Instrument.

Senior Creditors include holders of any instruments issued by the Issuer prior to 1 January 2013 which constituted Lower Tier 2 Capital as described in the Prudential Standards as in effect prior to 1 January 2013, irrespective of whether or not such instruments are treated as constituting Tier 2 Capital in accordance with any transitional arrangements approved by APRA;

The Issuer shall be considered “**Solvent**” if: (i) it is able to pay its debts as they fall due; and (ii) its Assets exceed its Liabilities;

“**Solvency Condition**” has the meaning given in Condition 4.3;

“**Solvent Reconstruction**” means a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency, where the obligations of the Issuer in relation to the outstanding Subordinated Instruments are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of the Issuer are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented;

“**Specified Currency**” has the meaning given in the Pricing Supplement;

“**Specified Office**” has the meaning given in the Issue and Paying Agency Agreement;

“**Specified Period**” has the meaning given in the Pricing Supplement;

“**Subsidiary**” means, in relation to any Person (the “**first Person**”) at any particular time, any other Person (the “**second Person**”):

- (i) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or
- (ii) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person;

“**Talon**” means a talon for further Coupons;

“**TARGET2**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

“**TARGET Settlement Day**” means any day on which TARGET2 is operating credit or transfer instructions in respect of euro;

“**Tax Legislation**” means (a) the *Income Tax Assessment Act 1936 of Australia* or the *Income Tax Assessment Act 1997 of Australia* (both as amended from time to time, as the case may be, and a reference to any section of the *Income Tax Assessment Act 1936*

includes a reference to that section as rewritten in the *Income Tax Assessment Act 1997*), (b) any other law setting the rate of income tax payable by the Issuer, and (c) any regulation made under such laws;

“**Tier 1 Capital**” has the meaning given to it in the Prudential Standards;

“**Tier 2 Capital**” has the meaning given to it in the Prudential Standards;

“**VWAP**” means, subject to any adjustments under Conditions 6.2 and 6.3, the average of the daily volume weighted average sale prices (expressed in Australian dollars and cents and rounded to the nearest full cent, with A\$0.005 being rounded upwards) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any “crossing” transacted outside the “Open Session State” or any “special crossing” transacted at any time, each as defined in the ASX Market Rules or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares;

“**VWAP Period**” means the period of 5 ASX Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Trigger Event Date;

“**Westpac Group**” means the Issuer and its controlled entities taken as a whole;

“**Winding-Up**” means the legal procedure for the liquidation of the Issuer commenced when:

- (i) a court order is made for the winding-up of the Issuer; or
- (ii) an effective resolution is passed by shareholders or members for the winding-up of the Issuer,

other than in connection with a Solvent Reconstruction.

A Winding-Up must be commenced by a court order or an effective resolution of shareholders or members. Neither (i) the making of an application, the filing of a petition, or the taking of any other steps for the winding-up of the Issuer (or any other procedure whereby the Issuer may be dissolved, liquidated, sequestered or cease to exist as a body corporate), nor (ii) the appointment of a receiver, administrator, administrative receiver, compulsory manager, ADI statutory manager or other similar officer (other than a Liquidator) in respect of the Issuer, constitutes a Winding-Up for the purposes of these Terms and Conditions;

“**Write-down**” means a partial Write-off. “**Written-down**” shall have a corresponding meaning;

“**Write-off**” means termination, reduction and writing-off or writing-down in accordance with Condition 5.3. “**Written-off**” shall have a corresponding meaning; and

“**Zero Coupon Subordinated Instrument**” means a Subordinated Instrument specified as such in the Pricing Supplement.

Interpretation

1.2 In these Terms and Conditions:

- (a) if the Subordinated Instruments are Zero Coupon Subordinated Instruments, references to Coupons are not applicable;
- (b) if Talons are specified in the Pricing Supplement as being attached to the Subordinated Instruments at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (c) if Talons are not specified in the Pricing Supplement as being attached to the Subordinated Instruments at the time of issue, references to Talons are not applicable;
- (d) any reference to principal shall be deemed to include the Redemption Amount, any Additional Amounts in respect of principal which may be payable under Condition 10.1 (unless Condition 10.1 is specified in the Pricing Supplement as being not applicable), any premium payable in respect of a Subordinated Instrument and any other amount in the nature of principal payable pursuant to these Terms and Conditions;
- (e) any reference in these Terms and Conditions to “principal” and/or “interest” in respect of the Subordinated Instruments shall be deemed also to refer to any Additional Amounts which may be payable under Condition 10.1 (unless Condition 10.1 is specified in the Pricing Supplement as being not applicable). Unless the context otherwise requires, any reference in these Terms and Conditions to “principal” shall include any premium payable in respect of a Subordinated Instrument, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and “interest” shall include all amounts payable pursuant to Condition 7 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions;
- (f) if an expression is stated in Condition 1.1 to have the meaning given in the Pricing Supplement, but the Pricing Supplement gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Subordinated Instruments to which such Pricing Supplement relates;
- (g) a reference to a matter which is described in the Prudential Standard is a reference to that matter as it is updated, varied or replaced, and described in those Prudential Standards, from time to time;
- (h) a reference to an event occurring “after” the lapse of a period of time means the relevant period of time not including the day on which the relevant event which triggered the commencement of the period of time occurred; and
- (i) except where the context otherwise requires, a reference to any thing (including, without limitation, any amount or any Subordinated Instrument) is a reference to the whole or each part of it (including, without limitation, the part or

percentage of a Subordinated Instrument required to be Converted or Written-off).

2. Form and Denomination

- 2.1 Subordinated Instruments shall be issued in bearer form and shall be serially numbered.
- 2.2 Subject to the final sentence of this paragraph, the Pricing Supplement shall specify whether *U.S. Treasury Regulation §1.163-5(c)(2)(i)(D)* (the “**TEFRA D Rules**”) or *U.S. Treasury Regulation §1.163-5(c)(2)(i)(C)* (the “**TEFRA C Rules**”) shall apply. Each Tranche of Subordinated Instruments is represented upon issue by a temporary global Subordinated Instrument (a “**Temporary Global Instrument**”), unless the Pricing Supplement specifies otherwise and the TEFRA C Rules apply.

Where the Pricing Supplement applicable to a Tranche of Subordinated Instruments specifies that the TEFRA C Rules apply, such Tranche is (unless otherwise specified in the Pricing Supplement) represented upon issue by a permanent global Subordinated Instrument (a “**Permanent Global Instrument**”).

Interests in the Temporary Global Instrument may be exchanged for:

- (a) interests in a Permanent Global Instrument; or
- (b) if so specified in the Pricing Supplement, definitive instruments in bearer form (“**Definitive Subordinated Instruments**”).

Exchanges of interests in a Temporary Global Instrument for Definitive Instruments or, as the case may be, a Permanent Global Instrument will be made only on or after the Exchange Date (as specified in the Pricing Supplement) and (unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Subordinated Instruments) provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Instrument or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received.

- 2.3 The bearer of any Temporary Global Instrument shall not (unless, upon due presentation of such Temporary Global Instrument for exchange (in whole but not in part only) for a Permanent Global Instrument or for delivery of Definitive Subordinated Instruments, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Subordinated Instruments represented by such Temporary Global Instrument which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.
- 2.4 Unless the Pricing Supplement specifies that the TEFRA C Rules are applicable to the Subordinated Instruments and subject to Condition 2.3 above, if any date on which a payment of interest is due on the Subordinated Instruments of a Tranche occurs while any of the Subordinated Instruments of that Tranche are represented by a Temporary Global Instrument, the related interest payment will be made on the Temporary Global Instrument

only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Instrument or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by the Hong Kong Paying Agent (in the case of a Temporary Global Instrument lodged with a sub-custodian for the CMU Service or (in any other case) by Euroclear or Clearstream, Luxembourg or any other relevant clearing system. Payments of interest due in respect of a Permanent Global Instrument will be made through Euroclear or Clearstream, Luxembourg or the CMU Service or any other relevant clearing system without any requirement for certification.

- 2.5 Interests in a Permanent Global Instrument will be exchanged by the Issuer in whole but not in part only at the option of the Holder of such Permanent Global Instrument, for Definitive Subordinated Instruments, (a) if an Event of Default (as defined below) occurs in respect of any Subordinated Instrument of the relevant Series; or (b) if Euroclear or Clearstream, Luxembourg or the CMU Service or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so in both cases at the cost and expense of the Issuer. If the Issuer does not make the required delivery of Definitive Instruments by 6.00 p.m. (London time) on the thirtieth day after the day on which such Permanent Global Instrument becomes due to be exchanged and, in the case of (a) above, such Subordinated Instrument is not duly redeemed (or the funds required for such redemption are not available to the Fiscal Agent for the purposes of effecting such redemption and remain available for such purpose) by 6.00 p.m. (London time) on the thirtieth day after the day on which such Subordinated Instrument became immediately redeemable, such Permanent Global Instrument will become void in accordance with its terms but without prejudice to the rights conferred by the Deed of Covenant.
- 2.6 Interest-bearing Definitive Subordinated Instruments have attached thereto at the time of their initial delivery coupons ("**Coupons**"), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. Interest-bearing Definitive Subordinated Instruments, if so specified in the Pricing Supplement, have attached thereto, at the time of their initial delivery, a Talon for further coupons and the expression "Coupons" shall, where the context so requires, include Talons.
- 2.7 Subordinated Instruments, the principal amount of which is repayable by instalments ("**Instalment Subordinated Instruments**") which are Definitive Subordinated Instruments, have endorsed thereon a grid for recording the repayment of principal or, if so specified in the Pricing Supplement, have attached thereto, at the time of their initial delivery, payment receipts ("**Receipts**") in respect of the instalments of principal.

Denomination

- 2.8 Subordinated Instruments will be in such denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Pricing Supplement or such other denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Subordinated Instrument will be €100,000 (or the equivalent amount in another currency). Subordinated Instruments of one denomination may not be exchanged for Subordinated Instruments of any other denomination.

- 2.9 Where a Temporary Global Instrument, issued in bearer form, is to be cleared through Euroclear or Clearstream, Luxembourg or any other relevant clearing system and is to be exchangeable for Definitive Subordinated Instruments upon the Holder's request, the Subordinated Instruments may only be issued in such denominations as Euroclear or Clearstream, Luxembourg or such other relevant clearing system will permit at that time.
- 2.10 If the Temporary Global Instrument, issued in bearer form, is exchangeable for a Definitive Subordinated Instrument at the option of the Holders thereof, the Subordinated Instruments shall be tradeable only in principal amounts of at least the Denomination (or, if more than one Denomination, the lowest Denomination).

Currency of Subordinated Instruments

- 2.11 The Subordinated Instruments are denominated in such currency as may be specified in the Pricing Supplement (the "**Specified Currency**"). Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

3. Title and Transfer

- 3.1 Title to Subordinated Instruments, Receipts and Coupons passes by delivery. References herein to the "Holders" of Subordinated Instruments or of Receipts or Coupons are to the bearers of such Subordinated Instruments or such Receipts or Coupons, as the case may be.
- 3.2 The Holder of any Subordinated Instrument, Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

4. Status of the Subordinated Instruments - General

The Issuer is an "ADI" as that term is defined under the Banking Act 1959 of Australia ("Banking Act"). Under sections 13A(3) and 16(2) of the Banking Act and section 86 of the Reserve Bank Act 1959 of Australia ("Reserve Bank Act"), certain debts of the Issuer are preferred by law, as described below.

Section 13A(3) of the Banking Act provides that, in the event that an ADI becomes unable to meet its obligations or suspends payment, the ADI's assets in Australia are available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including, in the case of the Issuer, the Subordinated Instruments). These specified liabilities include certain obligations of the ADI to APRA in respect of amounts payable by APRA to holders of protected accounts, other liabilities of the ADI in Australia in relation to protected accounts, debts to the Reserve Bank of Australia ("RBA") and certain other debts to APRA. A "protected account" is either (a) an account where the ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account, or (b) another account or financial product prescribed by regulation. Certain assets, such as the assets of the Issuer in a cover pool for covered bonds issued by the Issuer, are excluded from constituting assets in Australia for the purposes of section 13(A) of the Banking Act, and

those assets are subject to the prior claims of the covered bond holders and certain other secured creditors in respect of the covered bonds.

Under section 16(2) of the Banking Act, certain other debts of the ADI due to APRA shall in a winding-up of an ADI have, subject to section 13A(3) of the Banking Act, priority over all other unsecured debts of that ADI. Further, section 86 of the Reserve Bank Act provides that, in a winding-up of the ADI, debts due by the ADI to the RBA shall, subject to section 13A(3) of the Banking Act, have priority over all other debts of the ADI.

The Subordinated Instruments will not constitute protected accounts or deposit liabilities for the purposes of the Banking Act.

The liabilities which are preferred by law to the claim of a Holder in respect of a Subordinated Instrument will be substantial and these Terms and Conditions do not limit the amount of such liabilities which may be incurred or assumed by the Issuer from time to time.

In addition, the Subordinated Instruments are not guaranteed or insured by the Australian Government or under any compensation scheme of the Australian Government, or by any other government, under any other compensation scheme or by any government agency or any other party.

Acknowledgements

- 4.1 Each Holder by its purchase or holding of a Subordinated Instrument is taken to acknowledge that:
- (a) the Issuer intends that Subordinated Instruments constitute Tier 2 Capital and be able to absorb losses at the point of non-viability as described in the Prudential Standards;
 - (b) the Issuer's obligations in respect of Subordinated Instruments are subordinated in the manner provided in Condition 4.2; and
 - (c) Subordinated Instruments are subject to Conversion or Write-off in accordance with Conditions 5 and 6. The Pricing Supplement will specify whether the primary method of loss absorption will be:
 - (i) Conversion, subject to possible Write-off in accordance with Condition 5.3; or
 - (ii) Write-off without Conversion in accordance with Condition 5.3.

If the Pricing Supplement does not specify the primary method of loss absorption, the primary method of loss absorption will be Conversion, subject to possible Write-off in accordance with Condition 5.3.

Status and Subordination

4.2

- (a) Holders do not have any right to prove in a Winding-Up in respect of Subordinated Instruments, except as permitted under Condition 4.4.
- (b) Subordinated Instruments constitute direct and unsecured subordinated obligations of the Issuer and will rank for payment in a Winding-Up as set out in Condition 4.4.
- (c) Subordinated Instruments will not constitute protected accounts or deposit liabilities of the Issuer in Australia for the purposes of the Banking Act.

Solvency condition

4.3 Prior to a Winding-Up:

- (a) the obligation of the Issuer to make any payment of principal or interest in respect of Subordinated Instruments shall be conditional upon the Issuer being Solvent at the time the payment or other amount owing falls due; and
- (b) no payment of principal or interest shall be made in respect of Subordinated Instruments except to the extent that the Issuer may make such payment and still be Solvent immediately thereafter.

A certificate as to whether the Issuer is Solvent signed by two authorised signatories of the Issuer or, if the Issuer is in Winding-Up, the Liquidator, shall, in the absence of fraud or manifest or proven error, be conclusive evidence of the information contained in that certificate. In the absence of such a certificate, a Holder shall be entitled to assume (unless the contrary is proved) that the Issuer is, and will after any payment as aforesaid, be Solvent.

For the avoidance of doubt, and provided that Subordinated Instruments have not been Converted or Written-off:

- (a) interest will continue to accrue on any principal not paid as a consequence of this Condition 4.3 at the Interest Rate; and
- (b) any interest not paid to a Holder as a consequence of this Condition 4.3 accumulates with compounding.

Any amount not paid as a consequence of this Condition 4.3: (x) remains a debt owing to the Holder by the Issuer until it is paid and shall be payable on the first date on which paragraphs (a) and (b) of this Condition 4.3 would allow payment of that amount (whether or not such date is otherwise an Interest Payment Date or other date on which such amount falls due); and (y) shall not constitute an Event of Default.

Winding-Up

4.4 In a Winding-Up:

- (a) Holders shall have no right or claim against the Issuer in respect of the principal of or interest on such Subordinated Instruments, to the extent such Subordinated Instrument has been Converted or Written-Off; and
- (b) the rights and claims of Holders against the Issuer to recover any principal or interest in respect of such Subordinated Instruments that have not been Converted or Written-off:
 - (i) shall be subordinate to, and rank junior in right of payment to, the obligations of the Issuer to Senior Creditors and all such obligations to Senior Creditors shall be entitled to be paid in full before any payment shall be paid on account of any sums payable in respect of such Subordinated Instruments;
 - (ii) shall rank equally with the obligations of the Issuer to the holders of other Subordinated Instruments that have not been Converted or Written-off, and the obligations of the Issuer to holders of Equal Ranking Instruments; and
 - (iii) shall rank prior to, and senior in right of payment to, the obligations of the Issuer to holders of Ordinary Shares, and other Junior Ranking Capital Instruments.

Unless and until Senior Creditors have been paid in full, Holders must not claim in the Winding-Up in competition with Senior Creditors so as to diminish any payment which, but for that claim, Senior Creditors would have been entitled to receive.

In a Winding-Up, Holders shall only be entitled to prove for any sums payable in respect of their Subordinated Instruments as a liability which is subject to prior payment in full of Senior Creditors. Holders of Subordinated Instruments waive in respect of any Subordinated Instrument, Receipt or Coupon, to the fullest extent permitted by law, any right to prove in a Winding-Up as a creditor ranking for payment in any other manner.

No Set-Off

- 4.5 Neither the Issuer nor any Holder is entitled to set-off any amounts due in respect of Subordinated Instruments held by the Holder against any amount of any nature owed by the Issuer to the Holder or by the Holder to the Issuer.

Clawback

- 4.6 Each Holder by its purchase or holding of a Subordinated Instrument is taken to have irrevocably acknowledged and agreed that it shall pay or deliver to the Liquidator any payment or asset, whether voluntary or in any other circumstances, received by the Holder from or on account of the Issuer (including by way of credit, set-off or otherwise howsoever)

or from any Liquidator (or any provisional or other liquidator, receiver, manager or statutory manager of the Issuer) in breach of either Condition 4.2 or Condition 9.

Other provisions

4.7 Each Holder by its purchase or holding of a Subordinated Instrument is taken to have irrevocably acknowledged and agreed:

- (a) that Condition 4.2 constitutes a debt subordination for the purposes of section 563C of the Corporations Act;
- (b) without limiting its rights existing otherwise than as a Holder of a Subordinated Instrument, that it must not exercise its voting rights as an unsecured creditor in the Winding-Up of the Issuer to defeat, negate or in any way challenge the enforceability of the subordination in Condition 4.2; and
- (c) that the debt subordination effected by Condition 4.2 is not affected by any act or omission of the Issuer or a Senior Creditor which might otherwise affect it at law or in equity.

No consent of any Senior Creditor shall be required for any amendment of Condition 4.2 in relation to any Outstanding Subordinated Instruments.

Amendments affecting regulatory treatment

4.8 No amendment to the Terms and Conditions of a Subordinated Instrument that at the time of such amendment qualifies as Tier 2 Capital is permitted without the prior written consent of APRA if such amendment would affect the eligibility of the Subordinated Instrument as Tier 2 Capital as described in the Prudential Standards.

5. Non-viability, Conversion and Write-off

Non-Viability Trigger Event

5.1

- (a) If a Non-Viability Trigger Event occurs, the Issuer must:
 - (i) subject to Condition 5.3, Convert; or
 - (ii) if the Pricing Supplement specifies that the primary method of loss absorption will be Write-off without Conversion in accordance with Condition 5.3, Write-off,

in either case, all or some Subordinated Instruments (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument), subject to Condition 5.1(b), as is equal (following any conversion or write down of Relevant Securities as referred to in Condition 5.1(b) below) to the aggregate face value or outstanding principal amount of capital instruments which APRA has notified the

Issuer must be converted, written-off or written-down (or, if APRA has not so notified the Issuer, all or some Subordinated Instruments (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument) as is necessary to satisfy APRA that the Issuer will no longer be non-viable).

- (b) In determining the Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument which must be Converted or Written-Off in accordance with this Condition 5.1, the Issuer will:
 - (i) first, convert, write-off or write-down an amount of the face value or outstanding principal amount of all outstanding Relevant Tier 1 Securities before Conversion, Write-off or Write-down of the Subordinated Instruments; and
 - (ii) second, if conversion, write-off or write-down of those Relevant Tier 1 Securities is not sufficient to satisfy APRA that the Issuer would not become non-viable, Convert, Write-off or Write-down (in the case of the Subordinated Instruments) and convert, write-off or write-down (in the case of any Relevant Tier 2 Securities), on a pro-rata basis or in a manner that is otherwise, in the opinion of the Issuer, fair and reasonable, the face value or Outstanding Principal Amount of each Subordinated Instrument and any Relevant Tier 2 Securities (subject to such adjustments as the Issuer may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Subordinated Instruments or Relevant Tier 2 Securities remaining on issue),

but such determination will not impede the immediate Conversion or Write-off of the relevant Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument (as the case may be).

- (c) If a Non-Viability Trigger Event occurs:
 - (i) the Subordinated Instruments or the percentage of the Outstanding Principal Amount of each Subordinated Instrument determined in accordance with Conditions 5.1(a) and (b), is deemed to be Converted or Written-off immediately upon the occurrence of the Non-Viability Trigger Event in accordance with Conditions 5.2 and 6. The Conversion or Write-off will be irrevocable;
 - (ii) the Issuer must give notice to Holders in accordance with Condition 16 and the ASX as soon as practicable that a Non-Viability Trigger Event has occurred and that Conversion or Write-off is deemed to have occurred on the Non-Viability Trigger Event Date in accordance with Condition 16;
 - (iii) the notice must specify (A) the date on which Conversion or Write-off is deemed to have occurred (Non-Viability Trigger Event Date) and the Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument which was Converted or, if Condition 5.3 is applicable, Written-off, and (B) details of the Relevant

Securities converted, written-off or written down in accordance with Condition 5.1(b); and

- (iv) in the case of Conversion, the notice must specify the details of the Conversion process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any Subordinated Instruments remaining on issue.

Failure to undertake any of the steps in Conditions 5.1(c)(ii) to (iv) does not prevent, invalidate or otherwise impede Conversion or Write-off.

Automatic Conversion or Write-off upon the occurrence of a Non-Viability Trigger Event

5.2 If a Non-Viability Trigger Event has occurred and all or some Subordinated Instruments are (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument is) required to be Converted or Written-off in accordance with Condition 5.1, then:

- (a) Conversion or Write-off of such Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument will be taken to have occurred in accordance with Condition 5.1 and, if applicable Condition 5.3, immediately upon the Non-Viability Trigger Event Date;
- (b) in the case of Conversion and subject to Condition 6.10, a Holder will be entitled to (i) the number of Ordinary Shares into which that Holder's Subordinated Instruments have been Converted in accordance with Condition 6.1, and (ii) unless the Subordinated Instruments shall have been Written-off in full, to Subordinated Instruments with an Outstanding Principal Amount equal to the aggregate of the remaining percentage of the Outstanding Principal Amount of each Subordinated Instrument, and the Issuer will recognise the Holder as having been issued the relevant Ordinary Shares for all purposes, in each case without the need for any further act or step by the Issuer, the Holder or any other person (and the Issuer will, as soon as possible thereafter and without delay on its part, take any appropriate procedural steps to effect such Conversion, including updating the Ordinary Share register); and
- (c) in the case of Conversion and subject to Condition 6.10, upon Conversion a Holder has no further right or claim under these Terms and Conditions in respect of the Subordinated Instruments so Converted, except in relation to the Holder's entitlement to the relevant number of Ordinary Shares and the Holder's entitlement, if any, to Subordinated Instruments representing the Outstanding Principal Amount of such Subordinated Instruments which have not been so Converted.

No further rights

5.3 If:

- (a) for any reason, Conversion of a Subordinated Instrument (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument) required to be

Converted under Condition 5.1 fails to occur pursuant to Condition 5.2(a) and (b), and the Issuer is not able to issue the Ordinary Shares required to be issued in respect of such Conversion within five ASX Business Days after the Non-Viability Trigger Event Date; or

- (b) the Pricing Supplement specifies that the primary method of loss absorption will be Write-off without Conversion in accordance with Condition 5.3,

then:

- (c) the relevant Holders' rights and claims under these Terms and Conditions (including to payments of interest or the repayment of principal) in relation to such Subordinated Instruments or the percentage of the Outstanding Principal Amount of such Subordinated Instruments are immediately and irrevocably terminated on the Non-Viability Trigger Event Date; and
- (d) the Outstanding Principal Amount of such Subordinated Instruments is reduced on that date by the Outstanding Principal Amount of the Subordinated Instruments to be Converted or Written-off, as determined in accordance with Conditions 5.1(a) and (b) and any accrued and unpaid interest shall be correspondingly reduced.

Consent to receive Ordinary Shares and other acknowledgements

5.4 Subject to any Write-off required in accordance with Condition 5.3, each Holder by its purchase or holding of a Subordinated Instrument shall be taken to have irrevocably agreed that:

- (a) upon receipt of the Conversion Number of Ordinary Shares following Conversion in accordance with Condition 5 and Condition 6, it consents to becoming a member of the Issuer and agrees to be bound by the constitution of the Issuer;
- (b) unless (x) it has given notice in accordance with Condition 6.10 that it does not wish to receive Ordinary Shares as a result of Conversion or (y) it is an Ineligible Holder, it is obliged to accept Ordinary Shares of the Issuer on Conversion notwithstanding anything that might otherwise affect a Conversion of Subordinated Instruments, including:
 - (i) any change in the financial position of the Issuer since the issue of the Subordinated Instruments;
 - (ii) any disruption to the market or potential market for Ordinary Shares or capital markets generally; or
 - (iii) any breach by the Issuer of any obligation in connection with the Subordinated Instruments;

- (c)
 - (i) Conversion is not subject to any conditions other than those expressly provided for in Condition 5 and Condition 6;
 - (ii) Conversion must occur immediately on the Non-Viability Trigger Event Date and that may result in disruption or failures in trading or dealings in the Subordinated Instruments;
 - (iii) it will not have any rights to vote in respect of any Conversion (whether as a Holder of a Subordinated Instrument or as a prospective holder of an Ordinary Share); and
 - (iv) notwithstanding Condition 6.9, Ordinary Shares issued on Conversion may not be quoted at the time of Conversion or at all;
- (d) that where Condition 5.3 applies, no other conditions or events will affect the operation of that Condition and it will not have any rights to vote in respect of any Write-off under that Condition; and
- (e) that it has no remedies on account of the failure of the Issuer to issue Ordinary Shares in accordance with Condition 6 other than, subject to Condition 5.3, to seek specific performance of the Issuer's obligation to issue Ordinary Shares.

Issue of ordinary shares of successor holding company

- 5.5 Where there is a replacement of the Issuer as the ultimate holding company of the Westpac Group and the successor holding company is an Approved Successor, the Terms and Conditions may be amended in accordance with Condition 6.14.

No Conversion at the option of the Holders

- 5.6 Holders do not have a right to request Conversion of their Subordinated Instruments at any time.

No rights before Conversion

- 5.7 Before Conversion, a Subordinated Instrument confers no rights on a Holder:
- (a) to vote at, or receive notices of, any meeting of shareholders or members of the Issuer;
 - (b) to subscribe for new securities or to participate in any bonus issues of securities of the Issuer; or
 - (c) to otherwise participate in the profits or property of the Issuer,
- except as expressly set out in these Terms and Conditions.

6. Procedures for Conversion

Conversion

6.1 On the Non-Viability Trigger Event Date, subject to Condition 5.3 and Condition 6.10, the following provisions will apply.

- (a) The Issuer will allot and issue the Conversion Number of Ordinary Shares for each Subordinated Instrument to each Holder. The Conversion Number is, subject always to the Conversion Number being no greater than the Maximum Conversion Number, either (x) the number specified, or determined in accordance with the relevant provisions in, the Pricing Supplement or, (y) if no Conversion Number and no such provisions are specified in the Pricing Supplement, calculated according to the following formula:

$$\text{Conversion Number for each Subordinated Instrument} = \frac{\text{Outstanding Principal Amount of the Subordinated Instrument (translated into Australian Dollars in accordance with paragraph (d) of the definition of Outstanding Principal Amount)}}{P \times \text{VWAP}}$$

where:

P means the number specified in the Pricing Supplement.

VWAP means the VWAP during the VWAP Period.

Maximum Conversion Number means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Outstanding Principal Amount of the Subordinated Instrument (translated into Australian Dollars in accordance with paragraph (d) of the definition of Outstanding Principal Amount)}}{0.20 \times \text{Issue Date VWAP}}$$

- (b) Subject to Condition 6.10, each Holder's rights in relation to each Subordinated Instrument that is being Converted as determined in accordance with Conditions 5.1(a) and (b) will be immediately and irrevocably terminated and the Issuer will apply such Outstanding Principal Amount of each such Subordinated Instrument to be so Converted to subscribe for the Ordinary Shares to be allotted and issued under Condition 6.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this Condition 6.1 is to be applied as provided for in this Condition 6.1 and Holders do not have any right to payment in any other way.

- (c) If the total number of Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Subordinated Instruments includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will not be issued or delivered on Conversion.
- (d) Subject to Condition 6.10, where Subordinated Instruments are Converted, the Issuer will allot and issue the Ordinary Shares to the Holder on the basis of the Holder's name and address provided to the Issuer for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares issued on Conversion unless:
 - (i) a Holder has notified the Issuer of a different name and address; and
 - (ii) a Holder has provided such other information as is reasonably requested by the Issuer (including, without limitation, details of the Holder's account to which the Ordinary Shares issued on Conversion are to be credited),

which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Non-Viability Trigger Event Date.

Adjustments to VWAP generally

6.2 For the purposes of calculating VWAP under Condition 6.1:

- (a) where, on some or all of the ASX Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Subordinated Instruments will be Converted into Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or that other distribution or entitlement, then the VWAP on the ASX Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement will be reduced by an amount ("**Cum Value**") equal to:
 - (i) in the case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person resident in Australia under the Tax Legislation;
 - (ii) in the case of any entitlement that is not a dividend or other distribution for which adjustment is made under Condition 6.2(a)(i) which is traded on ASX on any of those ASX Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the ASX Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or

- (iii) in the case of other entitlements for which adjustment is not made under Conditions 6.2(a)(i) or (ii), the value of the entitlement as reasonably determined by the Issuer; and
- (b) where, on some or all of the ASX Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Subordinated Instruments will be Converted into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the ASX Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

Adjustments to VWAP for capital reconstruction

6.3

- (a) Where during the relevant VWAP Period there is a change to the number of Ordinary Shares on issue because the Ordinary Shares are reconstructed, consolidated, divided or reclassified (in a manner not involving any cash payment or the giving of another form of consideration to or by holders of Ordinary Shares) ("**Reclassification**") into a lesser or greater number, the daily VWAP for each day in the VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reclassification basis will be adjusted by multiplying the VWAP applicable on the ASX Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares immediately after the Reclassification.

- (b) Any adjustment made by the Issuer in accordance with Condition 6.3(a) will be effective and binding on Holders under these Terms and Conditions and these Terms and Conditions will be construed accordingly.

Adjustments to Issue Date VWAP generally

6.4 For the purposes of determining the Issue Date VWAP under Condition 6.1, adjustments will be made in accordance with Conditions 6.2 and 6.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made by the Issuer in accordance with Conditions 6.5, 6.6 and 6.7; and

- (b) if so made, will be effective and binding on Holders under these Terms and Conditions and these Terms and Conditions will be construed accordingly.

Adjustments to Issue Date VWAP for bonus issues

6.5

- (a) Subject to Conditions 6.5(b) and 6.5(c), if the Issuer makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally (in a manner not involving any cash payment or the giving of another form of consideration to or by holders of Ordinary Shares), the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_o \times RD / (RD + RN)$$

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V_o means the Issue Date VWAP applying immediately prior to the application of this formula;

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

RN means the number of Ordinary Shares issued pursuant to the bonus issue.

- (b) Condition 6.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purposes of this Condition 6.5, an issue will be regarded as a bonus issue notwithstanding that the Issuer does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing the Issuer is not in contravention of the ASX Listing Rules.

Adjustments to Issue Date VWAP for capital reconstruction

- 6.6 If at any time after the Issue Date there is a change to the number of Ordinary Shares on issue because of a Reclassification (in a manner not involving any cash payment or the giving of another form of consideration to or by holders of Ordinary Shares) into a lesser or greater number, the Issue Date VWAP will be adjusted by multiplying the Issue Date VWAP applicable on the ASX Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares on issue immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares on issue immediately after the Reclassification.

No adjustment to Issue Date VWAP in certain circumstances

- 6.7 Notwithstanding the provisions of Condition 6.5, no adjustment will be made to the Issue Date VWAP where any such adjustment (expressed in Australian dollars and cents and rounded to the nearest whole cent with A\$0.005 being rounded upwards) would be less than one per cent of the Issue Date VWAP then in effect.

Announcement of adjustments to Issue Date VWAP

- 6.8 The Issuer will notify any adjustment to the Issue Date VWAP under this Condition 6 to ASX and to the Holders in accordance with Condition 16 within 10 ASX Business Days of the Issuer determining the adjustment and the adjustment will be final and binding.

Status and listing of Ordinary Shares

6.9

- (a) Ordinary Shares issued or arising from Conversion will rank equally with, and will have the same rights as, all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued or arising from Conversion do not take effect until 5.00pm (Sydney time) on the Non-Viability Trigger Event Date.
- (b) The Issuer will use all reasonable endeavours to list the Ordinary Shares issued on Conversion of Subordinated Instruments on ASX.

Conversion: Clearing Systems; where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder

6.10

- (a) If Subordinated Instruments are required to be Converted and the Holder is the operator of a Clearing System or a nominee for a common depository for any one or more Clearing Systems (such operator or nominee for a common depository acting in such capacity as is specified in the rules and regulations of the relevant Clearing System or Clearing Systems), then, with effect from the Non-Viability Trigger Event Date, the Holder's rights in relation to each such Subordinated Instrument being Converted are deemed to have been immediately and irrevocably terminated and the Issuer will issue the relevant aggregate Conversion Number of Ordinary Shares due to such Holder in uncertificated form through the Issuer's share registry provider to one or more Sale and Transfer Agents for no additional consideration to hold on trust for sale for the benefit of the participants in, or members of, the relevant

Clearing System or Clearing Systems who held the corresponding Subordinated Instruments through the relevant Clearing System or Clearing Systems immediately prior to Conversion ("**Clearing System Participants**"). A Clearing System Participant will be entitled to receive Ordinary Shares (or the proceeds of the sale of Ordinary Shares) in accordance with this Condition 6.10.

- (b) Where Ordinary Shares are issued to one or more Sale and Transfer Agents in accordance with Condition 6.10(a), a Clearing System Participant may, no later than the date specified in the Pricing Supplement ("**Clearing System Cut-off Date**"), provide to the Issuer and the relevant Sale and Transfer Agent:

- (i) its name and address for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares issued on Conversion;
- (ii) details of the Holder's account to which the Ordinary Shares issued on Conversion are to be credited; and
- (iii) such other information as is reasonably requested by the Issuer,

and, if it does so, the Clearing System Participant must make arrangements to transfer the relevant Subordinated Instruments held by it through the relevant Clearing System or Clearing Systems immediately prior to Conversion to the Issuer (or the Issuer's nominee) in accordance with accepted market practice, and the rules and regulations of the relevant Clearing System or Clearing Systems or in such other manner that is, in the opinion of the Issuer, fair and reasonable. The Issuer and the relevant Sale and Transfer Agent will, as soon as possible thereafter and without delay on the part of the Issuer or the relevant Sale and Transfer Agent, take any appropriate procedural steps to record the transfer of the relevant Ordinary Shares to the Clearing System Participant, including updating the Ordinary Share register.

- (c) If a Clearing System Participant:

- (i) fails to provide the information required by Condition 6.10(b) by the Clearing System Cut-off Date;
- (ii) notifies the Issuer that it does not wish to receive Ordinary Shares on or prior to the Clearing System Cut-off Date; or
- (iii) would be an Ineligible Holder,

then, with effect from the Clearing System Cut-off Date, the Clearing System Participant will cease to be entitled to receive Ordinary Shares in relation to each corresponding Subordinated Instrument which was Converted and at the first opportunity to sell the Ordinary Shares after the Clearing System Cut-off Date, the Sale and Transfer Agent will arrange for their sale at market value and pay the net proceeds received after deducting any applicable brokerage, stamp duty and other similar taxes and charges to the Clearing System Participant.

- (d) If Subordinated Instruments are required to be Converted and:
- (i) the Holder has notified the Issuer that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Non-Viability Trigger Event Date; or
 - (ii) the Holder is an Ineligible Holder,
- then, on the Non-Viability Trigger Event Date, the Holder's rights (including to payments of interest or the repayment of principal) in relation to each such Subordinated Instrument being Converted are immediately and irrevocably terminated and the Issuer will issue the relevant aggregate Conversion Number of Ordinary Shares due to such Holder to one or more Sale and Transfer Agents for no additional consideration to hold on trust for sale for the benefit of the relevant Holder. At the first opportunity to sell the Ordinary Shares, each Sale and Transfer Agent will arrange for their sale at market value and pay the proceeds less any brokerage fees, stamp duty and other taxes and charges to the relevant Holder.
- (e) If Conversion under this Condition 6.10 is occurring because of the occurrence of a Non-Viability Trigger Event and the Conversion fails to take effect and the Issuer is not otherwise able to issue Ordinary Shares to a Sale and Transfer Agent within five ASX Business Days, then the Holder's rights will be immediately and irrevocably terminated in accordance with Condition 5.3.
- (f) The provisions of this Condition 6.10 will not impede the immediate Conversion or Write-off of the relevant Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument (as the case may be).

Conversion or Write-off if amounts not paid

- 6.11 For the avoidance of doubt, Conversion or Write-off may occur even if an amount is not paid to a Holder of Subordinated Instruments as a consequence of Condition 4.3.

Conversion or Write-off after Winding Up commences

- 6.12 If an order is made by a court, or an effective resolution is passed, for a Winding-Up, and a Non-Viability Trigger Event occurs, then Conversion or Write-off shall occur (subject to Condition 5.3) in accordance with Conditions 5.1 and 5.2.

Conversion or Write-off of a percentage of Outstanding Principal Amount

- 6.13 If under these Terms and Conditions it is necessary to Convert or Write-off a percentage of the Outstanding Principal Amount of each Subordinated Instrument upon the occurrence of a Non-Viability Trigger Event, Condition 6 will apply to the Conversion or Write-off as if references to the Outstanding Principal Amount of each Subordinated Instrument were references to the relevant percentage of the Outstanding Principal Amount of each Subordinated Instrument to be Converted or Written-off multiplied by the Outstanding Principal Amount of each Subordinated Instrument.

Amendment of Terms and Conditions relating to Conversion for Approved Successor

6.14

- (a) If:
 - (i) it is proposed that the Issuer be replaced as the ultimate holding company of the Westpac Group by an Approved Successor ("**Replacement**"); and
 - (ii) the Approved Successor agrees to expressly assume the Issuer's obligations in respect of the Subordinated Instruments by entering into a deed of covenant for the benefit of Holders under which it agrees (among other things):
 - (a) to deliver fully paid ordinary shares in the capital of the Approved Successor ("**Approved Successor Shares**") under all circumstances when the Issuer would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions as set out in these Terms and Conditions as amended by this Condition 6.14; and
 - (b) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of the Approved Successor Shares issued under these Terms and Conditions on the stock exchanges on which the other Approved Successor Shares are quoted at the time of a Conversion,

the Issuer may, with APRA's prior written approval, but without the authority, assent or approval of Holders, give a notice (an "**Approved Replacement Notice**") to Holders in accordance with Condition 16 (which, if given, must be given as soon as practicable before the Replacement and in any event no later than 10 ASX Business Days before the Replacement occurs).

- (b) An Approved Replacement Notice must specify the amendments to these Terms and Conditions in respect of the Subordinated Instruments which will be made in accordance with this Condition 6.14, being those amendments which in Westpac's reasonable opinion are necessary, expedient or appropriate to effect the substitution of the Approved Successor as the debtor in respect of Subordinated Instruments and the issuer of ordinary shares on Conversion (including such amendments as are necessary, expedient or appropriate for the purposes of complying with the provisions of Chapter 2L of the Corporations Act where the Approved Successor is not an authorised deposit-taking institution under the Banking Act) or which are necessary, expedient or convenient in relation to taxes where the Approved Successor is incorporated outside Australia.
- (c) An Approved Replacement Notice, once given, is irrevocable.

- (d) If the Issuer gives an Approved Replacement Notice to Holders in accordance with Condition 6.14(a), then with effect on and from the date specified in the Approved Replacement Notice:
 - (i) the Approved Successor will assume all of the obligations of, and succeed to, and be substituted for, and may exercise every right and power of, the Issuer in respect of the Subordinated Instruments with the same effect as if the Approved Successor had been the original Issuer of the Subordinated Instruments;
 - (ii) the Issuer (or any corporation which has previously assumed the obligations of the Issuer) will be released from its liability under these Terms and Conditions in respect of the Subordinated Instruments; and
 - (iii) references to the Issuer in these Terms and Conditions will be taken to be references to the Approved Successor and references to Ordinary Shares in these Terms and Conditions will be taken to be references to Approved Successor Shares.
- (e) If the Issuer gives an Approved Replacement Notice in accordance with Condition 6.14(a), then each Holder by its purchase and holding of a Subordinated Instrument shall be taken to have irrevocably consented to becoming a member of the Approved Successor in respect of Approved Successor Shares issued on Conversion and to have agreed to be bound by the constitution of the Approved Successor.
- (f) The Issuer must not issue an Approved Replacement Notice unless:
 - (i) APRA is satisfied that the capital position of the Issuer on a “Level 1 basis” and “Level 2 basis” in accordance with the Prudential Standards will not be adversely affected by the Replacement; or
 - (ii) the Approved Successor or another entity which is not a Related Entity of the Issuer (other than an entity which is a direct or indirect parent entity of the Issuer) and is approved by APRA subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or take other steps acceptable to APRA to ensure that the capital position of the Issuer on a “Level 1 basis” and “Level 2 basis” in accordance with the Prudential Standards will not be adversely affected by the Replacement, including, if required by APRA or the Prudential Standards, undertaking any capital injection in relation to the Issuer to replace the Subordinated Instruments.

Any capital injection carried out pursuant to Condition 6.14(f)(ii) must:

- (a) be unconditional;
- (b) occur simultaneously with the substitution of the Approved Successor; and

- (c) be of equal or better quality capital and at least the same amount as the Subordinated Instruments, unless otherwise approved by APRA in writing.

Nothing in this Condition 6.14 prevents the Issuer from proposing, or limits, any scheme of arrangement or other similar proposal that may be put to Holders of Subordinated Instruments or shareholders or members of the Issuer.

Power of attorney

- 6.15 By holding a Subordinated Instrument each Holder irrevocably appoints each of the Issuer, its directors or authorised signatories and any Liquidator or administrator of the Issuer (each an Attorney) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order to give effect to, or for the Holder to observe or perform the Holder's obligations under, Conditions 5 and 6.

The power of attorney given in this Condition 6.15 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under Conditions 5 and 6 and is irrevocable.

Cancellation

- 6.16 All Subordinated Instruments so Converted (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of Conversion) will forthwith be cancelled and may not be re-issued or resold.

7. Interest

Interest

- 7.1 Subordinated Instruments may be interest-bearing or non-interest-bearing, as specified in the Pricing Supplement. Words and expressions appearing in this Condition 7 and not otherwise defined herein or in the Pricing Supplement shall have the meanings given to them in Condition 1.1.

Fixed Rate Subordinated Instrument Provisions

- 7.2 *This Condition 7.2 applies to Fixed Rate Subordinated Instruments only. The applicable Pricing Supplement contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 7.2 for full information on the manner in which interest is calculated on Fixed Rate Subordinated Instruments. In particular, the applicable Pricing Supplement will specify the Interest Commencement Date, the Interest Rate, the Interest Payment Date(s), the Interest Period End Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Business Day Convention, the Day Count Fraction and any applicable Determination Date.*

- (a) Application: This Condition 7.2 is applicable to the Subordinated Instruments only if the Fixed Rate Subordinated Instrument Provisions are specified in the Pricing Supplement as being applicable.
- (b) Accrual of interest: The Subordinated Instruments bear interest from the Interest Commencement Date at the Interest Rate and such interest is payable in arrear on each Interest Payment Date, as provided in Condition 9. Each Subordinated Instrument will cease to bear interest from the due date for final redemption (or, in the case of an Instalment Subordinated Instrument, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless, upon due presentation, payment in full of the Redemption Amount or the relevant Instalment Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Instrument up to that day are received by or on behalf of the relevant Holder and (ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Subordinated Instruments up to such seventh day (except to the extent that there is any subsequent default in payment). Subordinated Instruments will not cease to bear interest on the due date for redemption if payment is not made on that date because of Condition 4.3.
- (c) Fixed Coupon Amount: The amount of interest payable in respect of each Subordinated Instrument for any Interest Period shall be the relevant Fixed Coupon Amount (or, in respect of the Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the Pricing Supplement).
- (d) Calculation of Interest Amount: The amount of interest payable in respect of each Subordinated Instrument for any Interest Accrual Period for which a Fixed Coupon Amount is not specified shall be calculated (i) by applying the Interest Rate to the Calculation Amount of such Subordinated Instrument and multiplying the product by the relevant Day Count Fraction or (ii) if so specified in the Pricing Supplement, by applying the Interest Rate to the Calculation Amount of such Subordinated Instruments, multiplying such product by the product of the Accrual Feature and the relevant Day Count Fraction and, in the case of (i) or (ii) above, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

Floating Rate Subordinated Instrument Provisions

7.3 *This Condition 7.3 applies to Floating Rate Subordinated Instruments only. The applicable Pricing Supplement contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 7.3 for full information on the manner in which interest is calculated on Floating Rate Subordinated Instruments. In particular, the applicable Pricing Supplement will identify Interest Payment Date(s), the Interest Period End Date(s), the Maturity Date, any Specified Period, the Interest*

Commencement Date, the Business Day Convention, any Additional Business Centre(s), whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Pricing Supplement will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Pricing Supplement will also specify the applicable Reference Rate, Relevant Financial Centre, Interest Determination Date(s) and Relevant Screen Page.

- (a) Application: This Condition 7.3 is applicable to the Subordinated Instruments only if the Floating Rate Subordinated Instrument Provisions are specified in the Pricing Supplement as being applicable.
- (b) Accrual of interest: The Subordinated Instruments bear interest from the Interest Commencement Date at the Interest Rate and such interest is payable in arrear on each Interest Payment Date, as provided in Condition 9. Each Subordinated Instrument will cease to bear interest from the due date for final redemption (or, in the case of an Instalment Subordinated Instrument, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless, upon due presentation, payment in full of the Redemption Amount or the relevant Instalment Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Instrument up to that day are received by or on behalf of the relevant Holder and (ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Subordinated Instruments up to such seventh day (except to the extent that there is any subsequent default in payment). Subordinated Instruments will not cease to bear interest on the due date for redemption if payment is not made on that date because of Condition 4.3.
- (c) Screen Rate Determination: If Screen Rate Determination is specified in the Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Subordinated Instruments for each Interest Accrual Period will be the sum of the Margin and the rate determined by the Calculation Agent on the following basis:
 - (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
 - (iii) if, in the case of (a) above, such rate does not appear on that page or, in the case of (b) above, fewer than two such rates appear on that page or if,

in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

- (a) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (b) determine the arithmetic mean of such quotations; and
- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (rounded, if necessary, to the nearest one-hundred-thousandth of a percentage point, 0.000005 per cent. being rounded up to 0.00001 per cent.) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Accrual Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Accrual Period and in an amount that is representative for a single transaction in that market at that time, and the Interest Rate for such Interest Accrual Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Accrual Period, the Interest Rate applicable to the Subordinated Instruments during such Interest Accrual Period will be the sum of the Margin and the rate (or as the case may be the arithmetic mean of the rates) last determined in relation to the Subordinated Instruments in respect of the last preceding Interest Accrual Period.
- (d) ISDA Determination: If ISDA Determination is specified in the Pricing Supplement as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Subordinated Instruments for each Interest Accrual Period will be the sum of the Margin and the relevant ISDA Rate where "ISDA Rate" in relation to any Interest Accrual Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the Pricing Supplement;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the Pricing Supplement; and

- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate ("LIBOR") for a currency, the first day of that Interest Accrual Period or (B) in any other case, as specified in the Pricing Supplement.
- (e) Maximum or Minimum Interest Rate: If any Maximum Interest Rate or Minimum Interest Rate is specified in the Pricing Supplement, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) Calculation of Interest Amount: The Calculation Agent will, as soon as practicable after the time at which the Interest Rate is to be determined in relation to each Interest Accrual Period, calculate the Interest Amount payable in respect of each Subordinated Instrument for such Interest Accrual Period. The Interest Amount will be calculated (i) by applying the Interest Rate for such Interest Accrual Period to the Calculation Amount of such Subordinated Instrument during such Interest Accrual Period and multiplying the product by the relevant Day Count Fraction or (ii) if so specified in the Pricing Supplement, by applying the Interest Rate for such Interest Accrual Period to the Calculation Amount of such Subordinated Instruments, and multiplying such product by the product of the Accrual Feature and the relevant Day Count Fraction and, in the case of (i) or (ii) above, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a "sub-unit" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.
- (g) Calculation of other amounts: If the Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent (including, in respect of the Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the Pricing Supplement), the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the Pricing Supplement.
- (h) Publication: The Calculation Agent will cause each Interest Rate and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each listing authority and/or stock exchange (if any) by which the Subordinated Instruments are then listed and/or traded as soon as practicable after such determination but (in the case of each Interest Rate, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Holders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

- (i) Notifications etc.: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Paying Agents and the Holders (subject as aforesaid) and no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

Zero Coupon Subordinated Instrument Provisions

7.4

- (a) Application: This Condition 7.4 is applicable to the Subordinated Instruments only if the Zero Coupon Subordinated Instrument Provisions are specified in the Pricing Supplement as being applicable.
- (b) Late payment on Zero Coupon Subordinated Instruments: If the Redemption Amount payable in respect of any Zero Coupon Subordinated Instrument is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
 - (i) the Reference Price; and
 - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Subordinated Instrument up to that day are received by or on behalf of the relevant Holder and (ii) the day which is seven days after the Fiscal Agent has notified the Holders that it has received all sums due in respect of the Subordinated Instruments up to such seventh day (except to the extent that there is any subsequent default in payment).

8. Redemption and Purchase

No redemption prior to the Maturity Date or purchase of any Subordinated Instrument pursuant to this Condition 8 may be made without the prior written approval of APRA. As set out in greater detail below approval is at the discretion of APRA and may or may not be given.

Scheduled redemption

- 8.1 Unless previously redeemed, purchased and cancelled, Converted or Written-off and subject to Condition 4.3, the Subordinated Instruments will be redeemed at their Final Redemption Amount, together with interest accrued (if any) (or, in the case of Instalment Subordinated Instruments, in such number of instalments and in such amounts ("**Instalment Amounts**") as may be specified in the Pricing Supplement), on the Maturity Date, as provided in Condition 9.

Purchase of Subordinated Instruments

- 8.2 The Issuer or any of its Related Entities may, subject to prior written approval having been obtained from APRA, at any time purchase Subordinated Instruments in the open market or otherwise and at any price, provided that all unmatured Receipts and Coupons are purchased therewith and such Subordinated Instruments are not acquired by a controlled entity that is not a tax resident of Australia unless such Subordinated Instruments are acquired by it as part of a business carried on by it through a permanent establishment located within Australia. All unmatured Subordinated Instruments purchased in accordance with this Condition may be held, resold or cancelled at the discretion of the Issuer, subject to compliance with all legal and regulatory requirements. For the purposes of the meetings provisions set out in the Issue and Paying Agency Agreement, in determining whether the provisions relating to quorum are complied with, any Subordinated Instruments which are beneficially held by or on behalf of the Issuer or any of its Related Entities will be disregarded.

Early redemption at the option of the Issuer

8.3

- (a) If this Condition 8.3 is specified in the Pricing Supplement as being applicable to the Subordinated Instruments of any Series, and:
- (i) subject to Condition 4.3 and 8.3(c), and satisfaction of any relevant conditions specified in the Pricing Supplement; and
 - (ii) unless previously redeemed, purchased and cancelled, Converted or Written-off,

then the Issuer having given notice in accordance with Condition 8.8 may redeem in whole (but not, unless and to the extent that the Pricing Supplement specifies otherwise, in part) the Subordinated Instruments on the Early Redemption Date (Call) at the relevant Early Redemption Amount (Call).

- (b) In this Condition 8:

"Early Redemption Amount (Call)" means, in respect of the Subordinated Instruments, their Outstanding Principal Amount or such other Early Redemption Amount (Call) as is specified in, or determined in accordance with, the Pricing

Supplement), together with (unless otherwise specified in the Pricing Supplement) accrued interest (if any) thereon; and

“Early Redemption Date (Call)” means, in the case of interest bearing Subordinated Instruments, an Interest Payment Date(s) or such other date(s) specified in the Pricing Supplement or, in the case of other Subordinated Instruments, the date(s) specified in the Pricing Supplement.

- (c) The Issuer may give a notice under this Condition 8.3 only if:
 - (i) the Early Redemption Date (Call) occurs on, or after, the fifth anniversary of the Issue Date;
 - (ii) the Issuer has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given); and
 - (iii) before or concurrently with redemption, the Issuer:
 - (a) replaces the Subordinated Instruments with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Subordinated Instruments and the replacement of the Subordinated Instruments is done under conditions that are sustainable for the income capacity of the Westpac Group (for the purposes of the Prudential Standards); or
 - (b) obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Westpac Group, that the Issuer does not have to replace the Subordinated Instruments.

Early redemption for adverse tax events

8.4

- (a) If this Condition 8.4 is specified in the Pricing Supplement as being applicable to the Subordinated Instruments of any Series and if, in respect of the Subordinated Instruments of any Series and subject to Conditions 4.3 and 8.4(c), the Issuer determines (supported by an opinion, as to such determination, from legal or tax advisers of recognised standing in Australia) that an Adverse Tax Event has occurred, then the Issuer having given notice in accordance with Condition 8.8 may redeem all (but not, unless and to the extent that the Pricing Supplement specifies otherwise, some only) of the Subordinated Instruments on the Early Redemption Date (Adverse Tax Event) at the Early Redemption Amount (Adverse Tax Event).
- (b) In this Condition 8:

“Administrative Action” means any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application or a regulatory procedure or policy and

any notice or announcement (including any notice or announcement of intent to adopt or make any of those things);

“Adverse Tax Event” means the Issuer determines that as a result of:

- (A) any amendment to, clarification of, or change in, the Tax Legislation which has been or will be effected; or
- (B) any Administrative Action under or in connection with the Tax Legislation or any amendment to, clarification of, or change in, any such Administrative Action,

being in each case by any legislative body, court, government authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or Administrative Action is announced) after the Issue Date (but which the Issuer did not expect at the Issue Date):

- (i) there is a material risk that the Issuer would be exposed to a more than de minimis adverse tax consequence (other than the Issuer being required to pay an Additional Amount) in relation to the Subordinated Instruments; or
- (ii) the Issuer determines that any interest payable on the Subordinated Instruments is not, or may not be, allowed as a deduction for the purposes of Australian income tax; or
- (iii) the Issuer has or will become obliged to pay Additional Amounts in accordance with Condition 10.1;

“Early Redemption Amount (Adverse Tax Event)” means, in respect of the Subordinated Instruments, their Outstanding Principal Amount or such other Early Redemption Amount (Adverse Tax Event) specified in, or determined in accordance with, the Pricing Supplement, together with (unless otherwise specified in the Pricing Supplement) accrued interest (if any) thereon; and

“Early Redemption Date (Adverse Tax Event)” means, in the case of interest-bearing Subordinated Instruments, the next Interest Payment Date or such other date as is specified in the Pricing Supplement or, in the case of other Subordinated Instruments, the date specified in the Pricing Supplement.

- (c) The Issuer may give a notice under Condition 8.4(a) only if:
 - (i) the Issuer has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given); and
 - (ii) before or concurrently with redemption, the Issuer:
 - (a) replaces the Subordinated Instruments with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than Subordinated Instruments and the

replacement of the Subordinated Instruments is done under conditions that are sustainable for the income capacity of the Westpac Group (for the purposes of the Prudential Standards); or

- (b) obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Westpac Group, that the Issuer does not have to replace the Subordinated Instruments.

Early redemption for regulatory events

8.5

- (a) If this Condition 8.5 is specified in the Pricing Supplement as being applicable to the Subordinated Instruments of any Series and if, in respect of the Subordinated Instruments of any Series and subject to Conditions 4.3 and 8.5(c), the Issuer determines (supported, in the case of an event described in paragraph (i) of the definition of “Regulatory Event” below, by an opinion as to such determination from advisers of recognised standing in Australia) that a Regulatory Event has occurred, then the Issuer having given notice in accordance with Condition 8.8 may redeem all (but not, unless and to the extent that the Pricing Supplement specifies otherwise, some only) of the Subordinated Instruments of such Series on the Early Redemption Date (Regulatory Event) at the Early Redemption Amount (Regulatory Event).

- (b) In this Condition 8:

“Early Redemption Amount (Regulatory Event)” means, in respect of the Subordinated Instruments, their Outstanding Principal Amount or such other Early Redemption Amount (Regulatory Event) as is specified in, or determined in accordance with, the Pricing Supplement), together with (unless otherwise specified in the Pricing Supplement) accrued interest (if any) thereon;

“Early Redemption Date (Regulatory Event)” means, in the case of interest-bearing Subordinated Instruments, the next Interest Payment Date or such other date as is specified in the Pricing Supplement or, in the case of other Subordinated Instruments, the date specified in the Pricing Supplement; and

“Regulatory Event” means that either:

- (i) as a result of any amendment to, clarification of or change (including any announcement of a change that will be introduced) in, any law or regulation of the Commonwealth of Australia or the Prudential Standards, or any official administrative pronouncement or action or judicial decision interpreting or applying such law, regulation or Prudential Standards, which amendment, clarification or change is effective, or pronouncement, action or decision is announced, after the Issue Date; or
- (ii) written confirmation is received from APRA that,

the Issuer is not or will not be entitled to treat all of the Subordinated Instruments of a Series as Tier 2 Capital.

- (c) The Issuer may give a notice under Condition 8.5(a) only if:
 - (i) the Issuer has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given); and
 - (ii) as at the Issue Date, the Issuer did not expect the matters giving rise to the Regulatory Event would occur;
 - (iii) before or concurrently with redemption, the Issuer:
 - (a) replaces the Subordinated Instruments with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Subordinated Instruments and the replacement of the Subordinated Instruments is done under conditions that are sustainable for the income capacity of the Westpac Group (for the purposes of the Prudential Standards); or
 - (b) obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Westpac Group, that the Issuer does not have to replace the Subordinated Instruments.

Partial redemption

8.6 If the Subordinated Instruments are to be redeemed in part only on any date in accordance with Condition 8.3:

- (a) in the case of Subordinated Instruments (other than a Temporary Global Instrument or a Permanent Global Instrument) the Subordinated Instruments to be redeemed shall be selected by the drawing of lots in such European city as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate; and
- (b) in the case of a Temporary Global Instrument or a Permanent Global Instrument, the Subordinated Instruments to be redeemed shall be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and/or any other relevant clearing system.

subject always to compliance with applicable law and the rules of each listing authority and/or stock exchange on or by which the Subordinated Instruments are then listed and/or traded and the notice to Holders referred to in Condition 8.3 shall specify the serial numbers of the Subordinated Instruments so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the Pricing Supplement, then the Early Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

Early redemption of Zero Coupon Subordinated Instruments

8.7 Unless otherwise specified in the Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Subordinated Instrument at any time before the Maturity Date shall be an amount equal to the sum of:

- (a) the Reference Price; and
- (b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Subordinated Instrument becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 6.10 or, if none is so specified, a Day Count Fraction of 30/360.

The figure resulting from such calculation shall be rounded to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

Notice of redemption

8.8 Any notice of redemption given by the Issuer under this Condition 8 must be given in accordance with Condition 16 and to the relevant Agent to the Holders not more than 45 or less than 15 days before the relevant redemption date, and shall specify:

- (a) the Series of Subordinated Instruments subject to redemption;
- (b) the Early Redemption Date (Call), Early Redemption Date (Adverse Tax Event) or Early Redemption Date (Regulatory Event), as the case may be;
- (c) the Early Redemption Amount (Call), Early Redemption Amount (Adverse Tax Event) or Early Redemption Amount (Regulatory Event), as the case may be, at which such Subordinated Instruments are to be redeemed;
- (d) whether or not accrued interest is to be paid upon redemption and, if so, the amount thereof or the basis or method of calculation thereof, all as provided in the Pricing Supplement; and
- (e) subject to the Pricing Supplement specifying that a partial redemption is permissible, whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of the Subordinated Instruments of the relevant Series which are to be redeemed. In the case of a partial redemption, the Subordinated Instruments to be redeemed will be selected by the Issuer in such

manner as it considers appropriate, and the notice will also specify the Subordinated Instruments selected for redemption.

The notice is irrevocable and subject to Condition 4.3, obliges the Issuer to redeem the Subordinated Instruments at the time and in the manner specified in the notice.

Cancellation

- 8.9 All Subordinated Instruments so redeemed, and all unmatured Coupons attached to or surrendered with them, shall be cancelled and may not be reissued or resold, and all Subordinated Instruments so purchased by the Issuer or any of its Related Entities and all unmatured Coupons attached to or surrendered with them may, at the option of the Issuer, be cancelled, held, reissued or resold.

9. Payments

9A. Payments — Subordinated Instruments

- 9A.1 This Condition 9A is applicable in relation to Subordinated Instruments in bearer form.

Principal

- 9A.2 Payments of principal due in respect of Subordinated Instruments shall be made in cash only against presentation and (provided that payment is made in full, or it is the payment of the final Instalment Amount) surrender of the relevant Subordinated Instruments at the Specified Office of any Paying Agent outside the United States, by cheque drawn in the currency in which the payment is due on, or by transfer to an account outside the United States denominated in that currency or to which such currency may be transferred and maintained by the payee with, a bank in the Principal Financial Centre of that currency. Notwithstanding the above, in the case of any payment in Renminbi, payment shall be made by transfer to a Renminbi account maintained by or on behalf of the Holder with a bank in Hong Kong.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Subordinated Instrument which is a Definitive Subordinated Instrument with Receipts will be made against presentation of the Subordinated Instrument together with the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Subordinated Instrument to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of a Subordinated Instrument without the relative Receipt or the presentation of a Receipt without the Subordinated Instrument to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

Interest

- 9A.3 Payment of amounts in respect of interest on Subordinated Instruments will be made:

- (a) in the case of a Temporary Global Instrument or Permanent Global Instrument, in cash against presentation of the relevant Temporary Global Instrument or Permanent Global Instrument at the Specified Office of any of the Paying Agents outside Australia and (unless Condition 9A.4 applies) the United States and, in the case of a Temporary Global Instrument, upon due certification as required therein, by cheque drawn in the currency in which the payment is due on, or by transfer to an account outside the United States denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency;
- (b) in the case of Definitive Subordinated Instruments without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Subordinated Instruments at the Specified Office of any of the Paying Agents outside Australia and (unless Condition 9A.4 applies) the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account outside the United States denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency; and
- (c) in the case of Definitive Subordinated Instruments delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Subordinated Instruments, in either case at the Specified Office of any of the Paying Agents outside Australia and (unless Condition 9A.4 applies) the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account outside the United States denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

Payments in New York City

- 9A.4 Payments of principal and interest on the Subordinated Instruments and exchanges of Talons for Coupon Sheets in accordance with Condition 9A.8 may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Subordinated Instruments in United States dollars, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of interest in United States dollars and (iii) payment is permitted by applicable United States law.

Payments on business days

- 9A.5 If the due date for payment of any amount in respect of any Subordinated Instrument, Receipt or Coupon is not a Business Day in the place of presentation, the Holder shall not be entitled to payment in such place of the amount due until the next succeeding Business

Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

9A.6 Each Definitive Subordinated Instrument initially delivered with Coupons, Talons or Receipts attached thereto shall be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Receipts, Coupons and Talons relating thereto, failing which:

- (a) if the Pricing Supplement specifies that this paragraph (a) of Condition 9A.6 is applicable (and, in the absence of specification this paragraph (a) shall apply to Definitive Subordinated Instruments which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (c) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the Specified Office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;
- (b) if the Pricing Supplement specifies that this paragraph (b) of Condition 9A.6 is applicable (and, in the absence of specification, this paragraph (b) shall apply to Subordinated Instruments which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (c) below, Talons) relating to such Definitive Subordinated Instruments (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;
- (c) in the case of Definitive Subordinated Instruments initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them; and
- (d) in the case of Definitive Subordinated Instruments initially delivered with Receipts attached thereto, all Receipts relating to such Subordinated Instruments in respect of a payment of an Instalment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (a) of this Condition 9A.6 notwithstanding, if any Definitive Subordinated Instruments are issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Definitive Subordinated Instrument without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (a) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Subordinated Instrument, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof as shall be required so that, upon

application of the provisions of paragraph (a) in respect of such Coupons as have not so become void, the amount required by paragraph (a) to be deducted would not be greater than the Redemption Amount otherwise due for payment). Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Subordinated Instrument to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

Exchange of Talons

9A.7 In relation to Definitive Subordinated Instruments initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon Sheet matures, the Talon comprised in the Coupon Sheet may be surrendered at the Specified Office of any Paying Agent outside (unless Condition 9A.4 applies) the United States in exchange for a further Coupon Sheet (including any appropriate further Talon), subject to the provisions of Condition 12 below. Each Talon shall, for the purpose of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon Sheet matures.

Payments other than in respect of matured Coupons

9A.8 Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Subordinated Instruments at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 9A.4).

Partial payments

9A.9 If a Paying Agent makes a partial payment in respect of any Subordinated Instrument, Receipt or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

9B. Payments — General Provisions

Payments will, without prejudice to the provisions of Condition 10.1 (*Taxation*) (unless Condition 10.1 is specified in the Pricing Supplement as being not applicable), be subject in all cases to any applicable fiscal or other laws and any other directives, agreements and administrative practices and procedures of fiscal and other authorities in relation to tax, anti-money laundering and other requirements which may apply to the payment of amounts due (whether in respect of principal, Redemption Amount, Interest Amount, Instalment Amount or otherwise or upon or with respect to the issuance of any Ordinary Shares upon any Conversion in respect of the Subordinated Instruments (including, without limitation, any withholding or deduction arising under or in connection with FATCA)). No Commissions or expense shall be charged to the Holder(s) of the Subordinated Instruments, the Receipts or the Coupons in respect of such payments.

If any withholding or deduction arises under or in connection with FATCA, the Issuer will not be required to pay any Additional Amount to a Holder or a third party on behalf of, a Holder, or any beneficial owner of any interest in or rights in respect of a Subordinated Instrument, Receipt or Coupon, on account of such withholding or deduction and, accordingly, the Issuer

shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had been actually paid to the Holder(s) of the Subordinated Instruments, the Receipts or the Coupons.

Except to the extent that the Issuer is required to pay any Additional Amount under Condition 10.1 (unless Condition 10.1 is specified in the Pricing Supplement as being not applicable) on account of a withholding or deduction, the Issuer will not be required to pay any additional amount to Holders on account of a withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature required by law. If any such withholding or deduction is required, then the Issuer shall pay the amounts payable net of, and after deducting the applicable amount of, such withholding or deduction and shall account to the appropriate tax authority for the amount required to be withheld or deducted and, accordingly, the Issuer shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had been actually paid to the Holder(s) of the Subordinated Instruments, the Receipts or the Coupons.

9C. Payments – Inconvertibility, Non-transferability or Illiquidity

Notwithstanding any other provision in these Terms and Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able, or it would be impracticable for it, to satisfy any payment due under the Subordinated Instruments, the Receipts or the Coupons in Renminbi, the Issuer shall, on giving not less than five and not more than 30 days' irrevocable notice to the Holders prior to the due date for the relevant payment, settle such payment in U.S. dollars on the due date at the U.S. Dollar Equivalent of the relevant Renminbi denominated amount.

In such event, payment of the U.S. Dollar Equivalent of the relevant amounts due under the Subordinated Instruments, the Receipts or the Coupons shall be made in accordance with Condition 9A.

Any payment made under such circumstances in U.S. dollars will constitute valid payment and will not constitute a default in respect of the Subordinated Instruments.

In this Condition 9C:

“Governmental Authority” means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets of the PRC or Hong Kong (including the HKMA);

“Illiquidity” means the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot or it would be impracticable to obtain a sufficient amount of Renminbi in order to satisfy in full its obligation to make any payment due under the Subordinated Instruments, the Receipts or the Coupons, as determined by the Issuer acting in good faith;

“Inconvertibility” means the occurrence of any event that makes it impossible (and where it had been previously possible) or impracticable for the Issuer to convert any amount due in respect of the Subordinated Instruments, the Receipts or the Coupons in the general

Renminbi exchange market in Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date on which agreement is reached to issue the first Tranche of Subordinated Instruments and it is impossible for the Issuer due to an event beyond its control, to comply with such law, rule or regulation);

“Non-transferability” means the occurrence of any event that makes it impossible or impracticable for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date on which agreement is reached to issue the first Tranche of Subordinated Instruments and it is impossible for the Issuer due to an event beyond its control, to comply with such law, rule or regulation);

“PRC” means the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;

“Rate Calculation Business Day” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business (including dealings in foreign exchange) in Hong Kong and New York City;

“Rate Calculation Date” means the day which is two Rate Calculation Business Days before the due date of the relevant amount under these Terms and Conditions;

“U.S. Dollar Equivalent” means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Rate Calculation Date; and

“Spot Rate”, for a Rate Calculation Date, means the spot rate between Renminbi and U.S. dollars as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on such date in good faith and in a reasonable commercial manner; and if a spot rate is not readily available, the Calculation Agent may determine the rate taking into consideration all available information which the Calculation Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the PRC domestic foreign exchange market.

10. Taxation

Gross up

- 10.1 All payments of principal and interest in respect of the Subordinated Instruments, the Receipts and the Coupons or upon or with respect to the issuance of any Ordinary Shares upon any Conversion of Subordinated Instruments by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of Australia or any political subdivision or any authority thereof or therein having power to tax (**“Withholding Taxes”**), unless such withholding or deduction is required by law. In that event, unless Condition 10.1 is specified in the Pricing

Supplement as being not applicable, the Issuer shall pay such additional amounts ("**Additional Amounts**") as will result in the receipt by the Holders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such Additional Amounts shall be payable:

- (a) in respect of any Subordinated Instrument, Receipt or Coupon presented for payment or held by, or by a third party on behalf of, a Holder, or any beneficial owner of any interest in, or rights in respect of, such Subordinated Instrument, Receipt or Coupon held by a Holder, who is liable to such taxes, duties, assessments or governmental charges in respect of such Subordinated Instrument, Receipt or Coupon by reason of the Holder or beneficial owner having some connection (whether past or present) with Australia other than (a) the mere holding of such Subordinated Instrument, Receipt or Coupon or (b) the receipt of principal, interest or other amount in respect of such Subordinated Instrument, Receipt or Coupon; or
- (b) in respect of any Subordinated Instrument, Receipt or Coupon presented for payment or held by, or by a third party on behalf of, a Holder, or any beneficial owner of any interest in, or rights in respect of, such Subordinated Instrument, Receipt or Coupon held by a Holder, who could lawfully avoid (but has not so avoided) such withholding or deduction by complying with any statutory requirements in force at the present time or in the future or by making a declaration of non-residence or other claim or filing for exemption; or
- (c) in respect of any Subordinated Instrument, Receipt or Coupon presented for payment more than 30 days after the Relevant Date, except to the extent that the relevant Holder would have been entitled to such Additional Amounts if it had presented such Subordinated Instrument, Receipt or Coupon on the last day of such period of 30 days; or
- (d) in respect of any Subordinated Instrument, Receipt or Coupon on account of taxes which are payable by reason of the Holder of such Subordinated Instrument, Receipt or Coupon or beneficial owner of any interest therein or rights in respect thereof being an associate of the Issuer for the purposes of Section 128F(9) of the *Income Tax Assessment Act 1936 of Australia* (the "**Australian Tax Act**"); or
- (e) on account of taxes which are payable by reason of the Holder of such Subordinated Instrument, Receipt or Coupon or beneficial owner or any interest therein or rights in respect thereof being party to or participating in a scheme to avoid tax; or
- (f) to, or to a third party on behalf of, a Holder, or any beneficial owner of any interest in, or rights in respect of, such Subordinated Instruments, upon, with respect to, or by reason of, such person being issued Ordinary Shares; or
- (g) in respect of any Subordinated Instrument, Receipt or Coupon presented for payment or held by, or by a third party on behalf of, a Holder who is a resident of Australia or a non-resident who is engaged in carrying on business in Australia at or through a permanent establishment of that non-resident in Australia (the

expressions “resident of Australia”, “non-resident” and “permanent establishment” having the meanings given to them by the Australian Tax Act) if, and to the extent that, Section 126 of the Australian Tax Act (or any equivalent provision) requires the Issuer to pay income tax in respect of interest payable on such Subordinated Instrument, Receipt or Coupon and the income tax would not be payable were the Holder not a “resident of Australia” or a “non-resident” so engaged in carrying on business; or

- (h) in respect of any Subordinated Instrument, Receipt or Coupon on account of Australian interest withholding tax imposed as a result of a determination by the Commissioner of Taxation of the Commonwealth of Australia that such tax is payable under the Australian Tax Act in circumstances where the Holder, or a third person on behalf of the Holder, is party to or participated in a scheme to avoid such tax which the Issuer was neither a party to nor participated in; or
- (i) where such withholding or deduction is imposed on a payment to an individual or certain residual entities and is made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such directive, or any agreement entered into by a Member State with (a) any other state or (b) any relevant dependent or associated territory of any Member State providing for measures equivalent to, or the same as those provided for by, any such directive; or
- (j) where any tax or similar amount is required to be withheld or deducted from a payment pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 22 December 2010, in particular the principle to have a person other than the Issuer withhold or deduct tax, in particular, without limitation, any paying agent; or
- (k) in respect of any Subordinated Instrument, Receipt or Coupon presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Subordinated Instrument, Receipt or Coupon to another Paying Agent in a Member State; or
- (l) for or on account of any withholding or deduction arising under or in connection with FATCA.

Taxing jurisdiction

- 10.2 If the Issuer is, or becomes, subject at any time to any taxing jurisdiction(s) other than or in addition to Australia, references to Australia in Condition 8.4 and Condition 10.1 (unless Condition 10.1 is specified in the Pricing Supplement as being not applicable) shall be read and construed as including references to such other taxing jurisdiction(s).

11. Events of Default

11.1 The following events or circumstances as modified by, and/or such other events as may be specified in, the Pricing Supplement (each an “**Event of Default**”) shall be events giving rise to the limited remedies set out in Condition 11.2 below:

- (a)
 - (i) the Issuer fails to pay any amount of principal in respect of the Subordinated Instruments of the relevant Series or any of them due within seven days of the Maturity Date; or
 - (ii) the Issuer fails to pay any amount of interest in respect of the Subordinated Instruments of the relevant Series or any of them within 14 days of the due date for payment thereof,

unless, prior to the commencement of a Winding-Up, the failure is the result of the Issuer not being Solvent at the time of that payment or if the Issuer would not be Solvent as a result of that payment; or

- (b) a Winding-Up.

11.2 (a) In the event of the occurrence of either of the Events of Default set out above at Condition 11.1(a), the Holder of any Subordinated Instruments of the relevant Series may bring proceedings:

- (i) to recover any amount then due and payable but unpaid on its Subordinated Instruments (subject to the Issuer being able to make the payment and remain Solvent);
- (ii) to obtain an order for specific performance of any other obligation in respect of its Subordinated Instrument; or
- (iii) for a Winding-Up.

(b) In the event of the occurrence of the Event of Default set out above at Condition 11.1(b), the Subordinated Instruments of the relevant Series will, without further action, become immediately due and payable and the Holder of any Subordinated Instruments of the relevant Series may institute proceedings for a Winding-Up or, subject to Condition 4, prove or claim in any Winding-Up.

(c) In the event of the occurrence of any Event of Default set out above at Condition 11.1(a) or 11.1(b), no remedy against the Issuer (including, without limitation, any right to sue for a sum of damages which has the same economic effect as an acceleration of the Issuer’s payment obligations) shall be available to the Holders of any Subordinated Instruments for the recovery of amounts owing in respect of the Subordinated Instruments or in respect of any breach by the Issuer of any obligation, condition or provision binding on it under the terms of the Subordinated Instruments other than as specified in this Condition 11.2.

- 11.3 If any Subordinated Instrument becomes due and repayable pursuant to this Condition 11, it shall be repaid at its early termination amount (the “**Early Termination Amount**”) (which shall be its principal amount or such other Early Termination Amount as may be specified in or determined in accordance with the Pricing Supplement) less, in the case of any Instalment Subordinated Instrument, the aggregate amount of all instalments that shall have become due and payable in respect of such Subordinated Instrument under any other Condition prior to the date fixed for redemption (which amount is, and to the extent not then paid remains, due and payable), together with all interest (if any) accrued thereon.

12. Prescription

- 12.1 Claims against the Issuer for payment of principal and interest in respect of Subordinated Instruments will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.
- 12.2 In relation to Definitive Subordinated Instruments initially delivered with Talons attached thereto, there shall not be included in any Coupon Sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 9A.7 or the due date for the payment of which would fall after the due date for the redemption of the relevant Subordinated Instrument or which would be void pursuant to this Condition 12 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Subordinated Instrument.

13. The Paying Agents and the Calculation Agent

- 13.1 The initial Paying Agents and their respective initial Specified Offices are specified below. The Calculation Agent in respect of any Subordinated Instruments shall be specified in the Pricing Supplement. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the Calculation Agent and to appoint additional or other Paying Agents or another Calculation Agent provided that it will at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent (which may be the Fiscal Agent) with a Specified Office in a continental European city, (iii) so long as the Subordinated Instruments are listed on or admitted to trading by a competent listing authority and/or stock exchange, a Paying Agent (which may be the Fiscal Agent) with a Specified Office in such place as may be required by such competent listing authority and/or stock exchange, (iv) in the circumstances described in Condition 9A.4, a Paying Agent with a Specified Office in New York City, (v) a Calculation Agent where required by these Terms and Conditions applicable to any Subordinated Instruments (in the case of (i), (ii) and (iii) with a Specified Office located in such place (if any) as may be required by these Terms and Conditions), (vi) a Paying Agent (which, for the avoidance of doubt, may be one of the Paying Agents referred to in (ii) or (iii) above) in a Member State that will not be obliged to withhold or deduct tax pursuant to *European Council Directive 2003/48/EC* or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, any such directive, or any agreement entered into by a Member State with (a) any other state or (b) any relevant dependent or associated territory of any Member State providing for measures equivalent to, or the same as, those provided for by such directive, provided that the Issuer shall not, under any circumstances, be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one Member State does not require a

Paying Agent making payments through a specified office in that Member State so to withhold or deduct tax, whether pursuant to *European Council Directive 2003/48/EC*, under the law of that Member State or otherwise, (vii) so long as any Subordinated Instruments are represented by a Temporary Global Instrument or a Permanent Global Instrument which is held in the CMU Service, a Paying Agent with a Specified Office in Hong Kong, and (viii) so long as any Subordinated Instruments are listed on the Singapore Exchange and the rules of the Singapore Exchange so require, a Paying Agent in Singapore. The Paying Agents and the Calculation Agent reserve the right at any time to change their respective Specified Offices to some other specified office in the same city. Notice of all changes in the identities or Specified Offices of any Paying Agent or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 14.

- 13.2 The Paying Agents and the Calculation Agent act solely as agents of the Issuer and, save as provided in the Issue and Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Subordinated Instrument, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Issue and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

14. Replacement of Subordinated Instruments

If any Subordinated Instrument, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the Pricing Supplement ("**Replacement Agent**") subject to all applicable laws and the requirements of any stock exchange and/or competent listing authority on or by which the Subordinated Instruments are listed and/or traded upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Subordinated Instruments, Receipts and Coupons must be surrendered before replacements will be delivered therefor.

15. Meetings of Holders and Modification

The Issue and Paying Agency Agreement contains provisions (which shall have effect as if incorporated herein) for convening meetings of the Holders of Subordinated Instruments of any Series to consider any matter affecting their interest, including (without limitation) the modification by Extraordinary Resolution of these Terms and Conditions and the Deed of Covenant insofar as the same may apply to such Subordinated Instruments. Such a meeting may be convened by the Issuer and shall be convened upon a request in writing by Holders of Subordinated Instruments holding not less than one-tenth of the Outstanding Principal Amount of the Subordinated Instruments for the time being outstanding of any Series. An Extraordinary Resolution passed at any meeting of the Holders of Subordinated Instruments of any Series will be binding on all Holders of the Subordinated Instruments of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Subordinated Instruments of such Series.

Alternatively, Holders of any particular Series of Subordinated Instruments may duly pass in writing either an Ordinary Resolution or an Extraordinary Resolution provided that such written resolution is signed by or on behalf of such Holders holding, in the case of an Ordinary Resolution, not less than a simple majority or, in the case of an Extraordinary Resolution, not less than three-fourths of the aggregate Outstanding Principal Amount of the relevant Subordinated Instruments.

The Issuer may, with the consent of the Fiscal Agent, but without the consent of the Holders of the Subordinated Instruments of any Series or Coupons, amend these Terms and Conditions, the Pricing Supplement and the Deed of Covenant insofar as they may apply to such Subordinated Instruments to correct a manifest or a proven error. Subject as aforesaid and to Condition 6.14, no other modification may be made to these Terms and Conditions, or the Deed of Covenant except with the sanction of an Extraordinary Resolution.

The prior written approval of APRA is required:

- (a) to modify the terms of any series of Subordinated Instruments; and
- (b) for the exercise by Holders of the rights or powers given to them under the Agency Agreement,

where such modification or exercise of rights or powers may affect the eligibility of such Subordinated Instruments as Tier 2 Capital. See also Condition 4.8.

16. Notices

Notices to Holders will, save where another means of effective communication has been specified herein or in the Pricing Supplement, be deemed to be validly given if:

- (a) published in a leading daily newspaper having general circulation in London (which is expected to be the Financial Times); or
- (b) if such publication is not practicable, published in a leading English language daily newspaper having general circulation in Europe; or
- (c) if permitted by the rules of the relevant competent listing authority and/or stock exchange, in the case of Subordinated Instruments represented by a Temporary Global Instrument or Permanent Global Instrument, delivered to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system for communication by them to the persons shown in their respective records as having interests therein; or
- (d) in the case of Subordinated Instruments represented by a Temporary Global Instrument or a Permanent Global Instrument which is held in the CMU Service, given to the persons shown in a "CMU Subordinated Instrument Position Report" issued by the CMU Service on the Business Day immediately before the preceding Interest Payment Date, or (in the case of notices given pursuant to Condition 8.3) on the Business Day immediately before the date on which such notices are given, or any other date as agreed between the Hong Kong Paying Agent or Lodging Agent

and the CMU Service holding interests in the relevant Temporary Global Instrument or Permanent Global Instrument, as the case may be.

The Issuer shall also ensure that notices are duly published in compliance with the requirements of each competent listing authority and/or stock exchange on or by which the Subordinated Instruments are listed and/or traded. Any notice so given will be deemed to have been validly given: (a) on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers) or (b) unless it has been specified otherwise in the Pricing Supplement on the date of such delivery to Euroclear and/or Clearstream, Luxembourg and/or such other clearing system or the persons shown in the "CMU Subordinated Instrument Position Report". Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Subordinated Instruments in accordance with this Condition 16.1. A copy of each notice given pursuant to this Condition will in any event be delivered to Euroclear, Clearstream, Luxembourg, the CMU Service and/or any other relevant clearing system.

17. Further Issues

The Issuer may from time to time, without the consent of the Holders of any Subordinated Instruments, Receipts or Coupons, create and issue (x) further instruments, bonds or debentures having the same terms and conditions as such Subordinated Instruments in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination or the issue price thereof) so as to be consolidated to form a single series with the Subordinated Instruments of any particular Series, or (y) any securities ranking equally with Subordinated Instruments (on the same terms or otherwise) or ranking in priority or junior to Subordinated Instruments.

18. Currency Indemnity

The currency or currencies in which the Subordinated Instruments are payable from time to time, as specified in these Terms and Conditions or the Pricing Supplement (each a "**Contractual Currency**" and together the "**Contractual Currencies**"), is the only currency or are the only currencies of account and payment for applicable sums payable by the Issuer in respect of the Subordinated Instruments, including damages. Any amount received or recovered in a currency other than the Contractual Currency applicable to the payment to which such amount is referable (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of a Subordinated Instrument, Receipt or Coupon in respect of any sum expressed to be due to it from the Issuer in such Contractual Currency shall only constitute a discharge to the Issuer to the extent of the amount in such Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the applicable Contractual Currency expressed to be due to any Holder of a Subordinated Instrument, Receipt or Coupon in respect of such Subordinated Instrument, Receipt or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute separate and

independent obligations from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of a Subordinated Instrument, Receipt or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Subordinated Instruments, Receipts or Coupons or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of a Subordinated Instrument, Receipt or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

19. Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder of any Subordinated Instrument, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

20. Law and Jurisdiction

- 20.1 Subject as provided in Condition 20.2, the Subordinated Instruments, the Issue and Paying Agency Agreement and the Deed of Covenant are governed by, and shall be construed in accordance with, English law. Any matter, claim or dispute arising out of or in connection with the Subordinated Instruments, the Issue and Paying Agency Agreement and the Deed of Covenant, whether contractual or non-contractual, is governed by, and shall be determined in accordance with, English law.
- 20.2 The provisions of Conditions 4, 5 and 6 (and the defined terms when used in those Conditions) shall be governed by and construed in accordance with the laws of New South Wales, Australia.
- 20.3 Subject as provided in Condition 20.5, the courts of England and Wales have jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Subordinated Instruments.
- 20.4 The Issuer agrees that the courts of England and Wales are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- 20.5 Condition 20.3 is for the benefit of the Holders of the Subordinated Instruments only. As a result, nothing in this Condition 20 shall prevent any Holder of the Subordinated Instruments from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction. To the extent allowed by law, Holders of the Subordinated Instruments may take concurrent Proceedings in any number of jurisdictions.
- 20.6 The Issuer agrees that if at any time it ceases to be registered under Part 34 of the *Companies Act 2006* it will appoint a person with a registered office in London as its agent to accept service of process in the United Kingdom on its behalf in respect of any Proceedings.

21. Third Parties

No person shall have any right to enforce any term or condition of any Subordinated Instrument under the *Contracts (Rights of Third Parties) Act 1999* but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.

PRO FORMA PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Subordinated Instruments issued under the Programme, amended (if necessary) and completed to reflect the particular terms of the relevant Subordinated Instruments and their issue. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but is included as directions for completing the Pricing Supplement.

PRICING SUPPLEMENT

Series No.: []

Tranche No.: []

WESTPAC BANKING CORPORATION ABN 33 007 457 141

Programme for the Issuance of Debt Instruments

Issue of

[Aggregate Principal Amount of Tranche]

[Title of Subordinated Instruments]

by Westpac Banking Corporation

This document constitutes the Pricing Supplement relating to the issue of Subordinated Instruments described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Information Memorandum dated 14 November 2014 [and the supplement to the Information Memorandum dated [•]] ([together,] the “**Information Memorandum**”). This Pricing Supplement must be read in conjunction with the Information Memorandum [as so supplemented].

Full information on the Issuer and the Subordinated Instruments described herein is only available on the basis of a combination of this Pricing Supplement and the Information Memorandum dated 14 November 2014 [as so supplemented]. The Information Memorandum is available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom and copies may be obtained from the Specified Offices of the Paying Agents.

Part A: Contractual Terms

The Subordinated Instruments being purchased have the following terms:

- | | | | |
|---|--------------------------------------|---|---|
| 1 | Issuer | : | Westpac Banking Corporation
acting through its head office |
| 2 | Date of Board Approval of the Issuer | : | [Specify] |
| 3 | Status | : | Subordinated |

[The primary method of loss absorption is [Conversion, subject to possible Write-off in accordance with Condition [5.3] / Write-off without Conversion in accordance with Condition [5.3]]

[Insert where the primary method of loss absorption is Conversion, subject to possible Write-off in accordance with Condition [5.3]] [For the purposes of:

- the formula in Condition [6.1] to be used for calculating the Conversion Number, P is [insert number, which may be greater than or less than 1.00]; and
- the Clearing System Cut-off Date (as defined in Condition [6.10(b)] is [insert date].]

[Insert where the Conversion Number, or provisions for determining the Conversion Number, is to be specified.] [For the purposes of Condition [6.1], the Conversion Number is [insert number] / [determined by reference to *[insert provisions for determining Conversion Number]*].

- | | | |
|---|---|-------------|
| 4 | Specified Currency: | |
| | (i) of denomination | : [Specify] |
| | (ii) of payment | : [Specify] |
| 5 | Aggregate Principal Amount of Tranche | : [Specify] |
| 6 | If interchangeable with existing Series, Series No. | : [Specify] |
| 7 | Issue Date | : [Specify] |
| 8 | Interest Commencement Date | : [Specify] |

- 9 Issue Price : [Specify]
- 10 Maturity Date : [Specify]¹
- 11 Total Expenses [related to admission to trading] : [Specify]
- 12 Form of Subordinated Instruments: : Bearer
- (i) Initially represented by a Temporary Global Instrument or Permanent Global Instrument : [Temporary Global Instrument]/[Permanent Global Instrument]
- (ii) Temporary Global Instrument exchangeable for a Permanent Global Instrument or for Definitive Instruments : [Yes/No]
[The Exchange Date shall be [•]]
- (iii) Permanent Global Instrument exchangeable at the option of the bearer for Definitive Instruments : [No. Permanent Global Instruments are only exchangeable for Definitive Instruments in the limited circumstances set out in Conditions [•] and [•]]
- (iv) Talons for future Coupons to be attached to Definitive Instruments : [Yes/No] [As the Subordinated Instruments have more than 28 Coupons, Talons will be attached]
- (v) Receipts to be attached to Instalment Instruments which are Definitive Instruments : [Yes/No] [The following Receipts will be attached to the Subordinated Instruments: [•]]
- 13 Denomination : [Specify amount and currency]

[[•] and integral multiples of [•] in excess thereof up to and including [•]. [No Definitive Subordinated Instruments will be issued with a denomination above [•]]]
- 14 Type of Subordinated Instrument(s) : [Fixed Rate / Floating Rate / Zero Coupon / *Specify other*]

¹ The Maturity Date must be at least five years from the Issue Date

- 15 Interest : [[•] per cent. Fixed Rate]
- [[•] month [LIBOR/EURIBOR/[•]]+/- [•]per cent. Floating Rate]
- [Zero Coupon]
- [Specify other]
- 16 Fixed Rate Subordinated Instruments : [Applicable / Not Applicable]
- (i) Fixed Coupon Amount : [Specify]
- (ii) Interest Rate : [Specify]
- (iii) Interest Commencement Date (if not Issue Date) : [Specify]
- (iv) Interest Payment Date(s) : [Specify]
- (v) Interest Period End Date(s) : [Specify]
- (vi) Day Count Fraction : [Specify] *[if none specified, the Day Count Fraction will be Actual/365 (Fixed) (as defined in the Conditions)].*
- (vii) Broken Amount : [Specify]
- (viii) Determination Date : [Specify]
- (ix) Applicable Business Day Convention : [Specify]
- for Interest Payment Dates:
- for Interest Period End Dates:
- for Maturity Date:
- any other date:
- (x) Additional Business Centre(s) : [Specify]
- (xi) Accrual Feature
- Applicable Swap Rate: : [Specify]
- Applicable Swap Rate thresholds: : [Specify]
- Observation Period: : [Specify]

- Designated Maturity : [Specify]
- 17 Floating Rate Subordinated Instruments : [Applicable / Not Applicable]
 - (i) Interest Commencement Date (if not Issue Date) : [Specify]
 - (ii) Specified Period : [Specify]
 - (iii) Interest Rate : [Screen Rate Determination / ISDA Determination]
 - (iv) Interest Payment Date(s) : [Specify]
 - (v) Interest Period End Date(s) : [Specify]
 - (vi) Applicable Business Day Convention : [Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / *Specify other*]
 - [- for Interest Payment Dates:]
 - [- for Interest Period End Dates:]
 - [- for Maturity Date:]
 - [- any other date:]
 - (vii) Additional Business Centre(s) : [Specify]
 - (viii) ISDA Determination : [Applicable / Not Applicable]
 - (a) Floating Rate Option : [Specify]
 - (b) Designated Maturity : [Specify]
 - (c) Reset Date : [Specify]
 - (ix) Screen Rate Determination : [Applicable / Not Applicable]
 - (a) Relevant Screen Page : [Specify]
 - (b) Relevant Time : [Specify]
 - (c) Reference Rate : [Specify]
 - (d) Reference Banks : [Specify]
 - (e) Relevant Financial Centre : [Specify]
 - (f) Interest Determination Date : [Specify]
 - (g) Additional Business Centre(s) : [Specify]
 - (h) Margin(s) : [Plus / Minus] [Specify]

- (i) Minimum/Maximum Interest Rate : [Specify / Not applicable]
- (j) Day Count Fraction : [Specify]
- (k) Accrual Feature
- Applicable Swap Rate: : [Specify]
 - Applicable Swap Rate thresholds: : [Specify]
 - Observation Period: : [Specify]
 - Designated Maturity : [Specify]
- (l) Calculation Agent - calculation of other amounts : [Specify]
- 18 Zero Coupon Subordinated Instruments : [Applicable / Not Applicable]
- (i) Accrual Yield: : [•] per cent. per annum
- (ii) Reference Price : [•]
- (iii) Day Count Fraction: : ["Actual/Actual (ICMA)"/"Actual/365"/"Actual/Actual (ISDA)"/"Actual/365 (Fixed)"/"Actual/360"/"30/360"/"30E/360"/"Eurobond Basis"/"30E/360 (ISDA)"]
- (iv) Additional Business Centre(s) : [Not Applicable/[•]]
- 19 Dates for payment of Instalment Amounts (Instalment Instruments) : [Specify]
- 20 Final Redemption Amount of each Subordinated Instrument : [Specify]
- 21 Instalment Amounts : [Specify]
- 22 Early Redemption at the option of the Issuer (Call) : [Applicable, but only in respect of the Interest Payment Date scheduled to fall on *[date which is no earlier than fifth anniversary of Issue Date]* and each Interest Payment Date thereafter./Not Applicable]²

² First possible Early Redemption Date (Call) must be a minimum of five years from the Issue Date

- (i) Early Redemption Date (Call) : [Specify]
 - (ii) Early Redemption Amount (Call) of each Subordinated Instrument : [Specify]
 - (iii) Series redeemable in part : [Specify]
 - (iv) Notice period(s) : [Specify if other than as set out in Condition [8.8]]
 - (v) Specify any additional conditions to exercise of the call option : [Specify]
- 23 Early Redemption (Adverse Tax Event) [Applicable / Not Applicable]
- (i) Early Redemption Amount (Adverse Tax Event) of each Subordinated Instrument : [Specify]
 - (ii) Series redeemable in part : [Specify]
 - (iii) Notice period(s) : [Specify if other than as set out in Condition [8.8]]
 - (iv) Specify any additional conditions to exercise of option : [Specify]
- 24 Early Redemption (Regulatory Event) [Applicable / Not Applicable]
- (i) Early Redemption Amount (Regulatory Event) of each Subordinated Instrument : [Specify]
 - (ii) Series redeemable in part : [Specify]
 - (iii) Notice period(s) : [Specify if other than as set out in Condition [8.8]]
 - (iv) Specify any additional conditions to exercise of option : [Specify]
- 25 Early Termination (Event of Default) : [Applicable / Not Applicable]
- Early Termination Amount : [Specify]
- 26 Redemption of Zero Coupon Subordinated Instruments : [Specify any change to Condition [●]]
- 27 Taxation : [Condition 10.1 is applicable / not applicable]
- 28 Other terms and conditions : [Specify any Conditions to be altered, varied, deleted otherwise than as provided above and also any additional Conditions to be included]

- 29 Lead Manager[s] : [Name(s)]
- 30 Relevant Dealer[s] : [Name(s)]
- 31 Paying Agent(s) : [Name(s)]
- 32 Calculation Agent : [Name(s)]
- 33 Commissions Payable : [Specify]
- 34 Selling Concession : [Specify]
- 35 Purchase Price : [Specify]
- Notices : [Condition 16 applies]
- 36 U.S. selling restrictions : [No sales to US persons permitted]
- [[TEFRA C/TEFRA D] Rules apply to the
Subordinated Instruments]/[TEFRA Not
Applicable]
- [•]

Part B: Other Information

1. **Listing** : [Australian Securities Exchange's wholesale Interest Rate Securities Market/ Irish Stock Exchange's Global Exchange Market/ Specify other]
2. **Ratings** : [Specify]
3. **Interests of natural and legal persons involved in the issue** : [•]/[Save as discussed in the [***Subscription and Sale***] section of the Information Memorandum, so far as the Issuer is aware, no person involved in the offer of the Subordinated Instruments has an interest material to the offer.]
4. **Operational Information**
 - (i) ISIN : [Specify]
 - (ii) Common Code : [Specify]
 - (iii) Common Depository/Lodging Agent : [Specify]
 - (iv) Any Clearing System other than Euroclear and Clearstream : [Specify]
 - (v) CMU Service Instrument Number: [Specify]
 - (vi) Settlement procedures [Specify whether customary medium term note / other settlement and payment procedures apply]
5. **Other**
 - (i) Distribution of Information Memorandum : [Specify and restrictions on the distribution of the Information Memorandum]
 - (ii) Other selling restrictions : [Specify any variation to the dealer's restrictions]
 - (iii) Stabilisation Manager : [Specify if applicable]
 - (iv) Other amendments : [Specify]
 - (v) Additional disclosure : [Specify]

WESTPAC BANKING CORPORATION

Overview

Westpac is one of the four major banking organisations in Australia and one of the largest banking organisations in New Zealand. Westpac provides a broad range of banking and financial services in these markets, including consumer, business and institutional banking and wealth management services.

Westpac has branches, affiliates and controlled entities¹ (the “**Westpac Group**”) throughout Australia, New Zealand and the Pacific region, and maintains branches and offices in some of the key financial centres around the world.

Westpac was founded in 1817 and was the first bank established in Australia. In 1850, Westpac was incorporated as the Bank of New South Wales by an Act of the New South Wales Parliament. In 1982 Westpac changed its name to Westpac Banking Corporation following its merger with the Commercial Bank of Australia. On 23 August 2002, Westpac was registered as a public company limited by shares under the Australian Corporations Act 2001.

Westpac’s principal office is located at 275 Kent Street, Sydney, New South Wales 2000, Australia and its telephone number is (+61) (2) 9293 9270.

The registered business number of Westpac is A.B.N. 33 007 457 141.

As at 30 September 2014, Westpac’s market capitalisation was A\$100 billion² and it had total assets of A\$771 billion.

Westpac’s operations comprise the following key customer-facing business divisions operating under multiple brands, serving around 12.8 million customers³:

Australian Financial Services (“**AFS**”) is responsible for the Westpac Group’s Australian retail banking, business banking and wealth operations. AFS also includes the product and risk responsibilities for Australian banking. It incorporates the operations of Westpac Retail & Business Banking (“**Westpac RBB**”), St.George Banking Group (“**St.George**”) and BT Financial Group Australia (“**BTFG**”).

- Westpac RBB, is responsible for sales and service to consumer, small to medium enterprise (“**SME**”), commercial and agribusiness customers (with turnover of up to A\$100 million) in Australia under the Westpac brand. Activities are conducted

¹ Refer to note 39 of Westpac’s 2014 audited consolidated financial statements (which are incorporated by reference in this Information Memorandum) for a list of Westpac’s controlled entities as at 30 September 2014.

² Market capitalisation is based on the closing share price of Westpac’s ordinary shares on the ASX as at 30 September 2014.

³ All customers with an active relationship (excludes channel only and potential relationships) as at 30 September 2014.

through Westpac RBB's network of branches, third party distributors, call centres, automatic teller machines ("**ATMs**"), EFTPOS terminals, internet and mobile banking services, business banking centres and specialised consumer and business relationship managers. Support is provided by cash flow, trade finance, transactional banking, financial markets, property finance and wealth specialists;

- St.George, is responsible for sales and service to consumer, SME and corporate customers (businesses with facilities up to A\$150 million) in Australia under the St.George, BankSA, Bank of Melbourne and RAMS brands. RAMS is a financial services group specialising in mortgages and online deposits. Activities are conducted through St.George's network of branches, third-party distributors, call centres, ATMs, EFTPOS terminals, internet and mobile banking services, business banking centres and specialised consumer and business relationship managers. Support is provided by cash flow, trade finance, transactional banking, automotive and equipment finance, financial markets, property finance and wealth specialists; and
- BTFG, is Westpac's Australian wealth division. BTFG's funds management operations include the manufacturing and distribution of investment, superannuation and retirement products, investment platforms including BT, Wrap and Asgard, private banking, financial planning as well as equity capability and broking. BTFG's insurance solutions cover the manufacturing and distribution of life, general and lenders mortgage insurance. BTFG's brands include Advance Asset Management, Ascalon, Asgard, BT, BT Investment Management (60.76 per cent. owned by the Westpac Group and consolidated in BTFG's Funds Management business), BT Select, Licensee Select, Securitator, and the Advice, Private Banking and Insurance operations of Bank of Melbourne, BankSA, St.George and Westpac.

Westpac Institutional Bank ("**WIB**") delivers a broad range of financial services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand, this includes a growing customer base in Asia. WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in transactional banking, financial and debt capital markets, specialised capital and alternative investment solutions. Customers are supported through branches and subsidiaries located in Australia, New Zealand, Asia, the United States, and the United Kingdom.

Westpac New Zealand is responsible for the sales and service of banking, wealth and insurance products for consumers, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks in New Zealand:

- Westpac New Zealand Limited, which is incorporated in New Zealand; and
- Westpac Banking Corporation (NZ Division), a branch of Westpac, which is incorporated in Australia. The division operates via an extensive network of branches and ATMs across both the North and South Islands.

Business and institutional customers are also served through relationship and specialist product teams. Banking products are provided under the Westpac and WIB brands while insurance and wealth products are provided under Westpac Life and BT brands, respectively.

Other divisions in the Westpac Group include:

- Westpac Pacific, which provides banking services for retail and business customers in seven Pacific Island nations. Branches, ATMs, telephone banking and internet banking channels are used to deliver business activities in Fiji, Papua New Guinea, Vanuatu, Cook Islands, Tonga, Solomon Islands and Samoa. Westpac Pacific's financial products include personal savings, business transactional accounts, personal and business lending products, business services and a range of international products;
- Group Services, which encompassing technology, banking operations, compliance, legal and property services;
- Treasury, which is primarily focused on the management of the Group's interest rate risk and funding requirements; and
- Core Support, which comprises those functions performed centrally, including finance, risk and human resources.

Trends

Australian economic conditions gradually improved over 2014 with steady growth in private consumption, a pick-up in housing activity and a rise in resource exports offsetting the mining-led reduction in business investment. GDP growth lifted from 2.6% in December quarter 2013 to 3.1% in June quarter 2014 and is expected to remain at this pace through to the end of 2014. In 2015, Westpac expects a further lifting in GDP growth to 3.2%.

The international environment remains challenging with an 8% decline in Australia's terms of trade over the past year, associated with a slowdown in China, which in turn affected national income. Looking ahead, Westpac expects world growth to strengthen in 2015 to 3.7% from 2.9% this year as the major developed economies see some modest firming in growth and activity, and as China stabilises.

Domestically, Westpac anticipates that mining investment reduction will likely continue in 2015 but Westpac expects an offset from a lift in consumer spending and non-mining business investment, along with a continued rise in resource exports.

While consumers generally remain cautious, their balance sheets are strengthening with good growth in deposits and investments along with improving house prices. This is expected to translate to higher growth in the year ahead. Housing has already shown a clear response to record low interest rates with new dwelling investment showing its strongest growth since 2002. Westpac expects building activity will remain at high levels in coming quarters, before moderating a little over 2015.

There are also improving prospects for a modest rise in non-mining business investment, particularly in the services sector in response to stronger household demand. Together, these trends suggest a modest but sustained increase in business activity in the year ahead.

Offsetting these improvements, Westpac anticipates that the economy will continue to encounter some headwinds to growth. In addition to the ongoing mining investment downturn, lower public spending is also expected to be a restraint with governments at all levels focused on budget repair.

Near term, Westpac expects the mix of controlled inflation, modest employment growth and below trend GDP growth to see the Reserve Bank maintain its current accommodative stance of monetary policy, holding the cash rate at 2.5%. However, as international conditions improve and domestic demand shows signs of firming, Westpac expects the RBA to begin a gradual tightening of monetary policy in the second half of 2015.

Price pressures are likely to remain benign with core CPI inflation easing back towards 2.5% in 2015 and wages growth subdued. Labour markets remain soft and Westpac only expect to see a gradual improvement with the unemployment rate rising marginally to 6.2% in early 2015 and only declining slightly by the end of the year.

For the financial services sector, Westpac expects that demand for credit is likely to rise modestly with credit growth lifting to around 7% in 2015, up from closer to 6% in 2014. Housing credit is likely to remain solid, while business credit growth is likely to continue rising off its relatively modest base. Growth in funds management is expected to be a little stronger as the population continues to direct more savings to superannuation and prepare for retirement.

The use of digital channels by customers to conduct their banking continued to rise over the year with the use of mobile channels accelerating quickly. These trends are expected to have a significant impact on financial services companies and Westpac will need to continue adjusting its business model to meet these changing customer needs.

Westpac, has responded to changes in the operating environment and this has been reflected in its performance and in the execution of its customer centric strategy which has seen an improvement in customer satisfaction. In the year ahead Westpac will continue to focus on its strategic priorities including:

- Remaining strong in its capital, funding and liquidity positions. This includes meeting the new Liquidity Coverage Ratio ("**LCR**") requirements from 1 January 2015 and being well prepared to respond to further regulatory change;
- Further improving productivity through its simplification program that aims to materially reduce the complexity of Westpac's products and processes for customers;
- Continuing to enhance its customer focus, seeking to step-up how it supports and serves customers. This includes further expanding its digital services and continuing to transform its branch network from transaction centres to service and support hubs;
- Increasing growth through further investment in wealth platforms, Bank of Melbourne and Westpac's expansion in Asia. Westpac will also increase its focus on those sectors and segments of the economy likely to experience higher growth;
- Further building its one team culture focusing on delivering the best outcome for customers; and
- Ensuring it actively manages its business and support customers for societal change and for changes in the environment. This includes improving the way Westpac manages demographic change, the aging population, assisting customers manage to a more carbon

constrained economy and lending to and investing in CleanTech and environmental services.

A key issue for the Australian banking sector over the coming year will be continued regulatory change both domestically and globally, including from the Inquiry. Given the strength of Westpac's business and balance sheet, in both absolute terms and relative to peers, Westpac believes it is well placed to respond to any additional regulatory change.

Looking ahead, with Westpac's strong positioning, improved growth profile and solid operating performance across all divisions, combined with strong progress on our strategic priorities, Westpac believes it is well positioned to continue delivering sustainable, outcomes to shareholders.

All data and opinions under this section entitled "Trends" are generated by Westpac's internal economists and management.

Recent Developments

Chief Executive Officer Retirement and Appointment

On 13 November 2014 The Chairman of Westpac, Lindsay Maxsted, announced that Gail Kelly has decided to retire as Chief Executive Officer ("CEO") on 1 February 2015. The Westpac Board has appointed Brian Hartzer to succeed Mrs Kelly as the Westpac Group's CEO.

Mr Hartzer is currently Chief Executive, AFS, responsible for the Westpac Group's retail, business banking and wealth business including, Westpac RBB, St.George and BTFG.

Brian has more than 25 years' experience in financial services. Before joining Westpac in 2012, he was Royal Bank of Scotland CEO UK Retail, Wealth and Ulster Bank. Mr Hartzer was previously a senior executive at ANZ, including its CEO, Australia, covering that bank's domestic, retail, commercial banking and wealth management businesses.

Inquiry into Australia's Financial System

On 20 November 2013, the Federal Government formally announced the appointment of Mr David Murray AO to head the Inquiry.

The Inquiry's terms of reference, announced on 20 December 2013, charge the Inquiry with examining how the financial system could be positioned to best meet Australia's evolving needs and support Australia's economic growth. Recommendations will be aimed at fostering an efficient, competitive and flexible financial system, consistent with financial stability, prudence, public confidence and capacity to meet the needs of users.

Following lodgement of initial submissions in March 2014, the Inquiry released its Interim Report on 15 July 2014. This Interim Report invited further comments and consisted of observations, potential policy options and requests for further information.

Westpac lodged its initial submission on 31 March 2014 and its response to the Inquiry's Interim Report on 26 August 2014.

The Inquiry is expected to release its final report to the Treasurer in November 2014, following which the Government may further consult with industry in considering the Inquiry's recommendations. Until the Government officially responds to the Inquiry's recommendations, the final impact of this Inquiry is difficult to predict.

Acquisition of select businesses of Lloyds Banking Group Australia

On 11 October 2013 Westpac announced it had entered into an agreement to acquire Lloyds Banking Group's Australian asset finance business, Capital Finance Australia Limited, and its corporate loan portfolio, BOS International (Australia) Ltd.

The transaction was completed on 31 December 2013, adding \$7.9 billion in motor vehicle finance, equipment finance and corporate loans to Westpac's lending and \$8.5 billion in risk weighted assets. The acquisition cost was \$1.45 billion and was funded from internal resources.

Buy-back and cancellation of Westpac Stapled Preferred Securities II (Westpac SPS II)

On 18 June 2014, approximately \$529 million of Westpac SPS II were bought back on-market by Westpac and subsequently cancelled. All remaining Westpac SPS II were transferred to a nominated party on 30 September 2014 and subsequently bought back off-market by Westpac and cancelled.

Issue of Westpac Capital Notes 2

On 23 June 2014, Westpac issued approximately \$1.31 billion of securities known as Westpac Capital Notes 2, which qualify as Additional Tier 1 capital of Westpac under APRA's Basel III capital adequacy framework.

Litigation

- Exception fees – Westpac has been served with three separate class action proceedings brought on behalf of customers seeking to recover exception fees paid by those customers. The first set of proceedings was commenced in December 2011 by certain named customers of the Westpac brand; the second was commenced in February 2012 by certain named customers of the St.George Bank and BankSA brands; the third was commenced in August 2014 on behalf of all other customers of the Westpac Group. Similar class actions have been commenced against several other Australian banks. Westpac has agreed with the plaintiffs to put the proceedings against Westpac on hold until at least December 2014, pending further developments in the litigation against one of those other banks.
- Bell litigation – Westpac was one of 20 defendant banks named in proceedings concerning the Bell Group of companies. The proceedings were brought by the liquidators of several Bell Group companies who challenged the defendant banks' entitlement to receive the proceeds of realisation of Bell Group assets in the early 1990s.

On 17 September 2013 the parties announced that the matter was settled. Prior to the settlement, Westpac was entitled to file a claim as an unsecured creditor in the liquidation of the Bell companies and stood to recover part of the funds available for distribution to creditors. As part of the settlement, Westpac has agreed to release its claim for the distribution. The terms of the settlement remain confidential. The settlement was subject to

various approvals being obtained in local and overseas jurisdictions. Such approvals have been obtained. Settlement has completed and Westpac's liabilities to the Bell Companies have been satisfied in full.

Westpac Bicentennial Foundation

On 2 April 2014, Westpac announced the launch of the Westpac Bicentennial Foundation. The charitable Foundation will have an exclusive focus on the education and advancement of Australians. A one-off contribution of \$100 million is designed to fund 100 scholarships every year in perpetuity to Australians who have the potential to shape Australia's future. The program commenced in 2014 so that the earnings from the fund will see the initial scholarships fully operational by the Group's 200th anniversary in 2017.

Changes to accounting standards

In a continuing response to the global financial crisis, governments, regulators and accounting standard setters are working to revise certain accounting standards. The specific areas that have been targeted include accounting for financial instruments, provisioning for loan impairment charges, off-balance sheet exposures, the impairment and valuation of financial assets, consolidation and lease accounting. New accounting standards dealing with consolidation and the measurement of fair value apply to the Westpac Group from 1 October 2013. These new standards did not have a material impact on the Westpac Group's financial position or performance. The Westpac Group expects that there will be a number of new standards issued in coming years that will require further changes to its current accounting approaches.

Other significant developments

Basel Committee on Banking Supervision

Regulatory reforms and significant developments arising in relation to changes initiated by the Basel Committee on Banking Supervision ("**BCBS**") include:

Liquidity

The Australian Prudential Regulation Authority ("**APRA**") released an updated version of the liquidity standard ("**APS 210**") in November 2014. Under APS 210, Westpac will need to meet the requirement of a minimum Liquidity Coverage Ratio ("**LCR**") of 100% when it comes into effect from 1 January 2015.

The LCR requires banks to hold sufficient high-quality liquid assets, as defined, to withstand 30 days under a regulator-defined acute stress scenario. Given the limited amount of government debt in Australia, the Reserve Bank of Australia ("**RBA**"), jointly with APRA, will make available to Australian institutions a Committed Liquidity Facility ("**CLF**") that, subject to satisfaction of qualifying conditions, can be accessed to help meet the LCR requirement. In order to have access to the CLF, Australian banks are required to pay a fee of 15 basis points (0.15%) per annum to the RBA on the approved CLF from 1 January 2015. On September 2014, APRA approved Westpac's access to the CLF for the 2015 Calendar year for \$66 billion.

The BCBS endorsed the final details of the Net Stable Funding Ratio ("**NSFR**") at its meeting in September 2014, and a final standard was released on 31 October 2014. APRA is yet to release its Prudential Standard on NSFR applicable to Australian banks. The NSFR requirement, designed to encourage longer term funding resilience, has been excluded from APS 210, however, APRA has previously indicated an intention to implement this measure from 1 January 2018.

Global Systemically Important Financial Institutions (G SIFIs)

In July 2013, the BCBS published an updated methodology for determining Global Systemically Important Banks ("**G-SIBs**"). Each year in November the Financial Stability Board ("**FSB**") publishes the list of identified G-SIBs and specifies the higher capital requirements proposed for each. These increased capital requirements will be phased in from January 2016. Westpac has not been named as a G-SIB. However the BCBS has issued a framework for extending the SIFIs requirements to domestic systemically important banks ("**D-SIBs**").

Capital

In 2010, the BCBS outlined the revised capital framework for banks globally as follows:

- an increase in the minimum common equity requirement from 2.0% to 4.5%;
- an increase in the minimum Tier 1 capital requirement from 4.0% to 6.0%;
- a capital conservation buffer at 2.5%, to be met with common equity; and
- a countercyclical buffer of between 0% to 2.5% to be met with common equity or other fully loss absorbing capital.

The framework includes a compliance timetable, with phase-in arrangements starting from 1 January 2013 and some elements not becoming fully effective until 1 January 2019.

APRA's adoption of the framework has required Australian Authorised Deposit Taking Institutions ("**ADIs**") such as Westpac to meet the new capital requirements from January 2013 and the capital conservation buffer in full from its introduction date of 1 January 2016. In December 2013, APRA released its approach for implementing a D-SIB framework in Australia. Westpac is one of four Australian banks which APRA has identified as a D-SIB. APRA has proposed that each D-SIB, including Westpac, will have to meet a higher loss absorbency requirement of 1% to be met by common equity. The 1% requirement will be met by the capital conservation buffer effectively increasing the buffer from 2.5% to 3.5%. The countercyclical buffer is not currently required.

Westpac's current capital levels are already above the regulatory requirement that will apply from 1 January 2016 (including the proposed capital conservation buffer).

Increased loss absorbency

In September 2014, the FSB stated that it would table proposals at the G20 Leaders' Summit in Brisbane in November 2014 for enhancing the Total Loss Absorbing Capacity ("**TLAC**") for G-SIBs to operate alongside the Basel III capital requirements. These proposals form part of the G20's initiatives aimed at 'Ending too-big-to-fail' and ensuring that the resolution of a failing G-SIFI can be

carried out without causing systemic disruption or resorting to taxpayer support. Should the TLAC proposals be endorsed by the G20 they will be subject to industry consultation throughout 2015. The FSB has stated that the TLAC requirement would not be introduced before 2019 and it is not known at this stage whether there is any intention to extend the requirement beyond G-SIBs.

Other Basel Accord Reforms

The Basel III capital framework also introduced a leverage ratio requirement. The BCBS proposes that introducing a simple, non-risk based leverage ratio requirement would act as a credible supplementary measure to the risk-based capital requirements. In January 2014, the BCBS published an amended leverage ratio framework. The proposed timetable for the leverage ratio provides for testing and recalibration of the framework to occur until 2017, with public disclosure to commence from January 2015 and migration of the final standard to a Pillar 1 requirement from January 2018.

The BCBS is also currently conducting analysis on risk-weighted assets, which forms the denominator of the capital ratios. The BCBS has indicated that this work is intended to examine the consistency in the determination of risk-weighted assets within and across jurisdictions and will ultimately allow the BCBS to develop potential policy options.

Each of these measures are in different stages of development and, following release of the respective regulations by the BCBS, APRA will consult on and develop the regulations to apply in Australia.

Recovery and resolution planning

A further component of the G20's 'Ending too-big-to-fail' reforms is a requirement for a Recovery and Resolution Plan for any firm deemed by its home authority to have systemic importance to the domestic economy. APRA has undertaken a pilot Recovery Planning project applying to Australia's largest banks, including Westpac, with final plans delivered to APRA in mid-2012. APRA has advised Westpac of its expectation that the Recovery Plan be maintained and Westpac reviews and updates its Recovery Plan where required.

In the US, Westpac is also required to satisfy the resolution plan requirements of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* ("**Dodd-Frank Act**"). In December 2013, Westpac submitted a resolution plan in relation to its US operations to US bank regulatory authorities. This plan is maintained and updated as required, including in response to feedback from bank regulatory authorities.

OECD Common Reporting Standard

The Organisation for Economic Cooperation and Development ("**OECD**") has developed Common Reporting Standard ("**CRS**") rules for the automatic exchange of financial account information amongst OECD member states.

CRS will require the Westpac Group to identify the tax residency of all customers and to report the tax residency and account details of non-resident customers to the relevant authorities in jurisdictions in which the CRS rules operate.

It is currently intended that Australian financial institutions can voluntarily implement the rules from 1 January 2017, but will have to be compliant from 1 January 2018. The rules could impose additional costs and operational burdens on Westpac.

OTC derivatives reform

The international regulatory reforms relating to over-the-counter ("**OTC**") derivatives continue to be implemented by financial regulators across the globe.

In Australia, Westpac commenced reporting OTC derivatives transactions to a Prescribed Repository in accordance with the *Derivative Transaction Rules (Reporting) 2013* on 1 October 2013. Westpac continues to work with ASIC and industry associations in relation to the implementation of these rules and the phase-in of requirements to other industry participants.

The Australian Treasury has issued two Proposal Papers on the Implementation of Australia's G20 OTC derivatives commitments, in which they proposed a central clearing mandate for US dollar, Euro, British Pound, Yen (February 2014 Proposal Paper) and Australian dollar (July 2014 Proposal Paper) denominated interest rate derivatives traded between dealers with significant cross-border activities. It is expected that any such mandate would cover Westpac. The commencement of the central clearing mandates is expected to occur by early to mid-2015.

As a provisionally-registered Swap Dealer with the US Commodity Futures Trading Commission ("**CFTC**"), Westpac is subject to a range of entity-level and transaction-level requirements pursuant to the Dodd-Frank Act.

Pursuant to the *European Market Infrastructure Regulations* ("**EMIR**") established by the European Securities and Markets Authority ("**ESMA**"), from October 2014, Westpac became subject to certain risk mitigation obligations in relation to OTC Derivatives traded with European counterparties or through its London Branch. Further, as of mid-2015, Westpac will be subject to a central clearing mandate for certain interest rate derivatives with European counterparties.

Westpac continues to monitor developments in response to requirements imposed by international regulators. These include regulations published by the CFTC and the Securities and Exchange Commission under the Dodd-Frank Act; by the ESMA and local European financial regulators under the EMIR and *Markets in Financial Instruments Directive* ("**MIFID II**"); and by various financial regulators in Asia and Canada. Westpac also continues to monitor the international response to the final policy framework for establishing margin requirements for uncleared OTC derivatives as published by the Basel Committee on Banking Supervision ("**BCBS**") and the International Organisation of Securities Commissions ("**IOSCO**") on 2 September 2013.

Australia

The Federal Government has embarked on a program of regulatory reform which will affect Westpac. In addition to the above, this includes:

Superannuation changes

In December 2013, BT launched a number of MySuper products to allow employers to make their super guarantee contributions to their BT default super fund. A MySuper product is a default

investment option where investment choice is not elected by the member and is generally a low cost, simple superannuation product. Other legislative changes include enhanced trustee and director obligations as well as 'SuperStream', a measure to improve the efficiency of processing superannuation transactions through the use of technology. Westpac continues to assess and implement changes to its existing superannuation products and governance to ensure compliance with the new requirements.

Financial advice changes

The majority of the Future of Financial Advice ("**FOFA**") reforms commenced for the Westpac Group on 1 July 2013. The Government announced proposed reforms to the FOFA laws on 20 December 2013 and a bill to amend FOFA (the *Corporations Amendment (Streamlining of Future of Financial Advice) Bill 2014*) was introduced into parliament on 19 March 2014. The Bill includes changes to remove the requirement to opt-in to ongoing adviser services every two years and also provides a general advice exemption from the ban on conflicted remuneration. Regulations which were effective on 1 July 2014 (the '**Streamlining Regulations**') incorporated these changes as well as other changes including other exemptions from the ban on conflicted remuneration and an extension to grandfathering of conflicted benefits in certain circumstances. Uncertainty still exists as to whether the Bill will pass in its current form and some changes to sections including the best interests duty and the general advice exemption have been proposed in the Senate. Other new regulations, which become effective on 1 January 2015, provide for certain changes in relation to the receipt of client instructions and also in relation to the provision of financial product advice in Statements of Advice.

Privacy law reform

Significant amendments to the *Privacy Act 1988* (Cth) commenced on 12 March 2014. As a result, the Westpac Group has amended a wide range of documents, systems and procedures in relation to the management of personal and credit information.

United States

There are a number of significant regulatory reforms currently occurring in the United States ("**US**"). These include:

Dodd-Frank Act

Legislation designed to reform the system for supervision and regulation of financial firms in the US was signed into law on 21 July 2010. The Dodd-Frank Act contains a wide range of provisions that will affect financial institutions operating in the US, including foreign banks like Westpac. Included among its provisions are reforms designed to:

- reduce systemic risk presented by very large financial institutions;
- promote enhanced supervision, regulation, and prudential standards for financial institutions;
- establish comprehensive supervision of financial markets;
- impose new limits on permissible financial institution activities and investments;

- expand regulation of the derivatives markets and protect consumers and investors from financial abuse; and
- provide the US Government with the tools needed to manage a financial crisis.

Many of the provisions of the Dodd-Frank Act require extensive rulemaking by US regulatory agencies before the provisions become effective. The issuance of final rules under the Dodd-Frank Act remains far from complete, with the process continuing. US regulatory agencies have released final rules to implement section 619 of the Dodd-Frank Act (the “**Volcker Rule**”) and to strengthen the regulation of the US operations of non-US banks. At this time, apart from investments in compliance activities, Westpac does not expect these rules to have a significant impact on its business activities.

*Foreign Account Tax Compliance Act (“**FATCA**”)*

Provisions commonly referred to as FATCA and related U.S. Treasury regulations generally require Foreign Financial Institutions (“**FFIs**”), such as Westpac, to enter into an FFI agreement (if they are not subject to the provisions of a Model 1 Intergovernmental Agreement (an “**IGA**”)) under which they agree to identify and provide the IRS with information on certain U.S. connected accounts, or otherwise face 30% withholding tax on certain payments made to the FFI. In addition, FFIs that have entered into an FFI agreement will be required to withhold on certain payments made to FFIs that are neither party to an FFI agreement nor subject to an IGA and certain account holders that fail to provide prescribed information. The Australian Government signed an IGA with the United States on 28 April 2014, which came into force on 30 June 2014. The Australian IGA, and any IGAs that may be concluded between the U.S. and other countries in which Westpac conducts business, will relieve Westpac of the requirement to withhold on payments to, or close, certain accounts, and will provide certain other benefits.

Westpac is implementing changes to its business operations to comply with the requirements of FATCA across all jurisdictions in which it operates. Westpac has entered into an FFI agreement with respect to its branches and affiliated FFIs not located in countries that have entered into an IGA. It is anticipated that compliance with FATCA will give rise to significant costs and operational burdens, but that IGAs will reduce those costs and burdens, where applicable.

New Zealand

Regulatory reforms and significant developments in New Zealand include:

Basel III

The RBNZ has adopted the core Basel III capital measures relating to new capital ratios and most of the recommendations relating to the definition of capital. From 1 January 2013, the requirements for Total Tier 1 capital increased to 6.0% and had to include common equity of 4.5%. The conservation buffer was implemented in full from 1 January 2014 at which time Total Tier 1 capital increased to 8.5% and had to include 7% common equity. RBNZ has the discretion to also apply a countercyclical buffer of common equity and has not specified any formal upper limit on this countercyclical buffer. The RBNZ has not adopted the leverage ratio.

*Financial Markets Conduct Act (“**FMCA**”)*

The FMCA overhauls the existing securities law regime in New Zealand and will impact various aspects of the wider Westpac New Zealand business. It introduces changes to product disclosure and governance together with new licensing and registration requirements. The existing prospectus/investment statement dual disclosure model will no longer apply. A single product disclosure statement is being implemented, supported by an online register of other material documentation. The FMCA was enacted in September 2013, however, most of the provisions will come into force on 1 December 2014, albeit subject to transitional provisions. The majority of the new fair dealing requirements came into force in April 2014.

Credit law reform/responsible lending

The *Credit Contracts and Consumer Finance Amendment Act 2014* received Royal Assent in June 2014 and will come into full effect in June 2015. The Act reforms the entire suite of legislation that governs consumer credit contracts. It creates new responsible lending principles and provides for a regulatory responsible lending code. Existing consumer protections are also being strengthened by changing the current provisions on disclosure, fees, hardship and 'oppressive contracts'. Consultation on the responsible lending code and new regulations commenced in June 2014. The code is expected to be finalised in March 2015.

Covered Bond Legislation

The *Reserve Bank of New Zealand (Covered Bonds) Amendment Bill* was passed in December 2013. It provides a legislative framework for the issuance of covered bonds by New Zealand registered banks. New Zealand registered banks were already permitted by the RBNZ to issue covered bonds and have a condition of registration that covered bond issuance cannot exceed 10% of total assets. However, the legislation provides certainty for investors that the cover pool assets will be disgorged from statutory management and liquidation regimes. Covered bond programmes must be registered with the RBNZ under the legislation. The Westpac NZ Global Covered Programme was registered on 4 April 2014.

Consumer law reform

The *Consumer Law Reform Bill* was passed in December 2013. The Bill amended six separate Acts, including the *Fair Trading Act*. Among the amendments being introduced into the Fair Trading Act are prohibitions on unfair contract terms and on making unsubstantiated representations about a product or service and new provisions regulating uninvited direct sales. The unfair contract terms provisions come into force in March 2015 while the unsubstantiated representations prohibitions and uninvited direct sales provisions came into effect in June 2014.

Competition

The Westpac Group operates in a highly competitive environment across the regions in which it does business.

The Westpac Group serves the banking, wealth and risk management needs of customer segments from consumers to small businesses to large corporate and institutional clients. The Westpac Group competes with other financial services industry players for customers covering their needs of transacting, saving, investing, protecting and borrowing with a wide set of products and services. Its competitors range from large global organisations with broad offerings to entities more focused on

specific regions or products. Its competitors include financial services and advisory companies such as banks, investment banks, credit unions, building societies, mortgage originators, credit card issuers, brokerage firms, fund and asset management companies, insurance companies and internet-based financial services providers. There are also new competitors emerging from other sectors including retail, technology and telecommunications.

Westpac's competitive position across customer segments, products and geographies is determined by a variety of factors. These factors include:

- the type of customer served;
- customer service quality and convenience;
- the effectiveness of, and access to, distribution channels;
- brand reputation and preference;
- the quality, range, innovation and pricing of products and services offered;
- technology solutions; and
- the talent and experience of Westpac's employees.

In Australia, Westpac has seen intense competition for deposits continue to be driven by clearer global regulatory requirements for liquidity management and balance sheet composition. Banks and other financial institutions also seek to achieve a higher proportion of deposit funding as credit rating agencies and debt investors look for strong balance sheet positions in their assessment of quality institutions.

Westpac expects competition for lending to also remain high with slower credit growth compared to the significant credit expansion Australia experienced over the majority of the last two decades. Businesses and consumers are cautious about the global outlook and continue to reduce debt. In mortgages, this lower growth and the desire of market participants to maintain or expand their market share using price has seen strong competition over the last year. This is expected to continue, particularly if lending growth remains modest. Serving business customers' transaction and trade financing needs has been at the centre of competitive activity as customer expectations increase.

In its wealth business, Westpac expects competition to increase as financial institutions and industry funds move to capture a greater share of this fast growing market, particularly in superannuation (or pensions) and financial advice as the market responds to regulatory changes.

The New Zealand market is experiencing strong competition as banks vie for new customers. Competition for deposits remains intense and the home lending market is particularly competitive on price and switching incentives.

Majority Shareholders and Share Capital

As at 30 September 2014, the number of Westpac ordinary shares in issue was 3,109,048,309. Westpac has no partly paid share capital.

Westpac is not directly or indirectly owned or controlled by any other corporation(s) or by any foreign government.

There is no provision in Westpac's constitution that requires a shareholder to disclose the extent of their ownership of Westpac's ordinary shares.

Under the *Australian Corporations Act 2001*, any person who begins to have or ceases to have a substantial holding of Westpac's shares, or if any person already has a substantial holding and there is a movement of at least 1 per cent. in their holding, is required to give a notice to Westpac and the ASX Limited within two business days after they become aware of this information. The notice must provide certain prescribed information, including the person's name and address and details of their relevant interests in Westpac's voting shares. A person will have a substantial holding of Westpac's shares if the voting rights attaching to Westpac's shares in which that person and their associates have relevant interests is 5 per cent. or more of the total number of votes attached to all of Westpac's shares.

Westpac has a statutory right under the *Australian Corporations Act 2001* to trace the beneficial ownership of shares held by any shareholder, by giving a direction to that shareholder requiring disclosure to Westpac of, among other things, the name and address of each other person who has a relevant interest in those shares, the nature and extent of that interest and the circumstances that gave rise to that other person's interest. Such disclosure must, except in certain limited circumstances, be provided within two business days after the direction is received.

The Board of Directors

The Board Charter outlines the roles and responsibilities of the Board. Key responsibilities in summary are:

- approving the strategic direction of the Westpac Group;
- evaluating Board performance and determining Board size and composition;
- considering and approving the Westpac Board Renewal Policy;
- appointing and determining the duration, remuneration and other terms of appointment of the CEO, Deputy CEO, Chief Financial Officer (“**CFO**”) and other Group Executives;
- determining the remuneration of persons whose activities in the Board’s opinion affects the financial soundness of Westpac, any person specified by APRA, and any other person the Board determines;
- evaluating the performance of the CEO;
- succession planning for the Board, CEO and Group Executives;
- approving the appointment of Group Executives, General Manager Group Assurance and Chief Compliance Officer & Group General Counsel and monitoring the performance of senior management;
- approving the annual targets and financial statements and monitoring performance against forecast and prior periods;
- determining Westpac’s dividend policy;
- determining Westpac’s capital structure;
- approving Westpac’s risk management strategy and frameworks and monitoring their effectiveness;
- considering the social, ethical and environmental impact of Westpac’s activities and monitoring compliance with Westpac’s sustainability policies and practices;
- monitoring Workplace Health and Safety (“**WH&S**”) issues in the Westpac Group and considering appropriate WH&S reports and information;
- maintaining an ongoing dialogue with Westpac’s auditors and, where appropriate, principal regulators; and
- internal governance, including delegated authorities, policies for appointments to Westpac’s controlled entity boards and monitoring resources available to senior executives.

Directors

The Directors of Westpac, the business address of each of whom should be regarded for the purposes of this Information Memorandum as Level 20, 275 Kent Street, Sydney, New South Wales 2000, Australia, and their respective principal outside activities, where significant, are at the date of this Information Memorandum as follows:

Lindsay Maxsted, DipBus (Gordon), FCA, FAICD. Age 60. Director since March 2008 and Chairman since December 2011. Lindsay was formerly a partner at KPMG and was the CEO of that firm from 1 January 2001 to 31 December 2007. Lindsay's principal area of practice prior to his becoming CEO was in the corporate recovery field managing a number of Australia's largest insolvency/workout/turnaround engagements including Linter Textiles (companies associated with Abraham Goldberg), Bell Publishing Group, Bond Brewing, McEwans Hardware and Brashs. He is also a former Director and Chairman of the Victorian Public Transport Corporation. Lindsay is a member of the Advisory Board of Coolmore Australia and a Fellow of the Australian Institute of Company Directors. He is Chairman of Transurban Group, Managing Director of Align Capital Pty Ltd and Director of BHP Billiton Limited, BHP Billiton plc and Baker IDI Heart and Diabetes Institute Holdings Limited and is a member of the Takeovers Panel, Powerhouse Museum Trustee Board and Director Advisory Panel to ASIC.

Gail Kelly, HigherDipEd, BA, MBA with Distinction, HonDBus. Age 58. Managing Director & Chief Executive Officer since February 2008. Gail began her banking career in 1980, and by 2001 Gail had held various senior management roles in a broad range of areas including retail and commercial banking, strategy, marketing and human resources. Gail has spent over twelve years as Chief Executive Officer of two Australian banks, St. George Bank from 2002 to 2007 and Westpac from 2008 to date. She serves on the Prime Minister's Indigenous Advisory Council and is CARE Australia's Ambassador for Women's Empowerment. Internationally, Gail is Vice President of the International Monetary Conference, she sits on the Global Board of Advisers at the U.S. Council on Foreign Relations and is a member of the Group of Thirty. Gail is also the chairman of the Australian Banker's Association and a Non-executive Director of the Business Council of Australia and the Financial Markets Foundation for Children.

Elizabeth Bryan AM, BA (Econ.), MA (Econ.). Age 68. Director since November 2006. Elizabeth has over 33 years experience in the financial services industry, government policy and administration and on the boards of companies and statutory organisations. Prior to becoming a professional director she served for six years as Managing Director of Deutsche Asset Management and its predecessor organisation, NSW State Superannuation Investment and Management Corporation. In March 2014, Elizabeth was appointed a member of the Australian Treasury Advisory Council. Elizabeth is currently Chairman of Caltex Australia Limited.

Ewen Crouch AM, BEc (Hons), LLB, FAICD. Age 58. Director since February 2013. Ewen is one of Australia's most accomplished mergers and acquisitions (M&A) lawyers, having worked on some of Australia's most significant M&A transactions during his career as partner at Allens from 1988 to 2013. He served as a member of the firm's board for 11 years including 4 years as Chairman of Partners as well as holding the following roles whilst a partner: Co-Head Mergers & Acquisitions and Equity Capital Markets. Executive Partner, Asia Officers and Deputy Managing Partner. In 2010 he was appointed as a member of the Takeovers Panel. Ewen is a fellow of the Australian Institute of Company Directors and is a member of the AICD's Law Committee. Ewen is also a member of the Corporations Committee of the Law Council of Australia. In 2013, he was awarded an order of

Australia in recognition of his significant service to the law as a contributor to legal professional organisations and the community. He is admitted to practice law in New South Wales, Victoria, the Australian Capital Territory and Western Australia. Ewen is a director of Bluescope Steel Limited and the Sydney Symphony Orchestra. He is also Chairman of Mission Australia.

Alison Deans, BA, MBA, GAICD. Age 46. Director since April 2014. Alison has more than 20 years experience in senior management and strategy consulting roles focused on e-commerce, media and financial services in Australia. During this time Alison held a number of senior executive roles including as the CEO of eCorp Limited, Hoyts Cinemas and eBay, Australia and New Zealand. Most recently she was the CEO of the technology based investment company netus Pty Ltd, which was acquired by Fairfax Limited in 2012. Alison was appointed an independent Non-executive director of Insurance Australia Group Limited in 2013 and was an Independent Director of Social Ventures Australia from 2007 to 2013, she was appointed by the Australian Government to a Panel of Experts conducting an independent cost benefit analysis and a regulatory review of the regulatory arrangements for the National Broadband Network. Alison is also a director of Kikki K Holdings Pty Limited.

Robert Elstone, BA (Hons.), MA (Econ.), MCom. Age 61. Director since February 2012. Robert has over 30 years experience in senior management roles spanning investment banking, corporate finance, wholesale financial markets and risk management. From 2006 to 2011, Robert was Managing Director and CEO of the Australian Securities Exchange. Previously he was Managing Director and CEO of the Sydney Futures Exchange from 2000 to 2006 and from 1995 to 2000 he was Finance Director of Pioneer International. Robert was a Non-executive Director of the National Australian Bank from 2004 to 2006, an inaugural member of the Board of Guardians of the Future Fund in 2006 and during the years 2007 to 2009, he was Chairman of the Financial Sector Advisory Council to the Federal Treasurer. Robert is an Adjunct Professor at the Business Schools of the Universities of Sydney and Western Australia. Robert was appointed to the University of Western Australia Business School Board at the start of 2013.

Peter Hawkins, BCA (Hons.), SF Fin, FAIM, ACA (NZ), FAICD. Age 60. Director since December 2008. Peter's career in the banking and financial services industry spans over 42 years in Australia and overseas at both the highest levels of management and directorship of major organisations. Peter has held various senior management and directorship positions with Australia and New Zealand Banking Group Limited from 1971 to 2005. He was also a Director of BHP (NZ) Steel Limited from 1990 to 1991, ING Australia Limited from 2002 to 2005 and Esanda Finance Corporation from 2002 to 2005 and Visa Inc. from 2008 to 2011. He is a Director of Mirvac Group, Liberty Financial Pty Ltd, Treasury Corporation of Victoria, Murray Goulburn Co-operative Co. Limited and Clayton Utz. He is also a member of the Bank of Melbourne Advisory Board.

Peter Marriott, BEc (Hons), FCA. Age 57. Director since June 2013. Peter has over 30 years experience in senior management roles in the finance industry encompassing international banking, finance and auditing. Peter joined Australia and New Zealand Banking Group Limited (ANZ) in 1993 and held the role of Chief Financial Officer from 1997 to May 2012. Prior to his career at ANZ, Peter was a banking and finance and audit and consulting partner at KPMG Peat Marwick. Peter has been a Non-executive Director of ASX Limited (and Chairman of its Board Audit & Risk Committee) since 1 July 2009. This appointment has involved Peter acting as a Director on the ASX Group Clearing and Settlement Boards and as Chairman of Austrclear Limited. Peter was formerly a Director of ANZ National Bank Limited in New Zealand and various ANZ subsidiaries.

Ann Pickard, BA, MA. Age 59. Director since December 2011. Ann has 25 years of international experience as a senior manager in large organisations, with responsibility for major corporate transformations, maximising return on assets in challenging environments, complex negotiations, large-scale development projects and strategic planning. In June 2013, Ann was appointed Royal Dutch Shell's Executive Vice President Arctic, Upstream Americas. Before her current role Ann was the Executive Vice President of Shell's upstream business in Australia from March 2010, and later her role was expanded to Country Chair of Australia in August 2010. Prior to this, Ann was Shell's Regional Executive Vice President for Sub Sahara Africa, overseeing the company's exploration and production, gas and LNG activities in the region. She has also held the position of Director – Global Businesses and Strategy and been a member of the Shell Gas & Power Executive Committee with responsibility for Global LNG, Power and Gas & Power Strategy. Ann will retire from the Westpac board following Westpac's 2014 Annual General Meeting.

Director Independence and avoidance of conflicts of interest by a Director

The Board assesses the independence of its Directors on appointment and annually. Each Director provides an annual attestation of his or her interests and independence.

Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. Materiality is assessed on a case-by-case basis by reference to each Director's individual circumstances rather than by applying general materiality thresholds.

Each Director is expected to disclose any business or other relationship that he or she has directly or as a partner, shareholder or officer of a company or other entity that has an interest in Westpac or a related entity. The Board considers information about any such interests or relationships, including any related financial or other details, when it assesses the Director's independence.

In assessing independence, the Board will have regard to whether the Director or an immediate family member has any of the following relationships:

- a substantial shareholder (as defined in Section 9 of the Australian Corporations Act 2001) of Westpac or an officer of, or otherwise associated directly with, a substantial shareholder of Westpac;
- within the last five years, employment in an executive capacity by Westpac or another Westpac Group member, or been a director of Westpac after ceasing employment with Westpac;
- within the last five years, been a principal of a material professional adviser or a material consultant to Westpac or another Westpac Group member, or an employee materially associated with the service provided;
- within the last five years, a present or former affiliation with or employment by a present or former internal or external auditor of Westpac or another Westpac Group member who has worked on the Westpac (or Westpac Group member) audit;

- within the last five years, employment by any entity while that entity had an executive officer of Westpac or another Westpac Group member on its compensation committee;
- a material supplier or customer of Westpac or another Westpac Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer of Westpac or any other Westpac Group member;
- a material contractual relationship with Westpac or another Westpac Group member other than as a Director or Committee member of Westpac or another Westpac Group member;
- has served on the Board of Westpac or of another Westpac Group member for a period in excess of 12 years or which having regard to all the circumstances could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Westpac; or
- has an interest or a business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Westpac.

All eight Non-executive Directors are considered to be independent. Each Director provides an annual attestation of his or her interests and independence.

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and apparent) between their duty to Westpac and their own interests. All Directors are required to disclose any actual or potential conflict of interest upon appointment and are required to keep these disclosures to the Board up-to-date.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and, unless the Board determines otherwise, they may not be present in boardroom discussions or vote on matters on which they face a conflict.

As at the date of this Information Memorandum, taking into account the above criteria and relationships, there are no existing or potential conflicts of interest between any duties owed to Westpac by its directors and the private interests or duties of those directors. In respect of potential conflicts of interest that may arise in the future, Westpac will manage such conflicts in accordance with the requirements of the Australian Corporations Act 2001 and other principles referred to above such that it does not expect that any actual conflicts of interest would arise.

Westpac's Corporate Governance

Framework and approach

Westpac's approach to corporate governance is based on a set of values and behaviours that underpin day to day activities, provide transparency and fair dealing, and seek to protect stakeholder interests.

This approach includes a commitment to excellence in governance standards which Westpac sees as fundamental to the sustainability of its business and performance. It includes monitoring local and global developments in corporate governance and assessing their implications.

Australia

Westpac complies with the ASX Corporate Governance Principles and Recommendations with 2010 amendments (“**ASXCGC Recommendations**”) published by the ASX Limited’s Corporate Governance Council (“**ASXCGC**”). Westpac must also comply with the *Australian Corporations Act 2001* and as an ADI Westpac must also comply with governance requirements prescribed by APRA under *Prudential Standard CPS 510 (Governance)*.

In the international arena, Westpac responds to a range of relevant corporate governance principles in developing its corporate governance framework.

Compliance with ASXCGC Principles and Recommendations

The ASX Listing Rules require listed entities (such as Westpac) to disclose the extent to which they have followed the ASXCGC Recommendations during the reporting period, identifying any recommendations that have not been followed and providing reasons for that variance.

Westpac believes that its governance practices complied with the ASXCGC Principles and Recommendations over the past financial year.

Westpac’s Board Audit Committee

Role of the Board Audit Committee

As detailed in its charter, the Board Audit Committee has oversight of:

- the integrity of the financial statements and financial reporting systems;
- the external auditor engagement, including the external auditor’s qualifications, performance, independence and fees;
- performance of the internal audit function;
- financial reporting and regulatory compliance with prudential regulatory reporting. With reference to the Board Risk and Compliance Committee, this includes an oversight of regulatory and statutory reporting requirements; and
- procedures for the receipt, retention and treatment of financial complaints, including accounting, internal controls or auditing matters and the confidential reporting by employees of concerns regarding accounting or auditing matters.

The Board Audit Committee reviews, discusses with management and the external auditor, and assesses:

- any significant financial reporting issues and judgements made in connection with the preparation of the financial reports;
- the processes used to monitor and comply with laws, regulations and other requirements relating to external reporting of financial and non-financial information;

- the major financial risk exposures; and
- the process surrounding the disclosures made by the CEO and CFO in connection with their personal certifications of the annual financial statements.

As part of its oversight responsibilities, the Board Audit Committee also conducts discussions with a wide range of internal and external stakeholders, including:

- the Board Risk and Compliance Committee, CFO, Chief Risk Officer (“**CRO**”), General Manager Group Assurance, management and the external auditor, about Westpac’s major financial risk exposures and the steps management has taken to monitor and control such exposures;
- the General Manager, Group Assurance and external auditor concerning their audit and any significant findings and the adequacy of management’s responses;
- management and the external auditor concerning the half-year and annual financial statements;
- management and the external auditor regarding any correspondence with regulators or government agencies and reports that raise issues of a material nature; and
- the Chief Operating Officer and the Chief Compliance Officer & General Counsel regarding any legal matters that may have a material impact on, or require disclosure in, the financial statements.

Periodically, the Board Audit Committee consults with the external auditor without the presence of management about internal controls over financial information, reporting and disclosure and the fullness and accuracy of Westpac’s financial statements. The Board Audit Committee also meets with the General Manager, Group Assurance without management being present.

Financial knowledge

The Board Audit Committee comprises four independent, Non-executive Directors and is chaired by Robert Elstone.

All Board Audit Committee members have appropriate financial experience, an understanding of the financial services industry and satisfy the independence requirements under the ASXCGC Recommendations, the *United States Securities Exchange Act of 1934* (as amended) and its related rules and the New York Stock Exchange (“**NYSE**”) Listing Rules.

The Board has determined that Lindsay Maxsted, member of the Board Audit Committee, is an ‘audit committee financial expert’ and independent in accordance with U.S. securities law.

The designation of Lindsay Maxsted as an audit committee financial expert does not impose duties, obligations or liability on him that are greater than those imposed on him as a Board Audit Committee member, and does not affect the duties, obligation or liability of any other Board Audit Committee member or Board member. Audit committee financial experts are not deemed as an ‘expert’ for any other purpose.

External auditor

The role of the external auditor is to provide an independent opinion that Westpac's financial reports are true and fair and comply with applicable regulations.

Westpac's external auditor is PricewaterhouseCoopers ("**PwC**"), appointed by shareholders at the 2002 annual general meeting ("**AGM**"). Westpac's present PwC lead audit partner is Michael Codling and the review audit partner is Matthew Lunn. Michael Codling and Matthew Lunn assumed responsibility for these roles in December 2011 and December 2012 respectively.

The external auditor receives all Board Audit Committee and Board Risk and Compliance Committee papers, attends all meetings of both Committees and is available to Committee members at any time. The external auditor also attends the AGM to answer questions from shareholders regarding the conduct of its audit, the audit report and financial statements and PwC's independence.

As Westpac's external auditors, PwC is required to confirm their independence and compliance with specified independence standards on a quarterly basis.

The roles of lead audit partner and review audit partner must be rotated every five years and cannot be resumed by the same person for a minimum of five years.

Westpac strictly governs its relationship with the external auditor, including restrictions on employment, business relationships, financial interests and use of its financial products by the external auditor.

Engagement of the External Auditor

To avoid possible independence or conflict issues, the external auditor is not permitted to carry out certain types of non-audit services for Westpac and may be limited as to the extent to which it can perform other non-audit services, as specified in Westpac's 'Pre-approval of engagement of PwC for audit and non-audit services' ("**Guidelines**"). Use of the external audit firm for any non-audit services must be assessed and approved in accordance with the pre-approval process determined by the Board Audit Committee and set out in the Guidelines.

Group Assurance (Internal audit)

Group Assurance is Westpac's internal audit function providing the Board and Executive Management with an independent and objective evaluation of the adequacy and effectiveness of management's control over risk. Group Assurance covers the governance, risk management and internal control frameworks of Westpac and its wholly owned subsidiaries. It has access to all Westpac Group entities and conducts audits and reviews following a risk-based planning approach, the outline of which has been approved by the Board Audit Committee.

Group Assurance provides regular reports to the Board Audit Committee and as deemed appropriate the Board Risk and Compliance Committee, and raises any significant issues with those Committees. The General Manager, Group Assurance operates under a Group Assurance charter approved by the Board Audit Committee and has a reporting line to the Chairman of that Committee.

Other matters***Litigation***

Contingent liabilities exist in respect of actual and potential claims and proceedings. An assessment of the Westpac Group's likely loss has been made on a case-by-case basis for the purpose of the financial statements and specific provisions have been made where appropriate.

Organisational Structure

Westpac's controlled entities are set out in Note 39 to the 2014 audited annual financial statements, which are incorporated by reference and form part of this Information Memorandum. Westpac Banking Corporation is the ultimate parent of the Westpac Group.

INFORMATION CONCERNING THE UNDERLYING SECURITIES

1. Share Capital

As at 30 September 2014, Westpac had 3,109,048,309 ordinary shares in issue (the “**Ordinary Shares**”).

2. Description of the type and class of securities admitted

The Ordinary Shares were created under Australian legislation and are admitted to trading on the Australian Securities Exchange (“**ASX**”).

Information concerning the past and future performance of the Ordinary Shares and their volatility may be obtained from:

<http://www.asx.com.au/asx/research/companyInfo.do?by=asxCode&allinfo=&asxCode=wbc>

3. Form and currency of the Ordinary Shares

The Ordinary Shares are denominated in A\$. The Ordinary Shares are in uncertified, registered form.

4. Rights attaching to the Ordinary Shares

Westpac was registered on 23 August 2002 as a public company limited by shares under the *Australian Corporations Act 2001* (the “**Corporations Act**”). Westpac’s constitution was most recently amended at the general meeting held on 13 December 2012 (the “**Constitution**”, as amended from time to time). The rights attaching to Westpac’s Ordinary Shares are set out in the Corporations Act and its Constitution, and include:

(a) Profits and dividends

Holders of Ordinary Shares are entitled to receive such dividends on those shares as may be declared by Westpac’s Directors from time to time.

Westpac’s Constitution requires that dividends be paid out of Westpac’s profits. In addition, under the Corporations Act, Westpac must not pay a dividend unless its assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for payment of the dividend. In addition, the payment must be fair and reasonable to the Westpac’s shareholders and must not materially prejudice Westpac’s ability to pay its creditors.

(b) Voting rights

Holders of Westpac’s fully paid Ordinary Shares have, at general meetings (including special general meetings), one vote on a show of hands and, upon a poll, one vote for each fully paid Ordinary Share held by them.

(c) Winding up

Subject to any preferential entitlement of holders of Westpac preference shares on issue at the relevant time, holders of Westpac Ordinary Shares are entitled to share equally in any surplus assets if Westpac is wound up.

Under the Corporations Act, unless otherwise provided by the terms of issue of a class of shares, the terms of issue of a class of shares in Westpac can only be varied or cancelled in any way by a special resolution of Westpac and with either the written consent of Westpac's shareholders holding at least three quarters of the votes in that class of shares or with the sanction of a special resolution passed at a separate meeting of the holders of that class of shares.

5. Change of control restrictions

Restrictions apply under the Corporations Act, the *Financial Sector (Shareholdings) Act 1998 of Australia* and the *Foreign Acquisitions and Takeovers Act 1975 of Australia*.

6. Listing

(a) Ordinary Shares

The Ordinary Shares are admitted to trading on the ASX, which handles the primary, secondary and derivative market services of the ASX Group. ASX operates Australia's primary national market for trading of securities issued by listed companies.

ASX was created by the merger of the Australian Stock Exchange and the Sydney Futures Exchange in July 2006. The origins of ASX can be traced to the formation of Australia's first stock exchange in Melbourne in 1861.

ASX functions as a market operator, clearing house and payments system facilitator. It also oversees compliance with its operating rules, promotes standards of corporate governance among Australia's listed companies and helps to educate retail investors.

ASX has over 2,100 listed companies, spread across all industry sectors and a range of geographical regions. It is the world's eighth largest equity market by free-float market capitalisation, the seventh largest exchange organisation and is consistently ranked in the top five exchanges for equity capital raising.

Price information is published on the ASX's website with a 20 minute delay. The volume of equity trades on the ASX on 12 November 2014 was 689,568 and for the month of October 2014 was 16,740,173. Daily trading volumes are calculated as at 5 p.m. on each trading day and do not include off-market trades occurring after 5 p.m. Monthly trading volumes include all trades occurring within a particular month, including those conducted off market, so the sum of the figures for the daily trading volumes for any given month may not equal the monthly trading volume figure.

Confidence in the operations of ASX is reinforced by the market supervision and regulatory role undertaken by the Australian Securities and Investments Commission ("**ASIC**") across

all trading venues and clearing and settlement facilities, as well as through the Reserve Bank of Australia's oversight of financial system stability. ASIC also supervises ASX's own compliance as a listed public company.

Further information on the ASX is available on the ASX's website.

(b) The Subordinated Instruments

The Subordinated Instruments may be listed and admitted to trading on the wholesale Interest Rate Securities Market of the Australian Securities Exchange. The Subordinated Instruments may also be issued under the Programme on the basis that they will be admitted to the official list of the Irish Stock Exchange and to trading on the Irish Stock Exchange's Global Exchange Market.

7. Conversion

Where the primary method of loss absorption is conversion in accordance with Condition 5.1(a) the Subordinated Instruments are subject to conversion into Ordinary Shares as described more fully in Condition 5 of the Terms and Conditions of the Subordinated Instruments, as set out on pages 67 to 71 of this Information Memorandum.

TAXATION

The information provided below does not purport to be a complete summary of Australian tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisers.

Australia

THE FOLLOWING IS A SUMMARY OF THE AUSTRALIAN WITHHOLDING TAX TREATMENT UNDER THE *INCOME TAX ASSESSMENT ACTS OF 1936 AND 1997 OF AUSTRALIA* (TOGETHER, THE "**AUSTRALIAN TAX ACT**") AT THE DATE OF THIS OFFERING MEMORANDUM OF PAYMENTS OF INTEREST BY THE ISSUER ON THE SUBORDINATED INSTRUMENTS AND CERTAIN OTHER MATTERS.

IT IS NOT EXHAUSTIVE AND, IN PARTICULAR, DOES NOT DEAL WITH THE POSITION OF CERTAIN CLASSES OF HOLDERS OF SUBORDINATED INSTRUMENTS (INCLUDING, WITHOUT LIMITATION, AUSTRALIAN RESIDENTS, NON-RESIDENTS THAT HOLD THE SUBORDINATED INSTRUMENTS THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA, DEALERS IN SECURITIES, OR CUSTODIANS OR THIRD PARTIES THAT HOLD THE SUBORDINATED INSTRUMENTS ON BEHALF OF ANY PERSON). NOR DOES IT DEAL WITH SUBORDINATED INSTRUMENTS ISSUED BY THE ISSUER FROM A BRANCH OUTSIDE AUSTRALIA, OR WITH DUAL CURRENCY SUBORDINATED INSTRUMENTS OR PARTLY PAID SUBORDINATED INSTRUMENTS. IF SUCH SUBORDINATED INSTRUMENTS ARE ISSUED, THEIR AUSTRALIAN TAXATION TREATMENT WILL BE SUMMARISED IN THE RELEVANT PRICING SUPPLEMENT.

THE FOLLOWING SUMMARY IS A GENERAL GUIDE AND SHOULD BE TREATED WITH APPROPRIATE CAUTION. IT IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED AS, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER. PROSPECTIVE HOLDERS SHOULD BE AWARE THAT THE PARTICULAR TERMS OF ISSUE OF ANY SERIES OF SUBORDINATED INSTRUMENTS MAY AFFECT THE TAX TREATMENT OF THAT AND OTHER SERIES OF SUBORDINATED INSTRUMENTS. HOLDERS SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

Australian interest withholding tax ("**IWT**")

Generally, payments of principal and interest on the Subordinated Instruments made by the Issuer to a Holder that is not a resident of Australia for Australian tax purposes ("**a Non-Resident**") (other than one deriving the interest in carrying on business in Australia at or through a permanent establishment in Australia) will not be subject to Australian taxes or duties other than IWT at a rate of 10% of the amount of an interest payment. However, IWT will not be payable if an exemption applies.

For IWT purposes, "interest" is defined to include amounts in the nature of, or paid in substitution for, interest and certain other amounts. Any premium or issue discount would be interest for these purposes.

There are also specific rules that can apply to treat a portion of the purchase price of the Subordinated Instruments as interest for IWT purposes when Subordinated Instruments that are originally issued at a discount, or with a maturity premium, or which do not pay interest at least

annually, are sold by a Non-Resident (other than one holding the Subordinated Instruments as part of a business carried on by it at or through a permanent establishment in Australia) to:

- a resident of Australia for Australian tax purposes ("**a Resident**") that does not acquire them in carrying on business at or through a permanent establishment in a country outside Australia; or
- a Non-Resident that acquires them in carrying on business in Australia at or through a permanent establishment in Australia.

Exemption from IWT under section 128F of the Australian Tax Act

Interest on the Subordinated Instruments will be exempt from IWT if the requirements of section 128F of the Australian Tax Act (section 128F) are satisfied in relation to the Subordinated Instruments.

The Issuer proposes to issue the Subordinated Instruments in a manner which will satisfy the requirements of section 128F.

The exemption from IWT available under section 128F is not intended to apply to related party loans. In particular, in order for that exemption to apply, the Issuer must not have known or had reasonable grounds to suspect, at the time of their issue, that any of the Subordinated Instruments, or an interest in the Subordinated Instruments, were being or would later be acquired either directly or indirectly by an Offshore Associate of the Issuer (other than one acting in the capacity of a dealer, manager or underwriter in relation to the placement of the Subordinated Instruments or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme (as defined in the *Australian Corporations Act 2001*)).

In addition, the exemption from IWT available under section 128F will not apply if, at the time of an interest payment in respect of a Subordinated Instrument, the Issuer knew or had reasonable grounds to suspect that the recipient of the payment was an Offshore Associate of the Issuer (other than one receiving the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (as defined in the *Australian Corporations Act 2001*)).

For these purposes, an "**Offshore Associate**" means an associate (as defined in section 128F) of the Issuer that is either:

- a Non-Resident that does not acquire the Subordinated Instruments and does not receive all payments under them in carrying on business in Australia at or through a permanent establishment in Australia; or
- a Resident that acquires the Subordinated Instruments and receives payments under them in carrying on business at or through a permanent establishment in a country outside Australia.

Accordingly, if you are an Offshore Associate of the Issuer, you should not acquire any of the Subordinated Instruments.

Payment of additional amounts because of a deduction or withholding in respect of IWT

If the Issuer is, at any time, compelled by law to deduct or withhold an amount in respect of IWT, then it must, subject to certain exceptions set out in Condition 8 (*Taxation*), pay such additional amounts as will result in the receipt by the Holders of such Subordinated Instruments of such amounts as would have been received by them had no such deduction or withholding been required.

However, it is noted that Condition 8 (*Taxation*) provides that the Issuer will not be obliged to pay such additional amounts on account of IWT which is payable by reason of the Holder being an associate (as defined in section 128F) of the Issuer.

Withholding under section 126 of the Australian Tax Act (“section 126”) on certain Subordinated Instruments in bearer form

Section 126 imposes a withholding tax, at the rate of (currently) 47%, on the payment of interest on bearer debentures if the issuer fails to disclose the names and addresses of certain holders of those debentures to the ATO. Section 126 does not apply to the payment of interest on debentures held by Non-Residents that do not carry on business at or through a permanent establishment in Australia where the issue of the debentures satisfied the requirements of section 128F. However, the operation of section 126 in relation to debentures held in some circumstances can be complex. Section 126 will not apply in any circumstances if the name and address of the holder of the bearer debentures is disclosed to the ATO. The ATO has issued a Taxation Determination stating that where interests in debentures are held by persons through a clearing house which lodges the bearer debentures with a common depositary, the disclosure of the name and address of the clearing house will be sufficient for section 126 purposes.

Condition 8 (*Taxation*) provides that the Issuer will not be obliged to pay additional amounts on account of taxes which it is required to deduct and withhold under section 126 (or any equivalent provision) in respect of interest payable on such bearer Subordinated Instruments where the tax would not be payable were the Holder not a "Resident of Australia" or a "Non-Resident" engaged in carrying on business in Australia at or through a permanent establishment of that "Non-Resident" in Australia.

Withholding for failure to provide Tax File Number (“TFN”) / Australian Business Number (“ABN”)

The Issuer is required to deduct and withhold tax from payments of interest at a rate that is currently 49% on the Subordinated Instruments unless a TFN or, in certain circumstances, an ABN has been provided to the Issuer by the Holder, or the Holder has supplied the Issuer with proof of some other relevant exemption.

Provided that the requirements of section 128F have been satisfied with respect to the Subordinated Instruments, the TFN / ABN withholding rules will not apply to payments to Holders that are Non-Residents and do not hold the Subordinated Instruments in carrying on business in Australia at or through a permanent establishment in Australia.

Condition 8 (*Taxation*) provides that the Issuer will not be obliged to pay additional amounts on account of taxes deducted or withheld on payments made in respect of Subordinated Instruments presented for payment by a Holder that could lawfully avoid (but has not so avoided) such deduction

or withholding by complying with any statutory requirements or making a declaration of non-residence or other claim or filing for exemption.

Other Australian withholding taxes

Non-resident withholding tax

Under section 12-315 of Schedule 1 to the *Taxation Administration Act 1953 of Australia* (“**TAA**”), regulations may be made that require amounts to be withheld on account of tax liabilities of Non-Residents from certain payments that are made by an Australian entity to such Non-Residents.

These rules do not currently apply to payments in relation to the Subordinated Instruments by the Issuer. However, the possible application of any future regulations to payments received by Non-Residents in respect of the Subordinated Instruments will need to be monitored.

Supply withholding tax

Payments in respect of the Subordinated Instruments will be able to be made free and clear of the “supply withholding tax” imposed under section 12-190 of Schedule 1 to the TAA.

Other Australian tax matters

Gains on disposal of Subordinated Instruments by Non-Residents

Non-Residents that have never held their Subordinated Instruments in the course of carrying on business at or through a permanent establishment within Australia will not be subject to Australian income tax on gains realised by them on the sale or redemption of the Subordinated Instruments provided that such gains do not have an Australian source. A gain arising on the sale of Subordinated Instruments by a Non-Resident Holder to another Non-Resident where the Subordinated Instruments are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia would not generally be regarded as having an Australian source.

Garnishee directions

The Commissioner of Taxation for Australia may give a direction under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the TAA or any similar provision requiring the Issuer to deduct or withhold from any payment to any other party (including any Holder) any amount in respect of tax payable by that other party. If the Issuer is served with such a direction, the Issuer intends to comply with that direction and make any deduction or withholding required by that direction.

Goods and services tax (“GST”)

Neither the issue, nor the receipt, of the Subordinated Instruments will give rise to a liability for GST in Australia on the basis that the supply of the Subordinated Instruments will comprise either an “input taxed financial supply” or (in the case of a supply to a Non-Resident Holder outside Australia) a “GST-free supply”. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal or redemption of the Subordinated Instruments, would give rise to any GST liability in Australia.

Estate duties

No Subordinated Instruments will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death.

Stamp duties

No ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Subordinated Instruments.

SUBSCRIPTION AND SALE

Subordinated Instruments may be issued from time to time by the Issuer to any one or more of Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities PLC., Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc, The Royal Bank of Scotland plc, UBS Limited and Westpac Banking Corporation (the “**Dealers**”). Subordinated Instruments may also be issued by the Issuer direct to institutions who are not Dealers. The arrangements under which Subordinated Instruments may from time to time be agreed to be issued by the Issuer to, and subscribed by, Dealers are set out in an amended and restated dealership agreement dated on or about 15 November 2013, as supplemented by way of a supplemental dealership agreement dated 14 November 2014 (the “**Dealership Agreement**”) and made between the Issuer and the Dealers. Any such agreement will, inter alia, make provision for the form and terms and conditions of the relevant Subordinated Instruments, the price at which such Subordinated Instruments will be subscribed for by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Subordinated Instruments.

Certain Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer’s affiliates. Dealers or their affiliates which have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which would consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially any Subordinated Instruments issued under the Programme. Any such short positions could adversely affect future trading prices of any Subordinated Instruments issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

United States of America:

Regulation S Category 2; TEFRA D, unless TEFRA C is specified as applicable in the relevant Pricing Supplement.

Neither Subordinated Instruments nor, if applicable, any Ordinary Shares issuable upon Conversion have been or will be registered under the *United States Securities Act of 1933*, as amended (the “**Securities Act**”), or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Subordinated Instruments in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealership Agreement, it will not offer, sell or deliver Subordinated Instruments or, if applicable, any Ordinary Shares issuable upon Conversion, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Subordinated Instruments comprising the relevant Tranche or, if applicable, any Ordinary Shares issuable upon Conversion, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Subordinated Instruments or, if applicable, any Ordinary Shares issuable upon Conversion to or through more than one Dealer, by each of such Dealers as to Subordinated Instruments of such Tranche or, if applicable, any Ordinary Shares issuable upon Conversion purchased by or through it, in which case the Fiscal Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to or for the account or benefit of U.S. persons, and such Dealer will have sent to each dealer to which it sells Subordinated Instruments or, if applicable, any Ordinary Shares issuable upon Conversion during the restricted period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Subordinated Instruments or, if applicable, any Ordinary Shares issuable upon Conversion within the United States or to or for the account or benefit of U.S. persons.

In addition, until 40 days after the commencement of the offering of Subordinated Instruments comprising any Tranche or, if applicable, any Ordinary Shares issuable upon Conversion, any offer or sale of Subordinated Instruments or, if applicable, any Ordinary Shares issuable upon Conversion within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

European Economic Area:

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Subordinated Instruments to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Subordinated Instruments to the public in that Relevant Member State:

- (a) if the Pricing Supplement in relation to the Subordinated Instruments specify that an offer of those Subordinated Instruments may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Subordinated Instruments which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such

prospectus or Pricing Supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Subordinated Instruments referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Subordinated Instruments to the public” in relation to any Subordinated Instruments in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Subordinated Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Subordinated Instruments, as the same may be varied in that Relevant Member State by any measure implementing the “Prospectus Directive” in that Relevant Member State, the expression Prospectus Directive means *Directive 2003/71/EC* (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means *Directive 2010/73/EU*.

United Kingdom:

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (1) General compliance: It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Subordinated Instruments in, from or otherwise involving the United Kingdom; and
- (2) Financial promotion: It has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Subordinated Instruments in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer.

Australia:

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that in connection with the distribution of the Subordinated Instruments, it:

- (i) will not make any offer or invitation in Australia or any offer or invitation which is received in Australia in relation to the issue, sale or purchase of any Subordinated Instruments unless the offeree is required to pay at least A\$500,000 for the Subordinated Instruments or its foreign currency equivalent (in either case disregarding amounts, if any, lent by the Issuer or other person offering the Subordinated Instruments or its associates (within the meaning of those expressions in Part 6D.2 of the *Corporations Act 2001 of Australia* (the “**Corporations Act**”)), or it is otherwise an offer or invitation for which by virtue of section 708 of the Corporations Act no disclosure is required to be made under Part 6D.2 of the Corporations Act and is not made to a retail client (as defined in section 761G of the Corporations Act); and
- (ii) has not circulated or issued and will not circulate or issue a disclosure document relating to the Subordinated Instruments in Australia or received in Australia which requires lodging under Division 5 of Part 6D.2 or under Part 7 of the Corporations Act.

Hong Kong:

In relation to each Tranche of Subordinated Instruments, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (A) it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**”), by means of any document, any Subordinated Instruments other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the *Laws of Hong Kong*, the “**SFO**”) and any rules made under the SFO; (b) in other circumstances which do not result in the document being a prospectus as defined in the *Companies (Winding Up and Miscellaneous) Ordinance* (Cap. 32 of the *Laws of Hong Kong*) or which do not constitute an offer to the public within the meaning of that Ordinance; or (c) Subordinated Instruments which are a “structured product” as defined in the SFO; and
- (B) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Subordinated Instruments, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Subordinated Instruments which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Japan:

The Subordinated Instruments have not been and will not be registered under the *Financial Instruments and Exchange Law of Japan* (Law No. 25 of 1948, as amended (the “**FIEL**”)) and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Subordinated Instruments, directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person, except pursuant to an exemption from the registration requirements

of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

France:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, directly or indirectly, any Subordinated Instruments to the public in France, and that offers and sales of Subordinated Instruments in France will be made only to providers of investment services relating to portfolio management for the account of third parties and/or to qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in Articles L.411-2 and D.411-1 of the *French Code monétaire et financier*, but excluding individuals.

No re-transfer, directly or indirectly, of the Subordinated Instruments in France, other than in compliance with applicable laws and regulations and in particular those relating to a public offering (which are, in particular, embodied in Articles L.411-1, L.411-2, L.412-1 and L.621-8 and seq. of the *French Code monétaire et financier*) shall be made.

In addition, each of the Dealers has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France, the Information Memorandum or any other offering material relating to the Subordinated Instruments other than to investors to whom offers and sales of Subordinated Instruments in France may be made as described above.

The Republic of Ireland:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (A) it will not underwrite the issue of, or place the Subordinated Instruments, otherwise than in conformity with the provisions of the *European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended)*, including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the *Investor Compensation Act 1998*;
- (B) it will not underwrite the issue of, or place, the Subordinated Instruments, otherwise than in conformity with the provisions of the *Companies Acts 1963 - 2013 (as amended) of Ireland (as amended)*, the *Central Bank Acts 1942 - 2013 (as amended)* and any codes of conduct rules made under Section 117(1) of the *Central Bank Act 1989*; and
- (C) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Subordinated Instruments, otherwise than in conformity with the provisions of the *Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended)* and any rules issued under Section 34 of the *Investment Funds, Companies and Miscellaneous Provisions Act 2005* by the Central Bank of Ireland.

Italy:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the offering of the Subordinated Instruments has not been registered pursuant to Italian securities legislation and, accordingly, the Subordinated Instruments may not be offered, sold or delivered, nor may copies of this Information Memorandum or any other document relating to the Subordinated Instruments be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("**Decree No. 58**") and Article 34-ter, first paragraph, letter b, of the Italian Securities Exchange Commission ("**CONSOB**") Regulation No. 11971 of 14 May 1999, as amended (the "**11971 Regulation**") provided that such qualified investors will act in that capacity and not as depositaries or nominees for other holders; or
- (b) in any other circumstances which are exempted from the rules on offers to the public pursuant to Article 100 of Decree No. 58 and 34-ter of the 11971 Regulation.

Furthermore, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer, sale or delivery of the Subordinated Instruments or distribution of copies of this Information Memorandum or any other document relating to the Subordinated Instruments in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with *Decree No. 58, Legislative Decree No. 385 of 1 September 1993, as amended* ("**Decree No. 385**"), CONSOB Regulation No. 16190 of 29 October 2007, as amended and any other applicable laws and regulations;
- (ii) in compliance with Article 129 of Decree No. 385 and the implementing guidelines of the Bank of Italy, as amended from time to time (*Istruzioni di Vigilanza della Banca d'Italia*), pursuant to which the issue, offer, sale, trading, or placement of securities in Italy may need to be followed by appropriate notice to be filed with the Bank of Italy; and
- (iii) in accordance with any other applicable notification requirements, limitations, laws and regulations, including (but not limited to) those imposed by CONSOB or by the Bank of Italy.

Each Dealer has acknowledged that, and agreed that it is aware of the fact that, pursuant to Italian laws, including Article 100-bis of Decree No. 58:

- (a) any subsequent resale of the Subordinated Instruments - which have been previously the subject of an exempted offer - shall be subject to registration and shall be accompanied by a prospectus to the extent that such a resale qualifies as an offer to the public and it is not exempted from the registration and prospectus requirements;
- (b) any subsequent and systematic resale of the Subordinated Instruments – which have been previously allotted in Italy or abroad to Qualified Investors (as defined above) – to individuals

(or entities) other than Qualified Investors over the 12 months following the original allotment qualifies as an offer to the public (subject to registration and to the publication of a prospectus) to the extent that it is not exempted from the registration and prospectus requirements;

- (c) if the resale under letter (b) above occurs in the absence of a properly published prospectus, the purchaser of the Subordinated Instruments – who has acted outside its professional or business purposes – may obtain a court order declaring the agreement for the purchase of the Subordinated Instruments null and void and obliging the authorised dealer who sold the Subordinated Instruments to pay damages incurred by the purchaser. Furthermore, the seller of the Subordinated Instruments:
- (i) shall ensure the repayment of the Subordinated Instruments' nominal value to the purchaser;
 - (ii) will be fined not less than one fourth of the overall counter value of the offer and not more than the double of that amount (unless such a counter value cannot be determined, in which case the fine would be not lower than EUR 100,000 and not higher than EUR 2,000,000);

and as a result of the levy of the financial sanctions referred to above, directors and officers of the seller are temporarily suspended from their office and are prevented from taking up or, as the case may be, are suspended from management and control positions in listed companies for a period of not less than two months and not more than three years.

The Netherlands:

The Subordinated Instruments may not be offered or sold, directly or indirectly, as part of any initial distribution or at any time thereafter, directly or indirectly, to any person other than to professional market parties (*professionele marktpartijen*) as defined in the Wft in The Netherlands.

In addition and without prejudice to the relevant restrictions set out directly above, each Dealer has represented, warranted and agreed that Zero Coupon Instruments (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of Euronext N.V. in full compliance with the *Dutch Savings Certificates Act (Wet inzake spaarbewijzen)* of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required in respect of (i) the initial issue of such Zero Coupon Instruments to the first Holders thereof, (ii) the transfer and acceptance of Zero Coupon Instruments in definitive form between individuals not acting in the conduct of a business or profession, or (iii) the transfer and acceptance of such Zero Coupon Instruments within, from or into The Netherlands if all Zero Coupon Instruments (either in definitive form or as rights representing an interest in a Zero Coupon Instrument in global form) of any particular Series or Tranche are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter.

As used herein “**Zero Coupon Instruments**” are Subordinated Instruments that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

In addition and without prejudice to the relevant restrictions set out directly above, each Dealer has represented, warranted and agreed, and each further Dealer appointed will be required to represent, warrant and agree, that as of 1 January 2012 it shall include in:

- (a) any offer of Subordinated Instruments to the public in The Netherlands other than an offer:
 - (i) in respect of which a prospectus (and, as the case may be, any supplement or supplements if required) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (the “**AFM**”) (or, where appropriate, by the competent authority in another Member State of the European Economic Area which has implemented the Prospectus Directive and notified to the AFM in accordance with the Prospectus Directive) has been made generally available; or
 - (ii) only to qualified investors as defined in the Prospectus Directive; and
- (b) any advertisement relating to such an offer, and any document in which the prospect of such offer is held out, that:
 - (A) no prospectus approved by the AFM has been or will be made generally available; and
 - (B) such offer is not supervised by the AFM,

in such manner as prescribed by the AFM from time to time.

For purposes of this provision the expression Prospectus Directive shall have the meaning set out under the paragraph above headed “European Economic Area”.

New Zealand:

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and agrees it will not, directly or indirectly, offer, sell or deliver any Subordinated Instruments, Receipts, Coupons and Talons in New Zealand or distribute any information memorandum (including this Information Memorandum), any Pricing Supplement or other offering memorandum or any advertisement in relation to any offer of Subordinated Instruments, Receipts, Coupons and Talons in New Zealand other than, at any time on or before 30 November 2014:

- (a) to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money or who in all cases can properly be regarded as having been selected otherwise than as a member of the public; or
- (b) in other circumstances where there is no contravention of the *Securities Act 1978 of New Zealand*; and

at any time on or after 1 December 2014, to a “wholesale investor” as that term is defined in clause 3(2) of Schedule 1 to the *Financial Markets Conduct Act 2013 of New Zealand*, being:

(a) a person who is:

- (i) an “investment business”;
- (ii) “large”; or
- (iii) a “government agency”,

in each case as defined in Schedule 1 to the *Financial Markets Conduct Act 2013 of New Zealand*; or

(b) a person who meets the “investment criteria” specified in clause 38 of *Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand*.

Where Subordinated Instruments are issued by the Issuer acting through its New Zealand branch or amounts payable in relation to any Subordinated Instruments are payable in New Zealand Dollars, each Dealer has represented and agreed that it has not offered or sold, and will not offer or sell, any Subordinated Instruments, Receipts, Coupons and Talons to persons whom it reasonably believes to be persons to whom any amounts payable on the Subordinated Instruments, Receipts, Coupons and Talons are or would be subject to New Zealand resident withholding tax, unless such persons:

- (a) certify they hold a valid RWT exemption certificate for New Zealand resident withholding tax purposes, and
- (b) provide a New Zealand tax file number to such Dealer (in which event the Dealer shall provide details thereof to the Issuer, the Registrar or any Paying Agent pursuant to the Issue and Paying Agency Agreement).

Singapore:

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the *Securities and Futures Act, Chapter 289 of Singapore, as amended* (the “**SFA**”). Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Subordinated Instruments may not be circulated or distributed, nor may Subordinated Instruments be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Subordinated Instruments are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Subordinated Instruments pursuant to an offer made under Section 275 of the SFA except:

1. to an institutional investor or to a relevant person defined in Section 275 (2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
2. where no consideration is or will be given for the transfer;
3. where the transfer is by operation of law;
4. as specified in Section 276(7) of the SFA; or
5. as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Spain:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent or agree, that the Subordinated Instruments might be offered or sold in the Kingdom of Spain by means of a public offer as defined under article 30bis of the *Spanish Securities Market Law, of 28 July 1988 (Ley 24/1988, de 28 de Julio, del Mercado de Valores)*, as amended and restated, and supplemental rules thereunder, subject to the fulfilment of the requirements and provisions applicable to public offerings in the Kingdom of Spain.

Taiwan:

The Subordinated Instruments may not be sold, offered or issued to Taiwan resident investors or in Taiwan unless they are made available, (i) outside Taiwan for purchase outside Taiwan by such investors and/or (ii) in Taiwan, (A) in the case of Subordinated Instruments which are a "structured product" as defined in the *Regulation Governing Offshore Structured Products of the Republic of China ("OSP Regulation")* through bank trust departments, licensed securities brokers and/or insurance company investment linked insurance policies pursuant to the OSP Regulation or (B) in the case of Subordinated Instruments which are not "structured products" under the OSP Regulation, through properly licensed Taiwan intermediaries (including the non-discretionary monetary trust of licensed banks in Taiwan acting as trustees) in such manner as complies with Taiwan law and regulation and/or (iii) in such other manner as may be permitted in accordance with applicable laws and regulations of Taiwan.

General:

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Subordinated

Instruments or possesses, distributes or publishes this Information Memorandum or any Pricing Supplement or any related offering material. Other persons into whose hands this Information Memorandum or any Pricing Supplement comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Subordinated Instruments or possess, distribute or publish this Information Memorandum or any Pricing Supplement or any related offering material.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) in official interpretation, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in this section.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Subordinated Instruments) or (in any other case) in a supplement to this document.

In addition, each Dealer has represented and agreed that, in connection with the distribution of the Subordinated Instruments, it has not sold Subordinated Instruments nor will it sell any Subordinated Instrument to a person if, at the time of the sale, the Dealer knew or had reasonable grounds to suspect that, as a result of the sale, the Subordinated Instrument, or an interest in the Subordinated Instrument, was being, or would later be, acquired either directly or indirectly by an Offshore Associate of the Issuer other than one acting in the capacity of dealer, manager or underwriter in relation to the placement of the Subordinated Instruments or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act.

GENERAL INFORMATION

1. Subordinated Instruments may be admitted to listing and/or trading on the wholesale Interest Rate Securities Market of the Australian Securities Exchange. Subordinated Instruments may be issued pursuant to the Programme which will not be admitted to listing and/or trading on the Australian Securities Exchange or any other listing authority and/or stock exchange or which will be admitted to listing and/or trading on such listing authority and/or stock exchange as the Issuer and the relevant Dealer(s) may agree.
2. The update of the Programme was authorised pursuant to a resolution of Westpac Banking Corporation's Directors passed on 31 October 2006 and an approval given on 29 April 2014 by Westpac Banking Corporation's Managing Director and Chief Executive Officer. The issuance of Subordinated Instruments under the Programme was authorised pursuant to a resolution of Westpac Banking Corporation's Directors passed on 5 March 2014. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Subordinated Instruments.
3. The Subordinated Instruments have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Subordinated Instruments of each Series will be specified in the Pricing Supplement relating thereto. The Subordinated Instruments have been accepted for clearance through the CMU Service. The CMU Service Subordinated Instrument Number for each Series of Subordinated Instruments intended to be cleared through the CMU Service will be specified in the Pricing Supplement relating thereto. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Subordinated Instruments for clearance together with any further appropriate information.
4. Subordinated Instruments (other than where such Subordinated Instruments are Temporary Global Instruments) and any Coupon appertaining thereto will bear a legend substantially to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code." The sections referred to in such legend provide that a United States person who holds a Subordinated Instrument, Receipt or Coupon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Subordinated Instrument, Receipt or Coupon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.
5. Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the Fiscal Agent in relation to each Tranche of Subordinated Instruments.
6. The prior specific approval of the Reserve Bank of Australia must be obtained in connection with certain transfers of Australian currency, payments made or sums credited in Australia and transactions involving the sale or purchase of foreign currency by persons in Australia or by Australian residents, in each case which have a prescribed connection with entities designated from time to time by the Reserve Bank of Australia for the purposes of the *Banking (Foreign Exchange) Regulations 1959*.

In accordance with the *Charter of the United Nations Act 1945* and the *Charter of the United Nations (Dealings with Assets) Regulations 2008*, a person is prohibited from using or dealing with funds, financial assets or economic resources of persons or entities listed as terrorists by the Minister of Foreign Affairs in the Commonwealth of Australia Gazette. It is also a criminal offence to make assets available to such persons or entities.

In addition, regulations in Australia also prohibit payments, transactions and dealings with assets having a prescribed connection with certain countries or named individuals or entities associated with terrorism.

7. Any person (and each employee, representative, or other agent of such person) may disclose to any and all persons, without limitation of any kind, the United States Federal income tax treatment and the United States Federal income tax structure of the Subordinated Instrument, Coupon or Talon and all materials of any kind (including opinions or other tax analyses) that are provided to such Holder relating to such tax treatment and tax structure.
8. There are no, nor during the 12 months before the date of this Information Memorandum have there been any, legal, arbitration or governmental proceedings (including any such proceedings which are pending or threatened) of which the Issuer or its controlled entities are aware involving the Issuer or any of its controlled entities which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer and its controlled entities taken as a whole.
9. Since 30 September 2014, the last day of the financial period in respect of which the most recent published audited consolidated financial statements of the Issuer have been prepared, there has been no material adverse change in the prospects of the Issuer and its controlled entities taken as a whole.
10. Since 30 September 2014, the last day of the financial period in respect of which the most recent published audited consolidated financial statements of the Issuer have been prepared, there has been no significant change in the financial position of the Issuer and its controlled entities taken as a whole.
11. The Issuer's consolidated financial statements for the periods ended 30 September 2014 and 30 September 2013 have been prepared in accordance with Australian International Financial Reporting Standards.
12. PricewaterhouseCoopers Australia ("**PwC Australia**"), Chartered Accountants, audited the Issuer's consolidated financial statements for the periods ended 30 September 2014 and 30 September 2013 in accordance with Australian Auditing Standards. PwC Australia partners are members or affiliate members of the Institute of Chartered Accountants in Australia.
13. The liability of PwC Australia, with respect to claims arising out of its audit reports, is subject to the limitations set forth in the *Professional Standards Act 1994 of New South Wales, Australia* (the "**Professional Standards Act**") and The Institute of Chartered Accountants in Australia (NSW) Scheme adopted by The Institute of Chartered Accountants in Australia ("**ICAA**") and approved by the New South Wales Professional Standards Council pursuant to the Professional Standards Act (the "**NSW Accountants Scheme**" or, in relation to matters

occurring on or prior to 7 October 2007, the predecessor scheme). The Professional Standards Act and the NSW Accountants Scheme may limit the liability of PwC Australia for damages with respect to certain civil claims arising in, or governed by the laws of, New South Wales directly or vicariously from anything done or omitted in the performance of its professional services for the Issuer, including, without limitation, its audits of the Issuer's financial statements, to the lesser of (in the case of audit services) ten times the reasonable charge for the service provided and a maximum liability for audit work of A\$75 million or, in relation to matters occurring on or prior to 7 October 2007, A\$20 million. The limit does not apply to claims for breach of trust, fraud or dishonesty.

In addition, there is equivalent professional standards legislation in place in other states and territories in Australia and amendments have been made to a number of Australian federal statutes to limit liability under those statutes to the same extent as liability is limited under state and territory laws by professional standards legislation.

These limitations of liability may limit recovery upon the enforcement in Australian courts of any judgment under U.S. or other foreign laws rendered against PwC Australia based on or related to its audit report on the Issuer's financial statements. Substantially all of PwC Australia's assets are located in Australia. However, the Professional Standards Act and the NSW Accountants Scheme have not been subject to judicial consideration and therefore how the limitation will be applied by the courts and the effect of the limitation on the enforcement of foreign judgments are untested.

14. For so long as the Programme remains in effect or any Subordinated Instruments are outstanding, copies of the following documents may be inspected in physical form during normal business hours at the office of the Fiscal Agent (or the other specified office(s) of the Paying Agent(s) in the United Kingdom) specified on page 165 of this Information Memorandum and at the registered head office of the Issuer, namely:
 - (a) the constitutional documents of the Issuer;
 - (b) the Information Memorandum in relation to the Programme, together with any supplements thereto;
 - (c) the Issue and Paying Agency Agreement;
 - (d) the Deed of Covenant;
 - (e) the most recently publicly available audited financial statements of the Issuer beginning with such financial statements (including the auditors' report thereon and notes thereto) for the years ended 30 September 2013 and 30 September 2012; and
 - (f) any Pricing Supplement relating to Subordinated Instruments which are listed, traded and/or quoted on or by any competent listing authority, stock exchange and/or quotation system. (In the case of any Subordinated Instruments which are not listed, traded and/or quoted on or by any competent listing authority, stock exchange and/or quotation system, copies of the relevant Pricing Supplement will only be available for inspection by a Holder of or, as the case may be, a Relevant

Account Holder (as defined in the Deed of Covenant) in respect of, such Subordinated Instruments).

15. The price at which any Series of Subordinated Instruments will be offered will be established by the Issuer and relevant Dealer(s) on or before the applicable Issue Date of the relevant Series of Subordinated Instruments in accordance with prevailing market conditions and will be disclosed in the applicable Pricing Supplement. The Issue Price of the Subordinated Instruments of any Series may be less than, equal to or greater than the par value of the relevant Series of Subordinated Instruments.

The amount of any expenses and/or taxes (if any) specifically charged to any subscriber or purchaser of the Subordinated Instruments of any Series will be disclosed in the applicable Pricing Supplement.

REGISTERED AND HEAD OFFICE OF THE ISSUER

Westpac Banking Corporation

Level 20, 275 Kent Street
Sydney NSW 2000
Australia

DEALERS

Barclays Bank PLC

5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

BNP Paribas

10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

Goldman Sachs International

Peterborough Court
133 Fleet Street
London EC4A 2BB
United Kingdom

J.P. Morgan Securities PLC

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

Morgan Stanley & Co. International plc

25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR
United Kingdom

Nomura International plc

1 Angel Lane
London EC4R 3AB
United Kingdom

UBS Limited

1 Finsbury Avenue
London EC2M 2PP
United Kingdom

Westpac Banking Corporation

Level 20, 275 Kent Street
Sydney NSW 2000
Australia

**AUDITORS OF WESTPAC BANKING
CORPORATION**

PricewaterhouseCoopers

Darling Park Tower 2
201 Sussex Street
Sydney NSW 1171
Australia

FISCAL AGENT

The Bank of New York Mellon

One Canada Square
London E14 5AL
United Kingdom

LUXEMBOURG PAYING AGENT

The Bank of New York Mellon (Luxembourg) S.A.

Vertigo Building, Polaris
2-4 rue Eugène Ruppert
L-2453 Luxembourg

HONG KONG PAYING AGENT AND LODGING AGENT

The Bank of New York Mellon, Hong Kong Branch

24/F, Three Pacific Place
1 Queen's Road East
Hong Kong

LEGAL ADVISERS

To the Issuer as to English law

Slaughter and May

One Bunhill Row
London EC1Y 8YY
United Kingdom

To the Issuer as to Australian law

King & Wood Mallesons

Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia

To the Dealers as to English law

Sidley Austin LLP

Woolgate Exchange
25 Basinghall Street
London EC2V 5HA
United Kingdom