OFFERING MEMORANDUM

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

Pages 1 to 190 (inclusive) of this Offering Memorandum comprise a base prospectus approved by the United Kingdom Financial Conduct Authority (the "***FCA***"), which is the United Kingdom competent authority for the purposes of *Directive 2003/71/EC* (as amended, including by *Directive 2010/73/EU*) (the "***Prospectus Directive***") and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of senior instruments under the Programme ("***Instruments*** *or* "***PD Instruments***") during the period of 12 months after the date hereof (the "***Base Prospectus***"). Application has been made to the London Stock Exchange plc (the "***London Stock Exchange***") for such Instruments to be admitted to trading on the London Stock Exchange's Regulated Market. The London Stock Exchange's Regulated Market is a regulated market for the purposes of *Directive 2004/39/EC* (the "***Markets in Financial Instruments Directive***").

Instruments may also be issued under the Programme on the basis that they will be unlisted or admitted to listing and/or trading by 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. Such instruments shall be "***PD Exempt Instruments***" (and, together with the PD Instruments, the "***Programme Instruments***"), being Instruments for which no prospectus is required to be published pursuant to the Prospectus Directive. Pages 191 to 216 (inclusive) of this Offering Memorandum comprise an offering circular, prepared in connection with the issuance of PD Exempt Instruments (the "***Offering Circular***"). The Offering Circular has not been reviewed or approved by the FCA and does not constitute a prospectus for the purpose of the Prospectus Directive.

Instruments issued on a subordinated basis may also be issued under the Programme (the "***Subordinated Instruments***") on the basis that they will be admitted to trading on the Australian Securities Exchange. Westpac will publish an information memorandum pursuant to which Subordinated Instruments may be issued under the Programme. Such information memorandum will not be approved by the FCA.

This Offering Memorandum supersedes any previous offering memorandum, base prospectus, information memorandum or information memorandum addendum describing the Programme. Any Programme Instruments issued under the Programme on or after the date of this Offering Memorandum are issued subject to the provisions described herein. This does not affect any instruments issued before the date of this Offering Memorandum.

Factors which could be material for the purpose of assessing the risks associated with the Instruments issued under the Programme are set out on pages 22 to 51 (inclusive) of this Base Prospectus.

The 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 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*. Instruments are being offered only in offshore transactions in accordance with Regulation S under the *Securities Act* and, in certain limited circumstances, Registered Instruments may be offered only to 'qualified institutional buyers' in accordance with Rule 144A under the *Securities Act*, in each case, in compliance with applicable securities laws.

Arranger for the Programme

UBS Investment Bank

Dealers

Barclays	**Goldman Sachs International**	**RBC Capital Markets**
BNP PARIBAS	**HSBC**	**Standard Chartered Bank**
BofA Merrill Lynch	**J.P. Morgan**	**UBS Investment Bank**
Citigroup	**Morgan Stanley**	**Westpac Banking Corporation**
Deutsche Bank	**Nomura**	**Westpac Europe Limited**

10 November 2017

S&P Global Ratings Australia Pty Limited has assigned Westpac a senior unsecured credit rating of AA-. The outlook for the rating is negative. The short-term credit rating assigned by S&P Global Ratings Australia Pty Limited to Westpac is A-1+. Moody's Investors Service Pty Limited has assigned Westpac a senior unsecured credit rating of Aa3. 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 S&P Global Ratings Australia Pty Limited nor Moody's Investors Service Pty Limited is established in the European Union (the "***EU***") or has applied for registration under *Regulation (EU) No. 1060/2009*, as amended (the "***CRA Regulation***"). However, S&P Global Ratings 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 EU and registered under the CRA Regulation.

The Issuer accepts responsibility for the information contained in this Base Prospectus and each Final Terms. 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 Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Relevant third party information has been extracted from sources as specified in this Base Prospectus. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Instruments shall in, any circumstances, imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Instruments of any information coming to their attention.

References herein to the "***Programme Date***" are to the date specified on the cover of this Base Prospectus.

This Base Prospectus should be read and construed together 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 Instruments, should be read and construed together with the relevant Final Terms (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 Base Prospectus 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 Base Prospectus. Neither the delivery of this Base Prospectus nor any Final Terms nor the offering, sale or delivery of any Instrument shall, in any circumstances, create any implication that the

information contained in this Base Prospectus is true subsequent to the date thereof or the date upon which this Base Prospectus 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 Base Prospectus 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 Base Prospectus and any Final Terms and the offering, sale and delivery of the Instruments in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms 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 Instruments and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Instruments, see the "**Subscription and Sale**" section in this Base Prospectus. In particular, the Instruments have not been and will not be registered under the *Securities Act* and may include Instruments in bearer form which are subject to U.S. tax law requirements. Subject to certain exceptions, Instruments may not be offered, sold or delivered within the United States or to, or for the account of, U.S. persons within the meaning of Regulation S under the *Securities Act* ("***U.S. person***"). Neither this Base Prospectus nor any Final Terms 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.

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

Each potential investor in the Instruments must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Instruments, the merits and risks of investing in the Instruments and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Instruments and the impact the Instruments will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Instruments, including Instruments with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Instruments and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Instruments are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Instruments which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Instruments will perform under changing conditions, the resulting effects on the value of the Instruments and the impact this investment will have on the potential investor's overall investment portfolio.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Instruments in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of the Instruments may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Instruments may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Dealers which would permit a public offering of any Instruments or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Instruments may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Instruments may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Instruments. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Instruments in New Zealand, Australia, the United States, the European Economic Area ("***EEA***") (including the United Kingdom, The Netherlands, the Republic of Ireland, Italy, Spain and France), Japan, Singapore, Switzerland, Taiwan and Hong Kong; see the "***Subscription and Sale***" section in this Base Prospectus.

This Base Prospectus has been prepared on the basis that any offer of Instruments in any Member State of the EEA which has implemented the Prospectus Directive (each, a ***"Relevant Member State"***) will only be made to any legal entity which is a qualified investor as defined in the Prospectus Directive, as implemented in that Relevant Member State, and therefore pursuant to an exemption from the requirement to publish a prospectus for offers of Instruments. Accordingly, any person making or intending to make an offer in a Relevant Member State of Instruments which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Instruments may only do so in circumstances in which no obligation arises for 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, in each case in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do any of them authorise, the making of any offer of Instruments in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Instruments includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Instruments are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such

date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "***MiFID II***"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "***Insurance Mediation Directive***"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "***PRIIPs Regulation***") for offering or selling the Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The Issuer shall be entitled to issue Instruments under the Programme through a branch. Investors should be aware that a branch of the Issuer is not a subsidiary of the Issuer and does not comprise a separate legal entity. The Issuer is the only legal entity that will issue Instruments pursuant to this Base Prospectus. The obligations under Instruments issued by the Issuer acting through a branch are obligations of the Issuer only, and claims in respect of such Instruments shall be made against the Issuer. The determination by the Issuer of the branch for an issuance of Instruments will be based on specific considerations, including, without limitation, market, regulatory and tax considerations.

All references in this Base Prospectus to a "***Member State***" are references to a Member State of the EEA, references to "***U.S.$***", "***U.S. dollars***", "***USD***" or "***U.S. cents***" are to the lawful currency of the United States of America, all references to "***A$***", "***AUD***", "***Australian Dollar"*** and "***Australian cents***" are to the lawful currency of Australia, all references to "***NZ$***", "***NZD***" and "***NZ cents***" are to the lawful currency of New Zealand, all references to "***£***", "***Sterling***" and "***GBP***" are to the lawful currency of the United Kingdom, all references to "***Renminbi***" and "***CNY***" are to the lawful currency of the People's Republic of China, all references to "***S$***" are to the lawful currency of Singapore and all references to "***Yen***" or "***JPY***" are to the lawful currency of Japan. References to "***€***", "***Eur***", "***euro***" or, as the context may require, "***euro 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 EU 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 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 Instruments or effect transactions with a view to supporting the market price of the Instruments at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. 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 Instruments is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Instruments and 60 days after the date of the allotment of the relevant Tranche of 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.

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SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for these types of securities and this Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Words and expressions defined in "Terms and Conditions of the Instruments" shall have the same meanings in this summary.

Section A – Introduction and Warnings:		
A.1	Warning:	This summary should be read as an introduction to the Base Prospectus. Any decision to invest in the Instruments should be based on consideration of the Base Prospectus as a whole by the investor, including any information incorporated by reference. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor may, under the national legislation of the Member States, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information in order to aid investors when considering whether to invest in such Instruments.
A.2	Consent to use of this Base Prospectus:	*Issue specific summary* [Not Applicable: the Instruments are issued in denominations of at least €100,000 (or its equivalent in any other currency)]/ [Not applicable: the Instruments are issued in denominations of less than €100,000 (or its equivalent in any other currency) but will only be offered to any legal entity which is a qualified investor as defined in the Prospectus Directive, as implemented in that Relevant Member State, pursuant to an exemption from an obligation under the Prospectus Directive to publish a prospectus.]
Section B – Issuer:		
B.1	Legal and commercial name:	Westpac Banking Corporation.
B.2	Domicile, Legal Form, Country of Incorporation and Legislation under which the Issuer operates:	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 *Corporations Act 2001* of Australia.
B.4b	Known trends affecting the Issuer and its	The Australian economy has continued to grow solidly in 2017. GDP increased by 1.8 per cent. for the year to June 2017, being

	Industry:	affected by the severe weather along Australia's eastern seaboard in the March quarter 2017. As this impact fades, GDP growth is forecast to increase to around 3 per cent. by the end of calendar 2017. Recent growth has been supported by continued employment growth, more confidence around the global economy, higher commodity prices, a boost in public spending and a reduced drag from the slowdown in mining investment. Despite this encouraging news, the Reserve Bank of Australia ("***RBA***") has chosen to keep interest rates on hold. Concerns around consumers are a key issue. Income growth has been modest; household leverage has increased and household budgets are being impacted by rising energy costs. In New Zealand, the economy has also been sound with a solid pipeline of construction projects, strong population growth and low interest rates all supporting growth. Some construction delays and capacity constraints have however limited this growth. GDP growth has held at around 3 per cent., with unemployment of around 5 per cent. and inflation near 2 per cent. The international outlook has improved over the year. The consensus view at the recent IMF meeting in Washington was that 2017 has been the best year for synchronised global growth since the Global Financial Crisis. Within Australia, the 2018 outlook is for real GDP to grow at around 2.5 per cent., with growth expected to slow through the year. Inflation is also anticipated to remain at the lower end of the RBA's target band and this, along with a modest slowdown in growth is expected to see the RBA's cash rate hold at 1.5 per cent. through 2018. Financial system credit grew by just below 6 per cent. in the year to September 2017 with system housing credit rising 6.5 per cent., and system business credit expanding by 4.5 per cent. Other consumer credit declined over the year by just over 1 per cent. - this continues a path of no growth in other consumer credit for a number of years. Given the economic backdrop, and the further tightening of credit standards as the full consequences of macro-prudential measures flow through, growth in financial system credit in the year to September 2018 is expected to slow to around 4.5 per cent. In particular, housing credit growth is forecast to ease to closer to 5.0 per cent. while business credit is expected to slow to nearer 4.0 per cent. The financial services industry continues to experience significant regulatory change and pressure.
B.5	Group Position:	Westpac Banking Corporation is the ultimate parent of the

		Westpac group of companies (the "***Westpac Group***").
B.9	Profit Forecasts or Estimates:	Not applicable. No profit forecasts or estimates made.
B.10	Description of any Qualifications in the Audit Report on the Historical Financial Information:	Not applicable. The audit reports on the historical financial information are not qualified.
B.12	Key Historical Financial Information:	

	Year ended Sept-2017 (audited) A$m	*Year ended Sept-2016 (audited) A$m*	*Year ended Sept-2015 (audited) A$m*
Income statement			
Net interest income	15,516	15,148	14,267
Non-interest income	6,286	5,837	7,375
Net operating income before operating expenses and impairment charges	21,802	20,985	21,642
Operating expenses	(9,434)	(9,217)	(9,473)
Impairment charges	(853)	(1,124)	(753)
Profit before income tax	11,515	10,644	11,416
Income tax expense	(3,518)	(3,184)	(3,348)
Net profit attributable to non-controlling interests	(7)	(15)	(56)
Net profit attributable to owners of Westpac Banking Corporation	7,990	7,445	8,012
Balance sheet Total assets	851,875	839,202	812,156

		Loans	684,919	661,926	623,316
		Deposits and other borrowings	533,591	513,071	475,328
		Loan capital	17,666	15,805	13,840
		Total shareholders' equity and non-controlling interests	61,342	58,181	53,915
		Share information Weighted average number of ordinary shares on issue (million)	3,355	3,313	3,140
		Basic earnings per ordinary share (cents)	238.0	224.6	255.0
		Diluted earnings per ordinary share (cents)	229.3	217.8	248.2
		Dividends per ordinary share (cents)	188	188	187
		Ratios Total equity to total average assets (per cent.)	7.1	6.9	6.8
		Total capital ratio (per cent.)	14.82	13.1	13.3
		Dividend payout ratio (excluding special dividend) (per cent.)	79.28	84.2	73.4
		Return on average ordinary equity (per cent.)	13.65	13.3	16.2

		Operating expenses to operating income ratio (per cent.)	43.3	43.9	43.8
		Net interest margin (per cent.)	2.06	2.10	2.09
	Statement of no Material Adverse Change since Last Audited Financial Statements:	Since 30 September 2017, 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.			
	A Description of Significant Changes in Financial or Trading Position:	Since 30 September 2017, 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 or trading position of the Issuer and its controlled entities taken as a whole.			
B.13	Description of Recent Events Material to the Issuer's Solvency:	Not applicable. There have been no recent events material to the Issuer's solvency.			
B.14	If the Issuer is Dependent upon other Entities Within the Group, this must be Clearly Stated:	Not applicable. The Issuer is not dependent upon other entities within the Westpac Group.			
B.15	Issuer Principal Activities:	The Issuer is the ultimate parent of the Westpac Group. The Westpac Group is one of four major banking organisations in Australia and is 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. Westpac's operations comprise the following key customer-facing business divisions operating under multiple brands: Consumer Bank ("***CB***") is responsible for sales and service to consumer customers. CB works in an integrated way with BT Financial Group (Australia) ("***BTFG***") and Westpac Institutional Bank ("***WIB***") in the sales and service of select financial services and products including in wealth management and foreign exchange. Business Bank ("***BB***") is responsible for sales and service to micro, small-to-medium enterprise ("***SME***") and commercial business customers in Australia for facilities up to approximately A$150 million. The division operates under the Westpac, St.George, BankSA and Bank of Melbourne brands. BTFG is the Australian wealth management and insurance arm of the Westpac Group providing a broad range of associated			

		services. BTFG's funds management operations include the manufacturing and distribution of investment, superannuation, retirement products, wealth administration platforms, private banking, margin lending and equities broking. BTFG's insurance business covers the manufacturing and distribution of life, general and lenders mortgage insurance. WIB delivers a broad range of financial products and services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand. 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. Westpac New Zealand is responsible for 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 ("***WNZL***"), which is incorporated in New Zealand; and • Westpac Banking Corporation (New Zealand branch), which is incorporated in Australia. Westpac New Zealand operates via an extensive network of branches and automated teller machines ("***ATMs***") across both the North and South Islands. Westpac Group businesses include: (i) Treasury, which is responsible for the management of the Westpac Group's balance sheet including wholesale funding, capital and management of liquidity. Treasury also manages the interest rate risk and foreign exchange risks inherent in the balance sheet, including managing the mismatch between the Westpac Group's assets and liabilities. Treasury's earnings are primarily sourced from managing the Westpac Group's balance sheet and interest rate risk (excluding Westpac New Zealand), within set risk limits; (ii) Group Technology, which comprises functions responsible for technology strategy and architecture, infrastructure and operations, applications development and business integration; and (iii) Core Support, which comprises those functions performed centrally, including banking operations, property services, strategy, finance, risk, compliance, legal and human resources.

B.16	Control of the Issuer:	Not applicable. The Issuer's ordinary shares are currently listed on the Australian Securities Exchange and the New Zealand Exchange and American Depository Shares representing the Issuer's ordinary shares are currently listed on the New York Stock Exchange and the Issuer is not directly or indirectly owned or controlled by any other corporation(s) or by any foreign government.
B.17	Credit Ratings Assigned to the Issuer or its Debt Securities at the Request of or in Cooperation with the Issuer:	S&P Global Ratings Australia Pty Limited has assigned Westpac a senior unsecured credit rating of AA-. The outlook for the rating is negative. The short-term credit rating assigned by S&P Global Ratings Australia Pty Limited to Westpac is A-1+. Moody's Investors Service Pty Limited has assigned Westpac a senior unsecured credit rating of Aa3. 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. *Issue specific summary:* [[The Instruments to be issued [are not/have been/are expected to be] rated]/[The following ratings reflect ratings assigned to Instruments of this type issued under the Programme generally]]: [S&P Global Ratings Australia Pty Limited: [•]] [Moody's Investors Service Pty Limited: [•]]
Section C – Instruments:		
C.1	Description of the Type and Class of Securities:	Instruments will be issued in series (each a "***Series***"). Each Series may comprise one or more tranches ("***Tranches***") issued on different issue dates. The 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 Instruments in more than one denomination. The Instruments of each Tranche will all be subject to identical terms save that a Tranche may comprise Instruments of different denominations. Instruments may be issued in bearer or registered form. In respect of each Tranche of Instruments issued in bearer form, the Issuer will deliver a temporary global Instrument or, in respect of Instruments to which *U.S. Treasury Regulation §1.163-5(c)(2)(i)(C)* (the "***TEFRA C Rules***") applies, a permanent global Instrument. Such global Instrument 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 S.A. ("***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 either for a permanent global Instrument or, in certain cases, for Instruments

		in definitive bearer form and/or (in the case of certain Series comprising both bearer Instruments and registered Instruments) registered form in accordance with its terms. Each permanent global Instrument will be exchangeable for Instruments in definitive bearer form and/or (in the case of certain Series comprising both bearer Instruments and registered Instruments) registered form in accordance with its terms. 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, in certain cases, have payment receipts ("***Receipts***") attached. Instruments in bearer form are exchangeable in accordance with the terms thereof for Instruments in registered form. Instruments in registered form may not be exchanged for Instruments in bearer form. *Issue specific summary:* Series Number: [•] Tranche Number: [•] [Bearer Instruments:] [Initially represented by a Temporary Global Instrument or Permanent Global Instrument] [/] [Temporary Global Instrument exchangeable for a Permanent Global Instrument or for Definitive Instruments and/or (if the relevant Series comprises both Bearer Instruments and Registered Instruments) Registered Instruments] [/] [Permanent Global Instrument exchangeable at the option of the bearer for Definitive Instruments and/or (if the relevant Series comprises both Bearer Instruments and Registered Instruments) Registered Instruments] [/] [Registered Instruments:] [/] [Name and specified office of Registrar:] Form of Instruments: [•] Aggregate Nominal Amount: [•] ISIN: [•] Common Code: [•]
C.2	Currency:	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 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 Instruments are denominated. *Issue specific summary:* The Specified Currency or Currencies of the Instruments [is/are]

		[•].
C.5	A Description of any Restriction on the Free Transferability of Securities:	There is no such restriction on free transferability of the Instruments. The offering of the Instruments by the Dealers is subject to the selling restrictions with respect to the applicable laws of the jurisdiction in or from which the offering of the Instruments takes place, including the United States of America, the EEA, the United Kingdom, Australia, Hong Kong, Japan, France, the Republic of Ireland, Italy, The Netherlands, New Zealand, Taiwan, Spain, Singapore and Switzerland.
C.8	A Description of the Rights Attaching to the Securities, Including Ranking and any Limitation on those Rights:	***Payments*** Except for the Zero Coupon Instruments, all other Instruments confer the entitlement to receive interest in respect of each period for which the Instruments remain outstanding, and to be repaid the principal amount of the Instruments on maturity. ***Withholding Tax*** Payments in respect of Instruments, Receipts or Coupons 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 the jurisdiction, country or territory in which the branch through which the Issuer is acting in respect of a particular issuance of Instruments is located 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, the Issuer will (subject to customary exceptions) pay such additional amounts as will result in the Holders of Instruments, Receipts or Coupons receiving such amounts as they would have received in respect of such Instruments, Receipts or Coupons had no such withholding or deduction been required. ***Limitation on rights*** The Issuer may be entitled to redeem the Instruments prior to their stated Maturity Date, or to make repayment in a currency other than the currency in which the Instruments are denominated. ***Tax redemption*** Early redemption of the Instruments for tax reasons is permitted. ***Events of Default*** The Terms and Conditions contain Events of Default including those relating to (a) non-payment, (b) breach of other obligations, (c) winding-up, (d) cessation of business, (e) appointment of receiver, encumbrancer or official manager or execution of enforcement over assets, and (f) inability to pay debts as they fall due. The provisions include minimum thresholds, provisos and grace periods. ***Meetings of Holders of Instruments*** Meetings of Holders of Instruments may be called to consider matters affecting their interests generally. The provisions

		governing such meetings permit defined majorities to bind all Holders of Instruments including Holders who did not vote on the relevant resolution and holders who voted in a manner contrary to the majority. ***Governing law*** English law. *Issue specific summary:* ***Ranking*** The Instruments shall be issued on an unsubordinated basis and rank at least pari passu with all unsecured and unsubordinated obligations of the Issuer (other than those mandatorily preferred by Australian law).
C.9	Description of Rights Attaching to the Securities, including Nominal Interest Rate, Interest Payment Date, Maturity Date/Repayment Procedures, Indication of Yield and Name of Representative of Debt Security Holders:	**Interest periods and interest rates** Except for the Zero Coupon Instruments, the length of all other interest periods for all other Instruments and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Except for the Zero Coupon Instruments, all Instruments may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Instruments to bear interest at different rates in the same interest period. **Fixed Rate Instruments:** Fixed interest will be payable in arrear on the specified date or dates in each year. *Issue specific summary:* [Fixed Rate Instruments are not being issued] [Rate[(s)] of Interest: [•] per cent. per annum payable [•] in arrear on each Interest Payment Date Interest Payment Date(s): [[•] in each year subject to adjustment in accordance with the Business Day Convention set out below] [Fixed Coupon Amount[(s)]: [•] per Calculation Amount] Business Day Convention: [•] *Accrual Feature:* Applicable/Not applicable] [**Yield in respect of Fixed Rate Instruments:** The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. *Issue specific summary:* Indication of yield: [•]] **Floating Rate Instruments:** Floating Rate Instruments will bear interest determined separately for each Series. *Issue specific summary:* [Floating Rate Instruments are not being issued] *[Rates of Interest:*

		[•] month [•] +/- [•] per cent. per annum payable [•] in arrear on each Interest Payment Date [Interest Period(s): [•] Interest Payment Dates: [[•] in each year, subject to adjustment in accordance with the Business Day Convention set out below] First Interest Payment Date: [•] Interest Period End Dates: [•] (*Not applicable unless different from Interest Payment Dates*) Manner in which the Rate(s) of Interest is/are to be determined: [•] Business Day Convention: [•] *Accrual Feature:* Applicable/Not applicable] **Zero Coupon Instruments:** Zero Coupon Instruments may be issued at their nominal amount or at a discount to it and will not bear interest. *Issue specific summary:* [Zero Coupon Instruments are not being issued] [Amortisation Yield: [•] per cent. per annum] **Partly Paid Instruments:** Partly Paid Instruments may be issued where the subscription money is payable in more than one instalment. *Issue specific summary:* [Partly Paid Instruments are not being issued] [Number of instalments: [•] Amount of each instalment: [•] Date(s) of Payment: [•] Method of Payment: [•] First Forfeiture Date: [•] [*Accrual Feature:* Applicable/Not applicable]] **Dual Currency Instruments:** Dual Currency Instruments will bear interest determined separately for each Series, and interest may be payable in one or more currencies other than the currency of Denomination of the Instruments. *Issue specific summary:* [Dual Currency Instruments are not being issued.] [[Interest Period(s): [•]] [Specified Interest Payment Dates: [[•] in each year, subject to adjustment in accordance with the Business Day Convention set out below]] First Interest Payment Date: [•] Interest Period End Dates: [•]

		(*Not applicable unless different from Interest Payment Dates*) Manner in which the Rate(s) of Interest is/are to be determined: [•] Business Day Convention: [•]] **Maturity Date and arrangements for amortisation, including repayment procedures** *Issue specific summary*: [*Insert maturity date and arrangements for the amortisation of the Instruments, including the repayment procedures*]
C.10	Derivative Component in Interest Payments:	*Issue specific summary:* [Not applicable. There is not a derivative component in the interest payment.]/[•]
C.11, C.21	Whether Securities are or will be Object of Application for Admission to Trading:	Each Series of Instruments (other than PD Exempt Instruments) may be admitted to the Official List of the UK Listing Authority ("***UKLA***") and admitted to trading by the London Stock Exchange's Regulated Market.
Section D – Risks:		
D.2	Key Information on Issuer Specific Risks:	The following is a summary of the key risks relating to the Issuer: **Regulatory risk** Westpac is subject to detailed laws and regulations as a financial institution. As it operates and obtains funding in multiple jurisdictions, Westpac is subject to several different legal, regulatory and supervisory frameworks. Should Westpac fail to comply with all applicable laws and regulations, or should a supervisory body or authority take action against Westpac, this could adversely affect Westpac's business. Westpac faces a trend of increased supervision and regulation, and it is likely that the investment and management time which Westpac will be required to commit to compliance will increase as a consequence. This trend also creates regulatory uncertainty for Westpac. In particular, regulations requiring Westpac to maintain higher levels of liquidity and capital adequacy may in the future restrict the development of Westpac's business and operations. **Funding risk** Westpac relies on deposits, and credit and capital markets to fund its business and for liquidity. Adverse credit and capital market conditions or depositor preferences may significantly affect Westpac's ability to meet funding and liquidity needs and may increase its cost of funding. **Credit rating risk** A failure to maintain credit ratings could adversely affect Westpac's cost of funds, liquidity, competitive position and access to capital markets. **Economic risk** There can be no assurance that the market disruptions caused by potential sovereign debt defaults and/or bank failures in the Eurozone would not spread or that such events will not have an

		impact on Westpac. Such a shock could reduce consumer and business spending and the demand for Westpac's products and services, reduce the ability of Westpac's borrowers to repay their loans and reduce the ability of Westpac's counterparties to fulfil their obligations. These events may adversely affect Westpac's liquidity, financial performance or financial position. **Asset market risk** A decline in Australian, New Zealand or other asset markets could adversely affect Westpac's operations and profitability, impact the earnings of Westpac's wealth management business and impact customers and counterparties and the value of security Westpac holds. This would impact Westpac's ability to recover amounts owing to it in the event of a customer or counterparty default. It may also affect Westpac's level of provisioning which in turn impacts profitability. **Customer and counterparty default risk** Credit risk is the risk of financial loss where a customer or counterparty fails to meet their financial obligations to Westpac. It is a significant risk and arises primarily from Westpac's lending and derivatives activities. 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. **Competition risk** Westpac competes in a highly competitive industry with other financial services firms. 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.
D.3	Key Information on Securities:	The following is a summary of the key risks relating to the Instruments: **Change of law** The Terms and Conditions of the Instruments are governed by the laws of England in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of this Base Prospectus. **The secondary market generally** 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 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 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 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 Instruments. **Exchange rate risks and exchange controls** The Issuer will pay principal and interest on the 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 Instruments, (ii) the Investor's Currency-equivalent value of the principal payable on the Instruments and (iii) the Investor's Currency-equivalent market value of the Instruments. *Issue specific summary:* **Instruments subject to redemption for tax reasons** The Issuer may, subject to certain conditions, redeem outstanding affected Instruments where payments on those instruments have or will become subject to any additional amounts in respect of any withholding or deduction for tax. **Instruments subject to optional redemption by the Issuer** The Instruments may be redeemed at the Issuer's option in certain circumstances and accordingly the Issuer may choose to redeem the Instruments at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Instruments. An optional redemption feature of Instruments is likely to limit their market value. During any period when the Issuer may elect to redeem Instruments, the market value of those Instruments generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. **Fixed/Floating Rate Instruments** Fixed/Floating Rate Instruments may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market for, and the market value of, the Instruments since the Issuer may be

		expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Instruments may be less favourable than prevailing spreads on comparable floating rate instruments tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on the Issuer's other Instruments. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its other Instruments. **Instruments denominated in Renminbi are subject to additional risks** 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***") which may adversely affect the liquidity of Instruments denominated in Renminbi. 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. In addition, investment in the CNY Instruments is subject to exchange rate risks and is affected by changes in the PRC and international political and economic conditions.
Section E – Offer:		
E.2b	Reasons for the Offer and Use of Proceeds:	The net proceeds of the issue of the Instruments will be used by the Issuer for [general funding purposes/[•]].
E.3	A Description of the Terms and Conditions of the Offer:	Not Applicable. The Instruments will only be offered to any legal entity which is a qualified investor as defined in the Prospectus Directive, as implemented in that Relevant Member State, pursuant to an exemption from an obligation under the Prospectus Directive to publish a prospectus.
E.4	A Description of any Interest that is Material to the Issue/Offer, including Conflicting Interests:	[*Issue specific summary:* [Save for [•],]/[Not Applicable:] so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer, including conflicting interests.]
E.7	Expenses Charged to the Investor by the Issuer:	*Issue specific summary:* [No expenses will be charged by the Issuer to investors in the Instruments.] [The Issuer [is expected to/will] charge the investor in the Instruments the following expenses: [•]] [Commissions: [•]] [Management expenses: [•]]

RISK FACTORS

Westpac believes that the following material factors may adversely affect its ability to fulfil its obligations under 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 Instruments may occur for other reasons.

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

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

Prospective investors should note that the risks relating to Westpac, its industry and the Instruments summarised in the section of this document headed "Summary" are the risks that Westpac believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Instruments. However, as the risks which Westpac faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.

Words and expressions defined in the "Terms and Conditions of the Instruments" below or elsewhere in this Base Prospectus have the same meanings in this section, unless otherwise stated.

Risks relating to Westpac's business

Westpac's businesses are highly regulated and could be adversely affected by changes in laws, regulations or 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, the United Kingdom, the United States and various jurisdictions in Asia. Westpac is also supervised by a number of different regulatory and supervisory authorities which have broad administrative powers over its businesses. In Australia, the relevant regulatory authorities include the Australian Prudential Regulation Authority ("***APRA***"), 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 U.S. Office of the Comptroller of the Currency ("***OCC***"), the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission ("***CFTC***") and the U.S. Securities and Exchange Commission ("***SEC***"). In the United Kingdom, Westpac is subject to supervision and regulation by the FCA and the Prudential Regulation Authority ("***PRA***"). In Asia, Westpac is subject to supervision and regulation by local authorities, including the Monetary Authority of Singapore ("***MAS***"), the China Banking Regulatory Commission ("***CBRC***") and the Hong Kong Monetary Authority ("***HKMA***"). In other jurisdictions in which Westpac operates, including various Pacific countries, Westpac is also required to comply with relevant requirements of the local regulatory bodies.

The Westpac Group's business, reputation, prospects, financial performance and financial condition could all be affected by changes to law and regulation, changes to policies and changes in the supervisory activities of Westpac's regulators.

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, tax, anti-money laundering and counter-terrorism financing, conduct, competition and consumer protection (including in the design and distribution of financial products), remuneration, privacy, data access, prudential regulation, anti-bribery and corruption, and economic and trade sanctions.

Regulatory changes could impact Westpac in a number of ways. For example, new regulation could require it to have increased levels of liquidity and higher levels of, and better quality, capital and funding. Regulatory change could also result in restrictions on how Westpac operates its business by imposing restrictions on the types of businesses it can conduct, require Westpac or its competitors to change its business models or require Westpac to amend its corporate structure.

If regulatory change has any such effect, it could adversely affect one or more of Westpac's businesses, restrict its flexibility, require it to incur substantial costs and could impact the profitability of one or more of its business lines. Any such costs or restrictions could adversely affect Westpac's business, prospects, financial performance or financial condition.

Regulation may also affect how Westpac provides products and services to its customers. New laws and regulations could restrict Westpac's ability to provide products and services to certain customers (including by imposing regulatory limits on certain types of lending and on lending to certain customer segments), require Westpac to alter its product and service offerings and restrict its ability to set prices for certain products and services. These types of changes could affect Westpac's profitability by adversely affecting its ability to maintain or increase margins and fees. This could occur because a regulation seeks to place a cap on the price of a product or service Westpac provides, or because, in response to new regulation, Westpac increases the price it charges for a product or service. This price increase could lead to customers seeking out alternative products or services, whether within the Westpac Group or with a competitor (including customers switching residential mortgages from interest-only to principal and interest).

There are numerous sources of regulatory change that could affect Westpac's business. In some cases, changes to regulation are driven by international bodies. For example, in December 2010, the Basel Committee on Banking Supervision ("***BCBS***") announced a revised global regulatory framework known as Basel III. Basel III, among other things, increased the required quality and quantity of capital held by banks and introduced new standards for the management of liquidity risk. The BCBS continues to refine this framework, while, in July 2017, APRA took steps to implement the next wave of capital requirements for banks by clarifying its expectations for banks to hold "unquestionably strong" levels of capital. In other cases, authorities in the various jurisdictions in which Westpac operates or obtains funding may propose regulatory change for financial institutions. Examples of proposed regulatory change that could impact Westpac include changes to accounting and reporting standards, derivatives reform and changes to tax legislation (including dividend imputation).

Further changes may occur driven by policy, prudential or political factors. Westpac is currently operating in an environment where there is increased political scrutiny of the Australian financial services sector. This environment has served to increase the pace and scope of regulatory change. For example, as part of the Federal Government's 2017 Budget, a series of reforms impacting the

banking sector were announced, including the introduction of the Bank Executive Accountability Regime ("***BEAR***") and a new levy on Authorised Deposit-taking Institutions ("***ADIs***") with liabilities of at least A$100 billion.

Legislation introduced in one jurisdiction may lead to other governments seeking to introduce similar legislation in their jurisdiction. This was demonstrated by the South Australian Government's proposal to introduce a levy on the banks that are subject to the Federal Government's Bank Levy (as defined below). While it is unclear if the South Australian levy will come into effect, it is possible that other governments may attempt to introduce their own version of the Bank Levy or similar legislation in the future.

As part of the heightened political scrutiny on the financial services sector, the Australian Government, other regulators and parliamentary bodies are increasingly initiating reviews and inquiries (such as the Financial System Inquiry (the "***FSI***"), the House of Representatives Standing Committee on Economics' ongoing 'Review of Australia's Four Major Banks', the Senate Economics References Committee's inquiry into consumer protection in the banking, insurance and financial sector, the Productivity Commission Inquiry into Competition in the Australian Financial System and the ACCC inquiry into residential mortgage pricing). These reviews and commissions of inquiry could lead to substantial regulatory change or investigations, which could have a material impact on Westpac's business, prospects, financial performance or financial condition.

It is also possible that governments or regulators 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 by instituting macro-prudential limits on lending). Regulators or governments may take this action for a variety of reasons, including for reasons relating to national interest and/or systemic stability.

Regulatory changes and the timing of their introduction continue to evolve and Westpac manages its businesses in the context of regulatory uncertainty and complexity. The nature and impact of future changes are not predictable and are beyond Westpac's control. Regulatory compliance and the management of regulatory change are an important part of Westpac's planning processes. 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 new regulations. Furthermore, the challenge in managing regulatory change may be heightened by multiple jurisdictions seeking to adopt a coordinated approach to the introduction of new regulations. Where these jurisdictions elect not to adopt regulation in a uniform manner across each jurisdiction, this may result in conflicts between the specific requirements of the different jurisdictions in which Westpac operates.

Westpac's businesses are highly regulated and could be adversely affected by failing to comply with laws, regulations or regulatory policy

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.

The Westpac Group is subject to compliance risk, which is the risk of legal or regulatory sanction or financial or reputational loss, arising from its failure to abide by the compliance obligations required of it. This risk is exacerbated by the increasing complexity and volume of global regulation. Compliance

risk can also arise where Westpac interprets its regulatory obligations, compliance requirements and rights (including tax incentives) differently to its regulators or a court.

The Westpac Group's failure, or suspected failure, to comply with a compliance obligation could lead to a regulator commencing an investigation into the Westpac Group or taking other administrative or enforcement action against it. In addition, the failure or alleged failure of Westpac's competitors to comply with their compliance obligations could lead to increased regulatory scrutiny across the financial services sector.

In many cases, Westpac's regulators have broad administrative and enforcement powers. For example, under the *Banking Act 1959* (Cth), APRA can, in certain circumstances, 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). Other regulators also have the power to investigate, including looking into past conduct.

The powers exercisable by Westpac's regulators may also be expanded in the future. For example, the Australian Government has consulted on a proposal to provide ASIC with a product intervention power and has also consulted on expanding ASIC's powers to ban individuals working in the financial services sector.

Changes may also occur in the oversight approach of regulators which could result in a regulator exercising its enforcement powers rather than adopting a more consultative approach.

In recent years, there have been significant increases in the nature and scale of regulatory investigations, enforcement actions and the quantum of fines issued by global regulators. The nature of regulatory activity can be wide-ranging and may result in litigation, fines, penalties, reputational damage, revocation, suspension or variation of conditions of relevant regulatory licences (including potentially requiring Westpac to change or adjust its business model) or other enforcement or administrative action or agreements (such as enforceable undertakings).

For example:

- in April 2016, ASIC commenced civil proceedings against Westpac in the Federal Court of Australia, alleging certain misconduct in relation to the setting of the bank bill swap reference rate ("***BBSW***") in the period April 2010 to June 2012, including market manipulation and unconscionable conduct. Westpac is defending the proceedings;

- on 1 March 2017, ASIC commenced civil proceedings against Westpac in the Federal Court of Australia in relation to certain home loan responsible lending practices (including interest only lending). Westpac is defending the proceedings; and

- on 15 March 2017, Westpac entered into an enforceable undertaking with ASIC following ASIC's industry-wide investigation into wholesale Spot Foreign Exchange ("***FX***") trading activity between January 2008 and June 2013. As part of the enforceable undertaking, Westpac undertook, amongst other things, to continue to progress its programme of strengthening its policies and processes in its Spot FX trading business, with input from an independent expert.

Furthermore, regulatory activity may result in Westpac being exposed to the risk of litigation brought by third parties (including through class action proceedings). The outcome of such litigation (including

class action proceedings) may be payment of compensation to third parties and/or further remediation activities. In addition, action taken in one jurisdiction may prompt similar action to be taken in another jurisdiction.

During the year ended 30 September 2017, Westpac has responded to requirements, compulsory notices and requests for information from its regulators as part of both industry-wide and Westpac-specific reviews, including in relation to matters involving sales practices, responsible lending, reverse mortgages, interest-only loans, the provision of financial advice and ongoing advice service fees.

Regulatory investigations, litigation, fines, penalties, revocation, suspension or variation of conditions of relevant regulatory licences or other enforcement or administrative action or agreements (such as enforceable undertakings) could, either individually or in aggregate with other regulatory action, adversely affect Westpac's business, reputation, prospects, financial performance or financial condition.

The failure to comply with financial crime obligations could have an adverse effect on Westpac's business and reputation

The Westpac Group is subject to anti-money laundering and counter-terrorism financing laws, anti-bribery and corruption laws and economic and trade sanctions laws in the jurisdictions in which it operates. These laws can be complex, and are undergoing change in a number of jurisdictions. Furthermore, in recent years there has been increasing focus on compliance with these obligations, with regulators around the globe commencing large-scale investigations and taking enforcement action where they have identified non-compliance (often seeking significant monetary penalties).

While the Westpac Group has systems, policies, processes and controls in place that are designed to manage its financial crime obligations, these may not always be effective. If Westpac fails to comply with these obligations, it could face regulatory action such as litigation, fines, penalties and the revocation, suspension or variation of licence conditions. Non-compliance could also lead to litigation commenced by third parties (including class action proceedings) and cause the Westpac Group reputational damage. These actions could, either individually or in aggregate, adversely affect Westpac's business, reputation, 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 its reputation is damaged.

Reputation risk is the risk of loss of reputation, stakeholder confidence or public trust and standing. It arises where there are differences between stakeholders' current and emerging perceptions, beliefs and expectations and Westpac's current and planned activities, processes, performance and behaviours.

During the full year ended 30 September 2017, Westpac commenced a broader programme to reduce complexity and resolve prior issues that have the potential to impact customers and reputation. As part of these reviews, Westpac is strengthening its processes and controls in certain businesses and has identified some prior instances where it is now taking action to put things right so that its customers are not at a disadvantage from certain past practices.

There are various potential sources of reputational damage, including failure to effectively manage risks in accordance with Westpac's risk management frameworks, potential conflicts of interest, failure to comply with legal and regulatory requirements, failure to meet Westpac's market disclosure obligations, regulatory investigations into past conduct, adverse findings from regulatory reviews (including Westpac-specific and industry-wide reviews) making inaccurate public statements, environmental, social and ethical issues, engagement and conduct of external suppliers, failure to comply with anti-money laundering and counter-terrorism financing laws, anti-bribery and corruption laws, economic and trade sanctions 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 and inadequate record keeping which may prevent Westpac from demonstrating that a past decision was appropriate at the time it was made.

Westpac may incur reputational damage where one of its practices fails to meet evolving community expectations. As these expectations may exceed the standard required in order to comply with the law, Westpac may incur reputational damage even where it has met its legal obligations. A divergence between community expectations and Westpac's practices could arise in a number of ways, including in relation to its product and services disclosure practices, the features and benefits available under Westpac's products and use of data.

Westpac's reputation could also be adversely affected by the actions of the financial services industry in general or from the actions of its competitors, customers, suppliers and other counterparties. Furthermore, the risk of reputational damage may be heightened by the increasing use of social media.

Failure, or perceived 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 investigations, regulatory enforcement actions, fines and penalties or litigation brought by third parties (including class actions), require Westpac to remediate and compensate customers and incur 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 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 attackers (including organised crime and state-sponsored actors) 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 protect against, detect and respond to cyberattacks, these systems may not always be effective and 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 measures to protect the security, integrity and confidentiality of its information, there is a risk that the computer systems, software and networks on which it 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 suffered security breaches from sophisticated cyberattacks. Westpac's external service providers or other parties that facilitate its business activities (such as 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, the prominence of its customers (including government, mining and health) and its plans to continue to improve and expand its internet and mobile banking infrastructure.

Westpac could suffer losses due to technology failures

The reliability, integrity and security of Westpac's information and technology is crucial in supporting Westpac's customers' banking requirements and meeting its compliance obligations and its regulators' expectations.

While the Westpac Group has a number of processes in place to provide for and monitor the availability and recovery of its systems, 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. If Westpac incurs a technology failure it may fail to meet a compliance obligation, which could result in a regulator commencing an investigation and/or taking administrative or enforcement action against it.

Further, in order to continue to deliver new products and services to customers and comply with Westpac's regulatory obligations, Westpac needs to regularly renew and enhance its technology. 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, unrealised productivity, operational instability or reputational damage. In turn, this could place Westpac at a competitive disadvantage and adversely affect its financial performance.

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

Westpac relies on deposits and 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 remains 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 other impacts on entities with whom it does business.

As of 30 September 2017, approximately 30 per cent. of Westpac's total funding originated from domestic and international wholesale markets; of this, around 62 per cent. was sourced outside Australia and New Zealand. Customer deposits provide around 62 per cent. of total funding. Customer deposits held by Westpac are comprised of both term deposits which can be withdrawn after a certain period of time and at call deposits which can be withdrawn at any time.

A shift in investment preferences could result in deposit withdrawals by customers which 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, there may also be a loss of confidence in bank deposits and Westpac could experience unexpected deposit withdrawals. In this situation 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, these alternatives may be more expensive or on unfavourable terms, which could adversely affect Westpac's financial performance, liquidity, capital resources or 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 has the potential to adversely affect Westpac's liquidity or ability to use derivative obligations to hedge its interest rate, currency and other financial instrument risks.

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 including assets of financial institutions such as Westpac. Sovereign defaults could negatively impact the value of Westpac's holdings of high quality liquid assets. There may also 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 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, the quality of Westpac's governance, structural considerations regarding the Australian financial system and the credit rating of the Australian Government. A credit rating downgrade could be driven by a downgrade of the Australian Government, 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.

A downgrade or series of downgrades to Westpac's credit ratings could have an adverse effect on 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 competitors 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 market volatility, global economic conditions, geopolitical instability (such as threats of or actual conflict occurring around the world) and political developments (such as Brexit). 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 and affect investors' willingness to invest in the Westpac Group. 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. This 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 Westpac's profitability and financial condition.

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, asset prices 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 show a higher propensity to default and in the event of defaults Westpac's security would be eroded causing Westpac to incur higher credit losses. The demand for Westpac's home lending products may also decline due to adverse changes in tax legislation (such as changes to tax rates, concessions or deductions), regulatory requirements or other buyer concerns about decreases in values.

Adverse changes to 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 economic 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 commodity prices, Chinese government policies and broader 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 the risk of financial loss where a customer or counterparty fails to meet their financial obligations to Westpac. It is a significant risk and arises primarily from Westpac's lending activities.

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 clearing and settlement contracts Westpac enters into and from Westpac's dealings with, and holdings of, debt securities issued by other banks, financial institutions, companies, clearing houses, governments and government bodies the financial conditions of which may be affected to varying degrees by economic conditions in global financial markets.

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. Digital technologies are changing consumer behaviour and the competitive environment. The use of digital channels by customers to conduct their banking continues to rise and emerging competitors are increasingly utilising new technologies and seeking to disrupt existing business models, including in relation to digital payment services. The Westpac Group faces competition from established providers of financial services as well as from banking businesses developed by non-financial services companies.

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 and fees.

Increased competition for deposits could also increase Westpac's cost of funding and lead it to seek access to other types of funding or reduce lending. 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, its defined benefit plan and through the asset and liability management of its financial position. This is the risk of an adverse impact on earnings resulting from changes in market factors, such as foreign exchange rates, commodity prices, equity prices and interest rates including the potential for negative interest rates. This includes interest rate risk in the banking book, such as the risk to interest income from a mismatch between the duration of assets and liabilities that arises in the normal

course of business activities. 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 well as the risk of business disruption due to external events such as natural disasters, environmental hazard, damage to critical utilities and targeted activism and protest activity. While Westpac has policies, processes and controls in place to manage these risks, these may not always be effective.

If a process or control is ineffective, it could result in an adverse outcome for Westpac's customers. For example, a process breakdown could result in a customer not receiving a product on the terms and conditions, or at the pricing, they agreed to. In addition, inadequate record keeping may prevent Westpac from demonstrating that a past decision was appropriate at the time it was made. If this was to occur, Westpac may incur significant costs in paying refunds and compensation to customers, as well as remediating any underlying process breakdown. These types of failure may also result in increased regulatory scrutiny, with a regulator potentially commencing an investigation and/or taking other enforcement, administrative or supervisory action.

Westpac could incur losses from fraudulent applications for loans or from incorrect or fraudulent payments and settlements, particularly real-time payments. 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.

As a financial services organisation, Westpac is heavily reliant on the use of data and models in the conduct of its business (including in the calculation of risk-weighted assets). 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 can directly impact Westpac's reputation and result in financial losses (including through decreased demand for Westpac's products and services), which would adversely affect its financial performance or financial condition.

The Westpac Group (and individual entities within the Westpac Group) may, from time to time, be involved in legal proceedings (including class action proceedings), regulatory actions or arbitration arising from the conduct of their business. These may, either individually or in aggregate, adversely affect the Westpac Group's business, operations, prospects or financial condition. Such matters are subject to many uncertainties (for example, the outcome may not be able to be predicted accurately) and the Westpac Group may be required to pay money such as damages, fines, penalties or legal costs. There is a risk that these contingent liabilities may be larger than anticipated or that additional litigation or other contingent liabilities may arise.

Westpac could suffer losses due to conduct risk

Conduct risk is the risk that Westpac's provision of services and products results in unsuitable or unfair outcomes for its stakeholders or undermines market integrity. This risk can manifest itself through the poor conduct of Westpac's employees, contractors and external service providers. In addition, conduct risk could occur through the provision of products and services to Westpac's customers that do not meet their needs or do not support market integrity. This could occur through a failure to meet professional obligations to specific clients (including fiduciary and suitability requirements), poor product design and implementation, selling products and services outside of customer target markets or a failure to adequately provide the products or services Westpac had agreed to provide to a customer. While Westpac has policies and processes that are designed to manage poor conduct outcomes, these policies and processes may not always be effective. The failure of these policies and processes could result in financial losses and reputational damage and this could adversely affect Westpac's business, prospects, financial performance or financial condition.

Westpac could suffer losses due to failures in governance or risk management strategies

Westpac has implemented risk management strategies, frameworks and internal controls involving processes and procedures intended to identify, monitor and manage risks including liquidity risk, credit risk, equity risk, market risk (such as interest rate and foreign exchange risk), compliance risk, conduct risk, insurance risk, sustainability risk, related entity (contagion) risk and operational risk, all of which may impact the 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. The effectiveness of risk management frameworks is also connected with the establishment and maintenance of a sound risk management culture.

If any of Westpac's governance or risk 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.

Climate change may have adverse effects on Westpac's business

Westpac and its customers may be adversely affected by the physical risks of climate change, including increases in temperatures, sea levels, and the frequency and severity of adverse climatic events including fires, storms, floods, and droughts. These changes may directly impact Westpac and its customers through reputational damage, environmental factors, insurance risk, and an increase in defaults in credit exposures.

Initiatives to mitigate or respond to adverse impacts of climate change may in turn impact market and asset prices, economic activity, and customer behaviour, particularly in geographic locations and industry sectors adversely affected by these changes. Failure to effectively manage these transition risks could adversely affect Westpac's reputation, business, prospects, financial performance or financial condition.

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, pandemic, civil unrest or terrorism events) 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, all of which could adversely affect Westpac's business, prospects, financial performance or financial condition.

Westpac could suffer losses due to insurance risk

Westpac has exposure to insurance risk in its life insurance, general insurance and lenders mortgage insurance businesses, which may adversely affect Westpac's business, operations or financial condition.

Insurance risk is the risk of mis-estimation of the expected cost of insured events, volatility in the number or severity of insured events, and mis-estimation of the cost of incurred claims.

In the life insurance business, risk arises primarily through mortality (death) and morbidity (illness and injury) risks, the costs of claims relating to those risks, being greater than was anticipated when pricing those risks and policy lapses.

In the general insurance business, insurance risk arises mainly through environmental factors (including storms, floods and bushfires) and other calamities, such as earthquakes, tsunamis and volcanic activity, as well as general variability in home and contents insurance claim amounts. 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 potential losses from existing events, such as those arising from natural disaster events, may not be adequate to cover actual claims that may arise.

In the lenders mortgage insurance business, insurance risk arises primarily from unexpected downturn in economic conditions leading to higher levels of mortgage defaults from unemployment or other economic factors.

If Westpac's reinsurance arrangements are not effective, this could also lead to greater risks, and more losses than anticipated.

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

In certain circumstances Westpac may be exposed to a reduction in the value of intangible assets. As at 30 September 2017, 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 and other intangible asset balances on at least an annual basis or wherever an indicator of impairment exists. For this purpose Westpac uses a discounted cash flow calculation. Changes in the methodology or 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 intangible assets.

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 its value has been reduced or that its estimated useful life has declined, an impairment will be recorded, adversely impacting the Westpac Group's financial condition. The estimates and assumptions used in assessing the useful life of an asset can be affected by a range of factors including changes in strategy and the rate of external changes in technology and regulatory requirements.

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 implement strategic decisions and objectives including diversification, innovation, divestment or business expansion initiatives, including acquisitions of businesses. The expansion or integration of a new business, or entry into 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. In addition, Westpac may be unable to successfully divest businesses or assets. These activities 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.

Limitation on Independent Registered Public Accounting Firm's Liability

The liability of PricewaterhouseCoopers Australia (an Australian partnership which Westpac refers to as "***PwC Australia***"), with respect to claims arising out of its audit report in Westpac's 2017 Annual Report, is subject to the limitations set forth in the *Professional Standards Act 1994* of New South Wales, Australia, as amended (the "***Professional Standards Act***") and Chartered Accountants Australia and New Zealand (NSW) scheme adopted by Chartered Accountants Australia and New Zealand on 8 October 2014 and approved by the New South Wales Professional Standards Council pursuant to the *Professional Standards Act* (the "***NSW Accountants Scheme***"). For matters occurring on or prior to 7 October 2014, the liability of PwC Australia may be subject to the limitations set forth in predecessor schemes. The current NSW Accountants Scheme expires on 7 October 2019 unless further extended or replaced.

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 to be done in the performance of its professional services for Westpac, including, without limitation, its audits of Westpac's financial statements. The extent of the limitation depends on the timing of the relevant matter and is:

- in relation to matters occurring on or after 8 October 2013, a maximum liability for audit work of A$75 million; or

- in relation to matters occurring on or prior to 7 October 2013, 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.

The limitations do 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. Accordingly, liability for acts or omissions by PwC Australia in Australian states or territories other than New South Wales may be limited in a manner similar to that in New South Wales. These limitations of liability may limit recovery upon the enforcement in Australian courts of any judgement under English or other foreign laws rendered against PwC Australia based on or related to its audit report on Westpac'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 extensive judicial consideration and therefore how the limitation might be applied by the courts and the effect of the limitation remain untested in a number of respects, including its effect in respect of the enforcement of foreign judgements.

Risks related to the market generally

The secondary market generally

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 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 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 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 Instruments.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the 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 Instruments, (ii) the Investor's Currency-equivalent value of the principal payable on the Instruments and (iii) the Investor's Currency-equivalent market value of the 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 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 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 Instruments generally

Instruments subject to redemption for tax reasons

The Issuer may, subject to certain conditions and in accordance with the Terms and Conditions of the Instruments, redeem outstanding affected Instruments if the Issuer has or will become obliged to pay:

(a) additional amounts under the Instruments in respect of any 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 and/or of the jurisdiction, country or territory in which the branch through which the Issuer is acting is located or any authority thereof or therein having power to tax, as a result of any change in, or amendment to, the laws or regulations or rulings (or any change in the application or official interpretation thereof) of Australia or of the jurisdiction, country or territory in which the branch through which the Issuer is acting is located or any political subdivision or any authority thereof or therein having power to tax, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(b) additional amounts in respect of New Zealand non-resident withholding tax which may be, or which may become, applicable to the Instruments issued by the Issuer acting through its New Zealand branch and either:

    (i) such obligation cannot be avoided by the Issuer paying New Zealand approved issuer levy at a rate not exceeding the rate applying on the date of issue of the first Tranche of the Instruments or taking any other reasonable measures available to it (but not including the payment of additional approved issuer levy); or

    (ii) in order to avoid any New Zealand non-resident withholding tax, the Issuer becomes obliged, as a result of any change in, or amendment to, the laws, regulations or rulings of New Zealand or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any change in the application or in the interpretation or administration of any such laws, regulations or rulings, to pay approved issuer levy at a rate exceeding the rate applying on the date of issue of the first Tranche of the Instruments or incurs any other cost in excess of that applicable under New Zealand law on the date of issue of the first Tranche of the Instruments.

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 Instruments.

It is possible that, in order to comply with FATCA, the Issuer (or, if the 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 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 2018 with respect to the Instruments 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 Instruments, the Holders and beneficial owners of the Instruments will not be entitled to receive any gross up or other additional amounts under Condition 8 (*Taxation*) of the Instruments, or otherwise, on account of any such withholding or deduction. FATCA is complex and its application to the Instruments remains uncertain. Prospective investors are advised to consult their own tax advisors as to the application of FATCA to the Instruments.

Modification and waiver

The Terms and Conditions of the Instruments contain provisions for convening meetings of Holders of Instruments (or Holders passing written resolutions) to consider any matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

Change of law

The Terms and Conditions of the Instruments are governed by the laws of England which shall be in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or administrative practice after the date of this Base Prospectus.

LIBOR-linked instruments

In a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the FCA, announced the FCA's intention to cease sustaining the London Interbank Offered Rate ("***LIBOR***") from the end of 2021. The FCA has statutory powers to compel panel banks to contribute to LIBOR where necessary. However, the FCA has decided not to ask, or to require, that panel banks continue to submit contributions to LIBOR beyond the end of 2021. The FCA has indicated that the current panel banks will voluntarily sustain LIBOR until the end of 2021. The FCA's intention is that after 2021, it will no longer be necessary for the FCA to persuade, or to compel, banks to submit to LIBOR. The FCA does not intend to sustain LIBOR through using its influence or legal powers beyond that date. It is possible that the LIBOR administrator, ICE Benchmark Administration, and the panel banks could continue to produce LIBOR on the current basis after 2021, if they are willing and able to do so. However, the survival of LIBOR in its current form, or at all, is not guaranteed after 2021. The potential elimination of LIBOR or changes to the manner in which LIBOR is administrated could lead to unanticipated consequences in respect of any Floating Rate Instruments that are linked to LIBOR.

Any such events could adversely affect the value of or return on such Floating Rate Instruments. In particular, investors should be aware that if LIBOR is discontinued, the calculation agent will determine interest on affected Floating Rate Instruments in accordance with the fall-back provisions under Condition 5 (*Interest*) of the Terms and Conditions of the Instruments. The operation of such provisions, being dependent in part upon the provision by the Reference Banks of offered quotations, is subject to market circumstances and the availability of rates information at the relevant time. In certain circumstances, the operation of the fall-back provisions may result in the application of a fixed rate based on the rate applied to the previous period during which LIBOR was available.

Risks related to the structure of a particular issue of Instruments

A wide range of Instruments may be issued under the Programme. A number of these Instruments may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features:

Instruments subject to optional redemption by the Issuer

Where the Final Terms specify Redemption at the option of the Issuer (Call) as being applicable, the Instruments may be redeemed at the Issuer's option in certain circumstances and accordingly the Issuer may choose to redeem the Instruments at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Instruments.

An optional redemption feature of Instruments is likely to limit their market value. During any period when the Issuer may elect to redeem Instruments, the market value of those Instruments generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

Dual Currency Instruments

The Issuer may issue Instruments with interest determined by movements in currency exchange rates (the "***Relevant Factor***"). In addition, the Issuer may issue Instruments with interest payable in one or more currencies which may be different from the currency in which the Instruments are denominated.

Investors should be aware that:

(i) the market price of such Instruments may be very volatile;

(ii) they may receive no interest;

(iii) payment of interest may occur at a different time or in a different currency from what was expected;

(iv) the Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices;

(v) if the Relevant Factor is applied to Instruments in conjunction with a multiplier greater than one or that contains some other leverage factor, the effect of changes in the Relevant Factor on interest payable is likely to be magnified; and

(vi) the timing of changes in the Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly paid Instruments

The Issuer may issue Instruments where the subscription money is payable in more than one instalment. Failure to pay any subsequent instalment will entitle the Issuer to forfeit the Instruments with effect from the date previously notified to the investor by the Issuer and could result in an investor losing all of its investment.

Fixed/Floating Rate Instruments

Fixed/Floating Rate Instruments may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Instruments since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Instruments may be less favourable than prevailing spreads on comparable Floating Rate Instruments tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Instruments. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its other Instruments.

Ranking of the Instruments

The Instruments will rank at least pari passu with all unsecured and unsubordinated obligations of the Issuer (save for certain mandatory exceptions provided by law, including, but not limited to, the exceptions set out in the *Banking Act 1959 of Australia*).

The *Banking Act 1959 of Australia* gives priority over the Issuer's Australian assets to certain obligations of the Issuer to APRA arising under *Division 2AA of Part II of the Banking Act 1959*, to protected account holders, to the Reserve Bank of Australia and to counterparties of certain bank industry support contracts. Accordingly, other unsecured creditors will rank after APRA, protected account holders, the Reserve Bank of Australia and certain industry support contract counterparties in relation to claims against the Issuer's Australian assets.

Denominations

In relation to any issue of Instruments which have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Instruments may be traded in amounts in excess of the minimum denomination that are not integral multiples of the minimum denomination. In such a case a Holder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Instrument in respect of such holding (should Definitive Instruments be printed) and would need to purchase an additional principal amount of Instruments such that its holding amounts to the minimum denomination.

If Definitive Instruments are issued, Holders should be aware that Definitive Instruments which have a denomination that is not an integral multiple of the minimum denomination might be illiquid and difficult to trade.

Risks related to CNY Instruments

There are certain special risks associated with investing in any CNY Instruments. The Issuer believes that the factors described below represent the principal risks inherent in investing in CNY Instruments issued, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with CNY Instruments may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding CNY Instruments are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Memorandum and reach their own views prior to making any investment decision.

The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC

The Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between the Renminbi and foreign currencies, 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. However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities and designated foreign exchange banks on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

On 25 February 2011, the Ministry of Commerce of the PRC (the "***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.

On 14 June 2012, PBOC issued a circular setting out the operational guidelines for Renminbi FDI. Under the PBOC Renminbi FDI Measures, special approval from the PBOC for Renminbi FDI and shareholder loans which was previously required by the PBOC Notice is no longer necessary. In

some cases, however, post-event filing with PBOC is still necessary. The PBOC Renminbi FDI Measures also provide, among other matters, that (i) foreign invested enterprises are required to register with the local branch of PBOC within ten working days after obtaining the business licenses for the purpose of Renminbi settlement, and (ii) a foreign investor is allowed to open Renminbi special accounts for designated uses in relation to making equity investments in a PRC enterprise or receiving Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries. The PBOC Renminbi FDI Measures further state that the foreign debt quota of a foreign invested enterprise constitutes its Renminbi debt and foreign currency debt from its offshore shareholders, offshore affiliates and offshore financial institutions. In addition, a foreign invested enterprise may open a Renminbi account to receive its Renminbi proceeds borrowed offshore by submitting the loan contract denominated in Renminbi to its relevant commercial bank and make repayments of principal and interest on such debt in Renminbi by submitting certain required documents to that commercial bank.

On 19 November 2012, the SAFE promulgated the Circular on Further Improving and Adjusting the Foreign Exchange Administration Policies on Direct Investment (the "***SAFE Circular on DI***"), which became effective on 17 December 2012. According to the SAFE Circular on DI, in order to promote investment, the SAFE removes or amends certain administrative licensing items with regard to foreign exchange administration over direct investments, including, but not limited to, the abrogation of SAFE approval for opening of and payment into foreign exchange accounts under direct investment accounts, the abrogation of SAFE approval for reinvestment of legal income of foreign investors generated within the PRC, the simplification of the administration of foreign exchange reinvestments by foreign investment companies, and the abrogation of SAFE approval for purchase and external payment of foreign exchange under direct investment accounts.

On 10 May 2013, the SAFE promulgated the Provisions on the Foreign Exchange Administration of Domestic Direct Investment by Foreign Investors (the "***SAFE Provisions***"), which became effective on 13 May 2013. The SAFE Provisions removed previous approval requirements for foreign investors and foreign invested enterprises in opening of, and capital injections into, foreign exchange accounts, although registration for foreign exchange (including cross-border Renminbi) administration is still required.

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 23 September 2013, the PBOC further issued the Circular on the Relevant Issues on Renminbi Settlement of Investment in Onshore Financial Institutions by Foreign Investors (the "***PBOC 2013 Circular***"), which provides further details for using Renminbi to invest in a financial institution domiciled in the PRC.

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.

On 13 February 2015, the SAFE promulgated the Notice on Further Simplifying and Improving Foreign Exchange Administration Policy of Direct Investment (Hui Fa (2015) No. 13) (the "***2015 SAFE Notice***"), which became effective on 1 June 2015. Under the 2015 SAFE Notice, the SAFE delegates the authority for approval/registration of foreign currency (including cross-border Renminbi) related matters for direct investment (internal and external) to designated foreign exchange banks.

On 30 March 2015, the SAFE promulgated the Circular on Reforming Foreign Exchange Capital Settlement for Foreign Invested Enterprises (the "***2015 SAFE Circular***"), which became effective on and from 1 June 2015. The 2015 SAFE Circular allows foreign-invested enterprises to settle 100 per cent. (tentative) of the foreign currency capital (that has been processed through SAFE's equity interest confirmation proceedings for capital contribution in cash or registered by a bank on SAFE's system for account-crediting for such capital contribution) into Renminbi according to their actual operational needs, although SAFE reserves its authority to reduce the proportion of foreign currency capital that can be settled in such manner in the future. The 2015 SAFE Circular continues to require that capital contributions should be applied within the business scope of a foreign-invested enterprise for purposes that are legitimate and for that foreign-invested enterprise's own operations; with respect to the Renminbi proceeds obtained through the aforementioned settlement procedure, the 2015 SAFE Circular prohibits such proceeds from being applied outside the business scope of the foreign-invested enterprise or for any purposes prohibited by law, or applied (i) directly or indirectly to securities investments (unless otherwise permitted in law), (ii) directly or indirectly to granting entrusted loans or repaying inter-company lending (including advance payment made by third parties) or bank loans that have been on lent to third parties, or (iii) purchasing non-self-use real estate (unless it is a real estate company). In addition, the 2015 SAFE Circular allows foreign-invested investment companies, foreign-invested venture capital firms and foreign-invested equity investment companies to make equity investment through Renminbi funds to be settled, or those already settled, from their foreign currency capital by transferring such settled Renminbi funds into accounts of invested enterprises, according to the actual investment scale of the proposed equity investment projects.

On 5 June 2015, the PBOC promulgated an order to revise certain existing PBOC regulations, to reflect the reform to a new registered capital system of PRC-incorporated companies under the PRC Company Law effective as of 1 March 2014 (the "***PBOC Order***"). Among other things, the PBOC confirmed in the PBOC Order that capital verification of a foreign-invested enterprise under article 10 of the PBOC Renminbi FDI Measures is no longer a mandatory procedure before the establishment, and the requirement under the PBOC Renminbi FDI Notice that a foreign-invested enterprise is not allowed to borrow offshore RMB funds until its registered capital is paid up in full and as scheduled is also abolished.

On 26 April 2016, the SAFE promulgated the Notice on Further Promoting Trade and Investment Facilitation and Improving Authenticity Review (the "***2016 SAFE Notice***") to streamline the reviewing process of the foreign exchange administration to prevent the risks of cross-border capital flows.

First, the 2016 SAFE Notice stretches the lower limit of the composite foreign exchange settlement and sale position of banks. Second, the 2016 SAFE Notice makes more delivery methods available for forward foreign exchange settlement, where banks may select the method of gross settlement or balance settlement for delivery upon maturity when handling forward foreign exchange settlement for institutional clients. Furthermore, the policies on the administration over foreign exchange settlement of foreign debts applicable to Chinese-funded and foreign-invested enterprises are unified under the 2016 SAFE Notice; the foreign debts borrowed by Chinese-funded non-financial enterprises may be settled for use pursuant to the prevailing regulations on foreign debt applicable to foreign-invested enterprises. The 2016 SAFE Notice also emphasises standardisation of the administration over the outbound remittance of profits in foreign currency from direct investment, and banks, when handling the remittance of profits exceeding the equivalent of USD 50,000 abroad for a domestic institution, are required to examine the profit distribution resolution of the board of directors (or the profit distribution resolution of all investors) that is related to this remittance of profits abroad, the original of its tax record-filing form and the financial statements as proof of the profits involved in this remittance according to the principle of transaction authenticity.

On 9 June 2016, the SAFE promulgated another Circular on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange Settlement (the "***2016 SAFE Circular***"), which became effective on the date of issuance. The 2016 SAFE Circular summarises the experience in settlement of capital account items gained from the earlier pilot programmes in a number of free trade zones, and intends to uniform the management rules on voluntary settlement and payment of foreign exchange earnings under capital account nationwide. Among other things, the 2016 SAFE Circular allows (i) domestic enterprises (including Chinese-funded enterprises and foreign-invested enterprises, excluding financial institutions) to settle their foreign debts in foreign currencies according to the method of voluntary foreign exchange settlement, and (ii) all the domestic institutions to voluntarily settle 100 per cent. (tentative) of the foreign exchange earnings under capital account (including capital in foreign currencies, foreign debts, funds repatriated from overseas listing, etc.) into Renminbi based on their actual operating needs, although SAFE reserves its authority to reduce the proportion of the foreign currency gains under the capital account that can be settled in such manner in the future. With respect to the Renminbi proceeds obtained through the aforementioned settlement procedure, the 2016 SAFE Circular reiterates that such proceeds are prohibited from being applied outside the business scope of the enterprise or for any purposes prohibited by law, or applied (x) directly or indirectly to securities investment or investment and wealth management products other than principal-protected products issued by banks, (y) directly or indirectly to granting entrusted loans, unless otherwise permitted by business scope, or (z) purchasing or constructing non-self-use real estate (unless it is a real estate company). Finally, the 2016 SAFE Circular expressly indicates that in the event of any discrepancy between the 2016 SAFE Circular and the 2015 SAFE Circular, the 2016 SAFE Circular shall prevail.

On 11 January 2017, PBOC issued the Notice on Full-coverage Macro-prudent Management of Cross-border Financing (the "***2017 PBOC Notice***"), according to which, the non-financial enterprises and financial institutions (excluding government financing platforms and real estate enterprises) in China may independently carry out cross-border financing in Renminbi and foreign currencies pursuant to applicable provisions, subject to the cross-border financing restraint mechanism under the framework of macro-prudent rules imposed by PBOC. Among other things, the 2017 PBOC Notice provides that the upper limit of the risk-weighted balance of cross-border financing of an enterprise is increased from 100 per cent. to 200 per cent. of the net assets of such enterprise, and the new method to calculate the risk-weighted balance of cross-border financing grants the financial institutions a larger quota for cross-border financing.

On 26 January 2017, SAFE promulgated a Notice on Further Promoting the Reform of Foreign Exchange Administration and Improving Authenticity and Compliance Review (the "***2017 SAFE Notice***", together with the 2015 SAFE Notice, 2015 SAFE Circular, 2016 SAFE Notice and 2016 SAFE Circular, the "***SAFE Rules***") to establish a capital flow management system under the macro-prudent management framework. Pursuant to the 2017 SAFE Notice, (i) the scope of settlement of domestic foreign exchange loans is expanded, where the settlement is allowed for domestic foreign exchange loans with a background of export trade in goods, and domestic institutions shall repay such loans with the foreign currency earned from export trade in goods rather than by purchasing foreign exchange; (ii) funds under foreign debts (including those denominated in offshore Renminbi) secured by domestic guarantees (Nei Bao Wai Dai) are allowed to be repatriated to China and therefore a debtor may directly or indirectly repatriate such funds to China by way of extending loans or making equity investments in China; (iii) centralised operation and management of the foreign exchange funds of multinational companies is further facilitated, and the percentage of the deposits drawn by a domestic bank via a main account for international foreign exchange funds that may be used in China is adjusted to no more than 100 per cent. (as opposed to 50 per cent., previously) of the average daily deposit balance of the preceding six months; and (iv) foreign exchange settlement is allowed for the domestic foreign exchange accounts of overseas institutions within pilot free trade zones. The 2017 SAFE Notice also emphasised the importance of the foreign exchange administration over trade in goods, and the management of the outbound remittance of the foreign exchange profits of foreign direct investment in China, as well as the authenticity and compliance review of the outbound direct investment by PRC domestic institutions.

On 27 May 2017, PBOC promulgated the Administrative Measures for the RMB Cross-border Receipt and Payment Information Management System (the "***2017 PBOC Measures***") to regulate the operations and use of the RMB cross-border receipt and payment information management system by the banking financial institutions and relevant access agencies. The 2017 PBOC Measures require the banks and relevant access agencies that carry out cross-border RMB business to connect to the system, and submit RMB cross-border receipts and payments as well as related business information to the system in a timely, accurate and complete manner. The banks shall make use of the system to review the authenticity and consistency of transactions, and may inquire about the transaction information via the system; where relevant business information is found missing in the system, the bank may suspend the receipt and payment of funds.

As relatively new regulations, the above MOFCOM, PBOC and SAFE circulars, rules, orders, notices, measures and provisions will be subject to interpretation and application by the relevant PRC authorities.

Although since 1 October 2016 the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC government will 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.

While the PBOC has entered into agreements on the clearing of renminbi business with financial institutions in a number of financial centres and cities (the "***Renminbi Clearing Banks***"), including but not limited to Hong Kong, and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi-denominated financial assets outside China is limited.

Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The relevant 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 and is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, 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 Agreements 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 Final Terms 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 "***2010 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 been 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 under the Circular in Expanding the Regions of Cross-border Trades (the "***2011 Circular***") to cover all provinces in the PRC and to make Renminbi trade and other current account settlement available in all countries worldwide.

In February 2012, the PRC government promulgated the Notice on Matters Relevant to the Administration of Enterprises Engaged in RMB Settlement of Export Trade in Goods (the "***2012 Circular***") under which any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports of goods, provided that the relevant provincial government has submitted to the PBOC and five other PRC authorities (the "***Six Authorities***") a list of key enterprises subject to supervision and the Six Authorities have verified and signed off such list (the "***Supervision List***"). On 12 June 2012, the PBOC issued a notice stating that the Six Authorities had jointly verified and announced a Supervision List and as a result any enterprise qualified for the export and import business is permitted to use Renminbi as settlement currency for exports.

In addition to the PBOC 2013 Notice (discussed in the risk factor above titled '*The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC*'), on 1 November 2014, the PBOC promulgated the Circular on Matters concerning Centralized Cross-Border Renminbi Fund Operation Conducted by Multinational Enterprise Groups (the "***2014 Circular***"). The 2014 Circular introduces a cash pooling arrangement for qualified multinational enterprise group companies, under which a multinational enterprise group can process cross-border Renminbi payments and receipts for current account items on a collective basis for eligible member companies in the group.

On 5 September 2015, the PBOC promulgated the Circular on Further Facilitating the Cross-Border Bi-directional Renminbi Cash Pooling Business by Multinational Enterprise Groups (the "***2015 Circular***") which, among others, lowers the eligibility requirements for multinational enterprise groups and increases the cap for net cash inflow. The PBOC Circular also provides that enterprises in the China (Shanghai) Free Trade Pilot Zone ("***Shanghai FTZ***") may establish an additional cash pool in the local scheme in the Shanghai FTZ, but each onshore company within the group may only elect to participate in one cash pool.

On 27 May 2017, the PBOC promulgated the 2017 PBOC Measures to regulate the operations and use of the RMB cross-border receipt and payment information management system by the banking financial institutions and relevant access agencies, as described in further detail in the risk factor above titled '*The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC'*.

As relatively new regulations, the above circulars, notices and measures will be subject to interpretation and application by the relevant PRC authorities. Local authorities may adopt different practices in applying such circulars, notices and measures and impose conditions for settlement of current account items. 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 use of Renminbi for payment of transactions categorised as current account items, then such settlement will need to be made subject to the specific requirements or restrictions set out in such rules.

Capital Account Items

Under the applicable 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 have generally been subject to the approval of the relevant PRC authorities. However, as described in the risk factor above titled '*The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC*', it has been announced that as of 1 June 2015, the capital account regulation in relation to direct investment has been delegated by the governmental authority (i.e. the local branches of the SAFE) to designated foreign exchange banks.

Prior to October 2011, settlements for capital account items were generally required to be made in foreign currencies. For instance, foreign investors (including any Hong Kong investors) were 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 relevant PRC parties were also generally required to make capital account item payments including proceeds from liquidation, transfer of shares, reduction of capital, interest and principal repayment to foreign investors in a foreign currency. The relevant PRC authorities may, however, have granted approvals for 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 remit interest and principal repayment to its foreign investors outside the PRC in Renminbi. The foreign invested enterprise may, however, have been required to complete a registration and verification process with the relevant PRC authorities before such Renminbi remittances.

As described in the risk factor above titled '*The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC*', on 13 October 2011, the PBOC issued the PBOC Renminbi FDI Measures, which set out operating procedures for PRC banks to handle Renminbi settlement relating to Renminbi FDI and borrowing by foreign invested enterprises of offshore Renminbi loans. Prior to the PBOC Renminbi FDI Measures, cross-border Renminbi settlement for Renminbi FDI has required approvals on a case-by-case basis from the PBOC. The new rules replace the PBOC approval requirement with less onerous post event registration and filing requirements. The PBOC Renminbi FDI Measures provide that, among others, foreign invested enterprises are required to conduct registrations with the local branch of PBOC within ten working days after obtaining business licenses for the purpose of Renminbi settlement; a foreign investor is allowed to open a Renminbi expense account to reimburse some expenses before the establishment of a foreign invested enterprise and the balance in such an account can be transferred to the Renminbi capital account of such foreign invested enterprise when it is established, commercial banks can remit a foreign investor's Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries out of the PRC after reviewing certain requisite documents; if a foreign investor intends to use its Renminbi proceeds from distribution (dividends or otherwise) by its PRC subsidiaries to reinvest onshore or increase the registered capital of the PRC subsidiaries, the foreign investor may open a Renminbi reinvestment account to receive such Renminbi proceeds; and the PRC parties selling a stake in domestic enterprises to foreign investors can open Renminbi accounts and receive the purchase price in Renminbi paid by foreign investors by submitting certain documents as required by the guidelines of PBOC to the commercial banks. The PBOC Renminbi FDI Measures also state that the foreign debt quota of a foreign invested enterprise applies to both its Renminbi debt and foreign currency debt owed to its offshore shareholders, offshore affiliates and offshore financial institutions, and a foreign invested enterprise may open a Renminbi account to receive its Renminbi proceeds borrowed offshore by submitting the Renminbi loan contract and the letter of payment order to the commercial bank and make repayments of principal and interest on such debt in Renminbi by submitting certain documents as required by the guidelines of the PBOC to the commercial bank.

Developments in PRC foreign exchange control regulations in relation to treatment of capital account items since October 2011 are set out in the risk factor above titled '*The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the PRC*' (see the descriptions of the SAFE Circular on DI, the SAFE Provisions, the PBOC 2013 Notice, the PBOC 2013 Circular, the MOFCOM Renminbi FDI Circular, the 2015 SAFE Notice, the 2015 SAFE Circular, the PBOC Order, the 2016 SAFE Notice, the 2016 SAFE Circular, the 2017 PBOC Notice and the 2017 SAFE Notice).

As relatively new regulations, the above MOFCOM, PBOC and SAFE circulars, rules, orders, notices, measures and provisions will be subject to interpretation and application by the relevant PRC authorities. Although since 1 October 2016 the Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance any existing approvals of remittances, borrowing or provision of external guarantee in Renminbi will continue to be granted or will not be revoked in the future. 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 MOFCOM, PBOC and SAFE rules.

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.

DOCUMENTS INCORPORATED BY REFERENCE

This Offering Memorandum should be read and construed in conjunction with the following documents which have been previously published or are published simultaneously with this Offering Memorandum and which have been approved by the FCA or filed with it:

1. the consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes thereto) appearing on pages 39 to 64 (inclusive), pages 117 to 237 (inclusive) and pages 239 to 246 (inclusive) of the Issuer's 2016 Annual Report in respect of the year ended 30 September 2016;

2. the consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes thereto) appearing on pages 40 to 65 (inclusive), pages 121 to 241 (inclusive) and pages 243 to 250 (inclusive) of the Issuer's 2017 Annual Report in respect of the year ended 30 September 2017;

3. the "Terms and Conditions of the Instruments" section on pages 17 to 47 (inclusive) of the base prospectus dated 24 November 2005 with Westpac Banking Corporation and WestpacTrust Securities NZ Limited as issuers;

4. the "Terms and Conditions of the Instruments" section on pages 17 to 47 (inclusive) of the base prospectus dated 24 November 2006 with Westpac Banking Corporation and WestpacTrust Securities NZ Limited as issuers;

5. the "Terms and Conditions of the Instruments" section on pages 19 to 50 (inclusive) of the base prospectus dated 9 November 2007 with Westpac Banking Corporation and WestpacTrust Securities NZ Limited as issuers;

6. the "Terms and Conditions of the Instruments" section on pages 19 to 50 (inclusive) of the base prospectus dated 7 November 2008 with Westpac Banking Corporation as issuer;

7. the "Terms and Conditions of the Instruments" section on pages 21 to 53 (inclusive) of the base prospectus dated 16 November 2009 with Westpac Banking Corporation as issuer;

8. the "Terms and Conditions of the Instruments" section on pages 18 to 50 (inclusive) of the base prospectus dated 17 November 2010 with Westpac Banking Corporation as issuer;

9. the "Terms and Conditions" section on pages 20 to 53 (inclusive) of the base prospectus dated 16 November 2011 with Westpac Banking Corporation as issuer;

10. the "Terms and Conditions of the Instruments" section on pages 34 to 70 (inclusive) of the base prospectus dated 16 November 2012 with Westpac Banking Corporation as issuer;

11. the "Terms and Conditions of the Instruments" section on pages 47 to 95 (inclusive) of the base prospectus dated 15 November 2013 with Westpac Banking Corporation as issuer;

12. the "Terms and Conditions of the Instruments" section on pages 50 to 99 (inclusive) of the base prospectus dated 14 November 2014 with Westpac Banking Corporation as issuer;

13. the "Terms and Conditions of the Instruments" section on pages 46 to 94 (inclusive) of the base prospectus dated 12 November 2015 with Westpac Banking Corporation as issuer; and

14. the "Terms and Conditions of the Instruments" section on pages 46 to 94 (inclusive) of the base prospectus dated 10 November 2016 with Westpac Banking Corporation as issuer.

Such documents shall be deemed to be incorporated in, and form part of, this Base Prospectus.

Any information contained in a document incorporated by reference herein which is not incorporated in, and does not form part of, this Base Prospectus is either not relevant for investors or is contained elsewhere in this Base Prospectus. For the purposes of the Prospectus Directive as implemented in the United Kingdom, any information contained in documents incorporated by reference by documents which are themselves incorporated by reference in this Base Prospectus, shall not form part of this Base Prospectus.

The Issuer has undertaken, in connection with the listing of the Instruments on the London Stock Exchange's Regulated Market or on any other listing authority or stock exchange in a Member State, that upon becoming aware that there has been a significant change affecting any matter contained in this Base Prospectus or a significant new factor or matter has arisen, the inclusion of information in respect of which would have been required to be in this Base Prospectus if it had arisen before this Base Prospectus was issued, or if a material mistake or inaccuracy relating to the information in this Base Prospectus capable of affecting the assessment of the Instruments has arisen between the Programme Date and the time when trading of any Tranche of Instruments begins on a regulated market, the Issuer will publish a supplementary prospectus.

Use of non-AAS financial information:

In its 2017 Annual Report, Westpac refers to the following non-Australian Accounting Standards ("***non-AAS***"):

Cash earnings

In assessing financial performance, including divisional results, the Westpac Group uses a measure of performance referred to as 'cash earnings'. Cash earnings is viewed as a measure of the level of profit that is generated by ongoing operations and is therefore considered in assessing distributions, including dividends. Cash earnings is neither a measure of cash flow nor net profit determined on a cash accounting basis, as it includes both cash and non-cash adjustments to statutory net profit.

The Issuer believes that this allows the Westpac Group to more effectively assess performance for the current period against prior periods and to compare performance across business divisions and across peer companies. To determine cash earnings, three categories of adjustments are made to reported results:

- material items that key decision makers at the Westpac Group believe do not reflect ongoing operations;
- items that are not considered when dividends are recommended, such as the amortisation of intangibles, impact of Treasury shares and economic hedging impacts; and
- accounting reclassifications between individual line items that do not impact reported results.

Average Ordinary Equity

Average ordinary equity is calculated as the daily average of total equity less average non-controlling interests. The Issuer believes this measure of average ordinary equity is useful in the calculation of return on equity as it removes the impact of equity attributable to non-controlling interests. Other companies may use different methodologies to calculate average ordinary equity or similar non-AAS financial measures.

For as long as the Programme remains in effect or any 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 and Principal Registrar (or the other office(s) of the Paying Agent(s) in the United Kingdom) specified on page 183 of this Base Prospectus and from the registered head office of Westpac Banking Corporation. Copies of the documents incorporated by reference herein have also been made available at: http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

TERMS AND CONDITIONS OF THE INSTRUMENTS

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

The senior debt instruments (the "***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 capacities as fiscal agent (the "***Fiscal Agent***", which expression shall include any successor to The Bank of New York Mellon in its capacity as such) and as principal registrar (the "***Principal Registrar***", which expression shall include any successor to The Bank of New York Mellon in its capacity as such), The Bank of New York Mellon (Luxembourg) S.A. in its capacities as first alternative registrar and Luxembourg paying agent (the "***First Alternative Registrar***" and the "***Luxembourg Paying Agent***", which expressions shall include any successor to The Bank of New York Mellon (Luxembourg) S.A. in its capacities as such), The Bank of New York Mellon, New York Branch in its capacity as second alternative registrar (the "***Second Alternative Registrar***", which expression shall include any successor to The Bank of New York Mellon, New York Branch in its capacity as such), 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 applicable Final Terms will specify whether the Issuer is acting in relation to the Instruments through its principal office or one of its branches.

The 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 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, the Principal Registrar, the First Alternative Registrar and the Second Alternative Registrar. All persons from time to time entitled to the benefit of obligations under any 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 Instruments.

The Instruments are issued in series (each, a "***Series***"), and each Series may comprise one or more tranches ("***Tranches***" and each, a "***Tranche***") of Instruments. Each Tranche will be the subject of the final terms (each, the "***Final Terms***"), a copy of which will be available for inspection during normal business hours at the Specified Office of the Fiscal Agent and/or, as the case may be, the Registrar (as defined in Condition 3.2). In the case of a Tranche of 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 Final Terms will only be available for inspection by a Holder (as defined in Condition 3.1 or Condition 3.2, as applicable) of or, as the case may be, a Relevant Account Holder (as defined in the Deed of Covenant) in respect of, such Instruments.

References in these Terms and Conditions to Instruments are to 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 Instruments of the relevant Series.

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

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

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 Final Terms; 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 relevant Final Terms.

"***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 relevant Final Terms; 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 relevant Final

Terms.

"***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 relevant Final Terms;

"**Additional Business Centre(s)**" means the city or cities specified as such in the relevant Final Terms;

"***ADI***" means Authorised Deposit-taking Institution;

"***APRA***" means the Australian Prudential Regulation Authority;

"***Broken Amount***" has the meaning given in the relevant Final Terms;

"***Business Day***" means:

(i) for the purposes of Condition 7A.5 (*Payments on business days*) 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 relevant Final Terms; 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 relevant Final Terms 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 relevant Final Terms;

"***Business Day Convention***", in relation to any particular date, has the meaning given in the relevant Final Terms 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 relevant Final Terms 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 relevant

Final Terms 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 relevant Final Terms;

"***Calculation Amount***" has the meaning given in the relevant Final Terms or, where no such amount is specified, means (i) if there is only one Denomination, the Denomination of the relevant 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;

"***Coupon Sheet***" means, in respect of an Instrument, a coupon sheet relating to the Instrument;

"***Coupon Switch Option***" has the meaning given in the relevant Final Terms;

"***Coupon Switch Option Date***" has the meaning given in the relevant Final Terms;

"***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 relevant Final Terms 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:

“Y^1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y^2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M^1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M^2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D^1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D^1 will be 30; and

“D^2” 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 D^1 is greater than 29, in which case D^2 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:

“Y^1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y^2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M^1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M^2” is the calendar month, expressed as a number, in which the day immediately

following the last day included in the Calculation Period falls;

"D^1" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D^1 will be 30; and

"D^2" 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 D^2 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:

"Y^1" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y^2" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"M^1" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M^2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"D^1" 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 D^1 will be 30; and

"D^2" 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 D^2 will be 30.

"***Denomination***" has the meaning given in the relevant Final Terms;

"***Early Redemption Amount (Tax)***" means, in respect of any Instrument, its principal amount or such other amount as may be specified in the relevant Final Terms;

"***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, including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-U.S. laws

enacted with respect thereto;

"***Final Redemption Amount***" means, in respect of any Instrument, its principal amount or such other amount as may be specified in the relevant Final Terms;

"***Fixed Coupon Amount***" has the meaning given in the relevant Final Terms;

"***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 Instruments;

"***Interest Amount***" means, in relation to an Instrument and an Interest Period, the amount of interest payable per Calculation Amount in respect of that Instrument for that Interest Period;

"***Interest Commencement Date***" means the Issue Date of the Instruments or such other date as may be specified as the Interest Commencement Date in the relevant Final Terms;

"***Interest Determination Date***" has the meaning given in the relevant Final Terms;

"***Interest Payment Date***" means the date or dates specified as such in the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms:

(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 relevant Final Terms 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 relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms, 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 relevant Final Terms 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 relevant Final Terms, the date or each of the dates which

correspond with the Interest Payment Date(s) in respect of the Instruments;

"***Interest Rate***" means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Instruments specified in relevant Final Terms or calculated or determined in accordance with the provisions of these Terms and Conditions and/or the relevant Final Terms;

"***ISDA Definitions***" means the 2006 ISDA Definitions as amended and updated as at the Issue Date of the first Tranche of the Instruments of the relevant Series (as specified in the relevant Final Terms) and as published by the International Swaps and Derivatives Association, Inc.;

"***Issue Date***" has the meaning given in the relevant Final Terms;

"***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 Instrument or, as the case may be, Coupon;

"***Margin***" has the meaning given in the relevant Final Terms;

"***Maturity Date***" means the date specified as such in the provisions of the relevant Final Terms and, if a Business Day Convention is specified in the relevant Final Terms, as the same may be adjusted in accordance with the relevant Business Day Convention;

"***Maximum Interest Rate***" has the meaning given in the relevant Final Terms;

"***Maximum Redemption Amount***" has the meaning given in the relevant Final Terms;

"***Minimum Interest Rate***" has the meaning given in the relevant Final Terms;

"***Minimum Redemption Amount***" has the meaning given in the relevant Final Terms;

"***NCDSURVEY10AM***" means the reference rate produced by the Australian Financial Markets Association which may be used for ISDA purposes as may be specified in the relevant Final Terms;

"***Optional Redemption Amount (Call)***" means, in respect of any Instrument, its principal amount or such other amount as may be specified in the relevant Final Terms;

"***Optional Redemption Amount (Put)***" means, in respect of any Instrument, its principal amount or such other amount as may be specified in the relevant Final Terms;

"***Optional Redemption Date (Call)***" has the meaning given in the relevant Final Terms;

"***Optional Redemption Date (Put)***" has the meaning given in the relevant Final Terms;

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

"***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;

"***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 of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"***Put Option Notice***" means a notice which must be delivered to a Paying Agent by any Holder wanting to exercise a right to redeem an Instrument at the option of the Holder;

"***Put Option Receipt***" means a receipt issued by a Paying Agent to a depositing Holder upon deposit of an Instrument with such Paying Agent by any Holder wanting to exercise a right to redeem an Instrument at the option of the Holder;

"***Redemption Amount***" means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or the final Instalment Amount;

"***Reference Banks***" has the meaning given in the relevant Final Terms 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 relevant Final Terms;

"***Reference Rate***" means either "USD LIBOR", "GBP LIBOR", "CAD LIBOR", "EURIBOR", "CHF LIBOR", "JPY LIBOR", "SIBOR", "HIBOR", "CNH HIBOR" or "NZD LIBOR", in each case for the relevant period, as may be specified in the relevant Final Terms;

"***Regular Period***" means:

(i) in the case of 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 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 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;

"***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 relevant Final Terms;

"***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 relevant Final Terms, 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 Time***" has the meaning given in the relevant Final Terms;

"***Security Interest***" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;

"***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 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 relevant Final Terms;

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

"***Specified Period***" has the meaning given in the relevant Final Terms;

"***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;

"***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; and

"***Zero Coupon Instrument***" means an Instrument specified as such in the relevant Final Terms.

Interpretation

1.2 In these Terms and Conditions:

(i) if the Instruments are Zero Coupon Instruments, references to Coupons are not applicable;

(ii) if Talons are specified in the relevant Final Terms as being attached to the Instruments at the time of issue, references to Coupons shall be deemed to include references to Talons;

(iii) if Talons are not specified in the relevant Final Terms as being attached to the Instruments at the time of issue, references to Talons are not applicable;

(v) references to Instruments being "outstanding" shall be construed in accordance with the Issue and Paying Agency Agreement;

(vi) if an expression is stated in Condition 1.1 (*Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Instruments; and

(vii) any reference to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

2. Form and Denomination

2.1 Instruments are issued in bearer form ("***Bearer Instruments***") or in registered form ("***Registered Instruments***"), as specified in the Final Terms and are serially numbered. Registered Instruments will not be exchangeable for Bearer Instruments.

Bearer Instruments

2.2 Subject to the final sentence of this paragraph, the Final Terms 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 Bearer Instruments is represented upon issue by a temporary global Instrument (a "***Temporary Global Instrument***"), unless the Final Terms specify otherwise and the TEFRA C Rules apply.

Where the Final Terms applicable to a Tranche of Bearer Instruments specifies that the TEFRA C Rules apply, such Tranche is (unless otherwise specified in the Final Terms) represented upon issue by a Permanent Global Instrument.

Interests in the Temporary Global Instrument may be exchanged for:

(i) interests in a permanent global Instrument (a "***Permanent Global Instrument***"); or

(ii) if so specified in the Final Terms, definitive instruments in bearer form ("***Definitive Instruments***") and/or (in the case of a Series comprising both Bearer Instruments and Registered Instruments and if so specified in the Final Terms) Registered 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 Final Terms) and (unless the Final Terms specify that the TEFRA C Rules are applicable to the 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. An exchange for Registered Instruments will be made at any time or from such date as may be specified in the Final Terms, in each case, without any requirement for certification.

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 Instruments and/or Registered 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 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 Final Terms specify that the TEFRA C Rules are applicable to the Instruments and subject to Condition 2.3 above, if any date on which a payment of interest is due on the Instruments of a Tranche occurs while any of the 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 Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "***CMU Service***")) or (in any other case) by Euroclear Bank SA/NV ("***Euroclear***") or Clearstream Banking S.A. ("***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 Instruments and/or (in the case of a Series comprising both Bearer Instruments and Registered Instruments and if so specified in the Final Terms) Registered Instruments, (a) if an Event of Default (as defined below) occurs in respect of any 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 and/or Registered 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 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 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 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 Instruments, if so specified in the Final Terms, 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 Instruments, the principal amount of which is repayable by instalments ("***Instalment Instruments***") which are Definitive Instruments, have endorsed thereon a grid for recording the repayment of principal or, if so specified in the Final Terms, have attached thereto, at the time of their initial delivery, payment receipts ("***Receipts***") in respect of the instalments of

principal.

Denomination

Denomination of Bearer Instruments

2.8 Bearer Instruments are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms. Bearer Instruments of one denomination may not be exchanged for Bearer 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 Instruments upon the Holder's request, the 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 Instrument at the option of the Holders thereof, the Instruments shall be tradeable only in principal amounts of at least the Denomination (or, if more than one Denomination, the lowest Denomination).

Denomination of Registered Instruments

2.11 Registered Instruments are in the minimum denomination specified in the Final Terms or integral multiples thereof.

2.12 Where a Temporary Global Instrument, issued in registered form, is to be cleared through Euroclear or Clearstream, Luxembourg or any other relevant clearing system and is to be exchangeable for Definitive Instruments upon the Holder's request, the Instruments may only be issued in such denominations as Euroclear or Clearstream, Luxembourg or such other relevant clearing system will permit at that time.

2.13 If the Temporary Global Instrument, issued in registered form, is exchangeable for a Definitive Instrument at the option of the Holders thereof, the Instruments shall be tradeable only in principal amounts of at least the Denomination (or, if more than one Denomination, the lowest Denomination).

Currency of Instruments

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

Partly Paid Instruments

2.15 Instruments may be issued on a partly paid basis ("***Partly Paid Instruments***") if so specified in the Final Terms. The subscription moneys therefor shall be paid in such number of instalments ("***Partly Paid Instalments***"), in such amounts, on such dates and in such manner as may be specified in the Final Terms. The first such instalment shall be due and

payable on the date of issue of the Instruments. For the purposes of these Terms and Conditions, in respect of any Partly Paid Instrument, Paid Up Amount means the aggregate amount of all Partly Paid Instalments in respect thereof as shall have fallen due and been paid up in full in accordance with these Terms and Conditions.

Not less than 14 days nor more than 30 days prior to the due date for payment of any Partly Paid Instalment (other than the first such instalment), the Issuer shall publish a notice in accordance with Condition 14 (*Notices*) stating the due date for payment thereof and stating that failure to pay any such Partly Paid Instalment on or prior to such date will entitle the Issuer to forfeit the Instruments with effect from such date ("***Forfeiture Date***") as may be specified in such notice (not being less than 14 days after the due date for payment of such Partly Paid Instalment), unless the relevant Partly Paid Instalment together with any interest accrued thereon is paid prior to the Forfeiture Date. The Issuer shall procure that any Partly Paid Instalments paid in respect of any Instruments subsequent to the Forfeiture Date in respect thereof shall be returned promptly to the persons entitled thereto. The Issuer shall not be liable for any interest on any Partly Paid Instalment so returned.

Interest shall accrue on any Partly Paid Instalment which is not paid on or prior to the due date for payment thereof at the Interest Rate (or, in the case of Zero Coupon Instruments, at the rate applicable to overdue payments) and shall be calculated in the same manner and on the same basis as if it were interest accruing on the Instruments for the period from and including the due date for payment of the relevant Partly Paid Instalment up to but excluding the Forfeiture Date. For the purpose of the accrual of interest, any payment of any Partly Paid Instalment made after the due date for payment shall be treated as having been made on the day preceding the Forfeiture Date (whether or not a Business Day).

Unless an Event of Default shall have occurred and be continuing, on the Forfeiture Date, the Issuer shall forfeit all of the Instruments in respect of which any Partly Paid Instalment shall not have been duly paid, whereupon the Issuer shall be entitled to retain all Partly Paid Instalments previously paid in respect of such Instruments and shall be discharged from any obligation to repay such amount or to pay interest thereon, or (where such Instruments are represented by a Temporary Global Instrument or a Permanent Global Instrument) to exchange any Interests in such Instrument for interests in a Permanent Global Instrument or to deliver Definitive Instruments or Registered Instruments in respect thereof, but shall have no other rights against any Person entitled to the Instruments which have been so forfeited.

Without prejudice to the right of the Issuer to forfeit any Instruments, for so long as any Partly Paid Instalment remains due but unpaid and, except in the case where an Event of Default shall have occurred and be continuing (a) no interests in a Temporary Global Instrument may be exchanged for interests in a Permanent Global Instrument and (b) no transfers of Registered Instruments or exchanges of Bearer Instruments for Registered Instruments may be requested or effected.

Until such time as all the subscription moneys in respect of Partly Paid Instruments shall have been paid in full and except in the case where an Event of Default shall have occurred and be continuing or if any of Euroclear or Clearstream, Luxembourg or the CMU Service or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so, no interests in a Temporary Global Instrument or a

Permanent Global Instrument may be exchanged for Definitive Instruments or Registered Instruments.

3. Title and Transfer

3.1 Title to Bearer Instruments, Receipts and Coupons passes by delivery. References herein to the "Holders" of Bearer Instruments or of Receipts or Coupons are to the bearers of such Bearer Instruments or such Receipts or Coupons, as the case may be.

3.2 Title to Registered Instruments passes by transfer and registration in the register which the Issuer shall procure to be kept by the Registrar. For the purposes of these Terms and Conditions, "Registrar" means, in relation to any Series comprising Registered Instruments, the Principal Registrar, the First Alternative Registrar or, as the case may be, the Second Alternative Registrar, as specified in the Final Terms. References herein to the "Holders" of Registered Instruments are to the persons in whose names such Registered Instruments are so registered in the relevant register.

3.3 The Holder of any Bearer Instrument, Coupon or Registered Instrument 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.

Transfer of Registered Instruments and exchange of Bearer Instruments for Registered Instruments

3.4 A Registered Instrument may, upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the Final Terms) upon the surrender of the Registered Instrument to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar. A new Registered Instrument will be issued to the transferee and, in the case of a transfer of part only of a Registered Instrument, a new Registered Instrument in respect of the balance not transferred will be issued to the transferor.

3.5 If so specified in the Final Terms, the Holder of Bearer Instruments may exchange the same for the same aggregate principal amount of Registered Instruments upon the terms and subject to the conditions set forth in the Issue and Paying Agency Agreement. In order to exchange a Bearer Instrument for a Registered Instrument, the Holder thereof shall surrender such Bearer Instrument at the Specified Office outside the United States of the Fiscal Agent or of the Registrar together with a written request for the exchange. Each Bearer Instrument so surrendered must be accompanied by all unmatured Receipts and Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 3.6) where the exchange date would, but for the provisions of Condition 3.6, occur between the Record Date (as defined in Condition 7B.3) for such payment of interest and the date on which such payment of interest falls due.

3.6 Each new Registered Instrument to be issued upon the transfer of a Registered Instrument or the exchange of a Bearer Instrument for a Registered Instrument will, within three

Relevant Banking Days of the transfer date or, as the case may be, the exchange date be available for collection by each relevant Holder at the Specified Office of the Registrar or, at the option of the Holder requesting such exchange or transfer, be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address(es) as may be specified by such Holder. For these purposes, a form of transfer or request for exchange received by the Registrar or the Fiscal Agent after the Record Date in respect of any payment due in respect of Registered Instruments shall be deemed not to be effectively received by the Registrar or the Fiscal Agent until the day following the due date for such payment.

For the purposes of these Terms and Conditions:

(i) "***Relevant Banking Day***" means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the Specified Office of the Registrar is located and, in the case only of an exchange of a Bearer Instrument for a Registered Instrument where such request for exchange is made to the Fiscal Agent, in the place where the Specified Office of the Fiscal Agent is located;

(ii) the "***exchange date***" shall be the Relevant Banking Day following the day on which the relevant Bearer Instrument shall have been surrendered for exchange in accordance with Condition 3.5; and

(iii) the "***transfer date***" shall be the Relevant Banking Day following the day on which the relevant Registered Instrument shall have been surrendered for transfer in accordance with Condition 3.4.

3.7 The issue of new Registered Instruments on transfer or on the exchange of Bearer Instruments for Registered Instruments will be effected without charge by or on behalf of the Issuer, the Fiscal Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Fiscal Agent or the Registrar may require in respect of) any tax, duty or other governmental charges which may be imposed in relation thereto.

3.8 Upon the transfer, exchange or replacement of Registered Instruments bearing the restrictive legend (the "**Restrictive Legend**") set forth in the form of Registered Instrument scheduled to the Issue and Paying Agency Agreement, the Registrar shall deliver only Registered Instruments that also bear such legend unless either (i) the transferor is not and has not been an affiliate of the Issuer during the preceding three months and such transfer, exchange or replacement occurs one or more years after the later of (1) the original issue date of such Instruments or (2) the last date on which the Issuer or any affiliates (as defined below) of the Issuer, as notified to the Registrar by the Issuer as provided in the following sentence, was the beneficial owner of such Instrument (or any predecessor of such Instrument) or (ii) there is delivered to the Registrar an opinion reasonably satisfactory to the Issuer of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws. The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its "affiliates" (as defined in paragraph (a)(1) of Rule 144 under the *Securities Act of 1933*, as amended (the "**Securities Act**")) not to acquire any beneficial interest, in any

Registered Instrument bearing the Restrictive Legend unless it notifies the Registrar of such acquisition. The Registrar and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

3.9 For so long as any of the Registered Instruments bearing the Restrictive Legend remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the *Securities Act*, the Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or Section 15(d) under the *United States Securities Exchange Act of 1934* nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Relevant Account Holder (as defined in the Deed of Covenant) in connection with any sale thereof and any prospective purchaser of such Instruments from such Relevant Account Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the *Securities Act*.

4. Status of the Instruments

Status

4.1 The Instruments constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank pari passu without any preference among themselves and, in a Winding-Up, at least pari passu with all other unsubordinated and unsecured obligations of the Issuer, present and future (save for certain mandatory exceptions provided by law including, but not limited to, Sections 13A(3) and 16(2) of the *Banking Act 1959 of Australia* (the "***Banking Act***") and Section 86 of the *Reserve Bank Act 1959 of Australia* (the "***Reserve Bank Act***")).

General

4.2. *The Issuer is an ADI as that term is defined under the Banking Act. Under Sections13A(3) and 16(2) of the Banking Act and section 86 of the 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 Instruments, the Issuer). 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 Instruments are not protected accounts for the purposes of the Banking Act. Unless expressly stated in Condition 4.1 or otherwise, the Issuer does not make any representation as to whether the Instruments, or any of them, would constitute deposit liabilities in Australia for the purposes of the Banking Act.

The liabilities which are preferred by law to the claim of a Holder in respect of an Instrument may 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 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.

5. Interest

Interest

5.1 Instruments may be interest-bearing or non-interest-bearing, as specified in the Final Terms. Words and expressions appearing in this Condition 5 and not otherwise defined herein or in the Final Terms shall have the meanings given to them in Condition 1.1 (*Definitions*).

Fixed Rate Instrument Provisions

5.2 *This Condition 5.2 applies to Fixed Rate Instruments only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5.2 for full information on the manner in which interest is calculated on Fixed Rate Instruments. In particular, the applicable Final Terms 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 and the Day Count Fraction.*

(i) *Application*: This Condition 5.2 is applicable to the Instruments only if the Fixed Rate Instrument Provisions are specified in the relevant Final Terms as being applicable.

(ii) *Accrual of interest*: The 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 7 (*Payments*). Each Instrument will cease to bear interest from the due date for final redemption (or, in the case of an Instalment 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 5 (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such 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 Instruments up to such seventh day (except to the extent that there is any subsequent default in payment).

(iii) *Fixed Coupon Amount*: The amount of interest payable in respect of each 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 Final Terms).

(iv) *Calculation of Interest Amount*: The amount of interest payable in respect of each 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 Instrument and multiplying the product by the relevant Day Count Fraction or (ii) if so specified in the Final Terms, by applying the Interest Rate to the Calculation Amount of such 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 Instrument Provisions

5.3 *This Condition 5.3 applies to Floating Rate Instruments only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 5.3 for full information on the manner in which interest is calculated on Floating Rate Instruments. In particular, the applicable Final Terms 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 Final Terms 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 Final Terms will also specify the applicable Reference Rate, Relevant Financial Centre, Interest Determination Date(s) and Relevant Screen Page*.

(i) *Application:* This Condition 5.3 is applicable to the Instruments only if the Floating Rate Instrument Provisions are specified in the relevant Final Terms as being applicable.

(ii) *Accrual of interest:* The 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 7 (*Payments*). Each Instrument will cease to bear interest from the due date for final redemption (or, in the case of an Instalment 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 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 Instruments up to such seventh day (except to the extent that there is any subsequent default in payment).

(iii) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the 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:

(a) 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;

(b) 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;

(c) 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

(d) 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 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 Instruments in respect of the last preceding Interest Accrual Period.

(iv) *ISDA Determination:* If ISDA Determination is specified in the relevant Final Terms as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the 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:

(a) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;

(b) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and

(c) 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 relevant Final Terms.

(v) *Maximum or Minimum Interest Rate:* If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Final Terms, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

(vi) *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 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 Instrument during such Interest Accrual Period and multiplying the product by the relevant Day Count Fraction or (ii) if so specified in the Final Terms, by applying the Interest Rate for such Interest Accrual Period to the Calculation Amount of such 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.

(vii) *Calculation of other amounts:* If the relevant Final Terms specify 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 Final Terms), 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 relevant Final Terms.

(viii) *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 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.

(ix) *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 Instrument Provisions

5.4

(i) *Application:* This Condition 5.4 is applicable to the Instruments only if the Zero Coupon Instrument Provisions are specified in the relevant Final Terms as being applicable.

(ii) *Late payment on Zero Coupon Instruments:* If the Redemption Amount payable in respect of any Zero Coupon Instrument is improperly withheld or refused, the Redemption Amount shall thereafter 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 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 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 Instruments up to such seventh day (except to the extent that there is any subsequent default in payment).

Dual Currency Instrument Provisions

5.5

(i) *Application*: This Condition 5.5 is applicable to the Instruments only if the Dual Currency Instrument Provisions are specified in the relevant Final Terms as being applicable.

(ii) If the relevant Final Terms specify that Condition 5.5(ii) is applicable, the Issuer may issue Instruments with interest payable in a different currency (the "***Second Currency***") from the Specified Currency in which the Instruments are denominated. Such Second Currency will be specified in the relevant Final Terms. The Interest Rate in respect of such Instruments may be calculated in accordance with the Fixed Rate Instrument Provisions or the Floating Rate Instrument Provisions as specified in the relevant Final Terms. The rate of exchange between the Specified Currency in which the Instruments are denominated and the Second Currency in which the Interest Amount is payable in respect of such Instruments (as applicable) shall be as set out in the Final Terms.

(iii) If the relevant Final Terms specify that Condition 5.5(iii) is applicable, the Issuer may issue Instruments with interest determined by reference to an exchange rate and each Instrument will bear interest from and including the Interest Commencement Date determined in accordance with the provisions set out below.

The Interest Amount per Calculation Amount ("***IA***") for each Interest Accrual Period, payable on each Interest Payment Date (as specified in the relevant Final Terms) shall be calculated by the Calculation Agent in accordance with the following formula, provided that (1) the resultant figure of the formula shall be rounded to the nearest whole JPY, with half a JPY being rounded upwards, (2) the resultant figure of the square bracket shall be rounded to the nearest six decimal places of one per cent., and (3) the resultant figure of the square bracket shall never be more or less than the relevant values set out in the applicable Final Terms:

IA = Calculation Amount x Dual Currency Rate x [FX1/FX0] x Day Count Fraction

Where:

"***Dual Currency Rate***" shall have the meaning specified in the applicable Final Terms;

"***FX1***" means the arithmetic mean of the bid and offered rate for AUD/JPY exchange rates, expressed as a number of JPY per AUD 1.00 as of 3.00 p.m. Tokyo time on the Reference Date which appears under the "AUD" column on Reuters Screen Page "JPNU";

"***FX0***" shall have the meaning specified in the applicable Final Terms;

"***Reuters Screen Page "JPNU"***" means the display page "JPNU" designated on the Reuters Monitor Money Rates Service or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may replace that page on that service or such other service, in all cases for the purpose of displaying the AUD/JPY exchange rates in succession thereto;

"***AUD***" shall mean Australian Dollars; "Day Count Fraction" is 30/360;

"***Interest Period End Date***" shall have the meaning specified in the applicable Final Terms;

"***Reference Date***" shall be the tenth (10th) Tokyo, London, New York and Sydney Business Day prior to each Interest Period End Date; and

"***Tokyo, London, New York and Sydney Business Day***" shall mean a day on which commercial banks and foreign exchange market participants settle payments and are open for general business (including dealing in foreign exchange and foreign deposits) in Tokyo, London, New York and Sydney.

The Calculation Agent will cause the Interest Amount to be notified to the Fiscal Agent.

(iv) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:

In the event that Reuters Screen Page "JPNU" (or such successor page) should not be available, or the bid and offered rate for AUD/JPY exchange rates should not appear on Reuters Screen Page "JPNU" (or any successor page), in each case on the relevant Reference Date at or around 3.00 p.m. Tokyo time, then the Calculation Agent shall determine FX1 by requesting each of the five leading banks in the relevant currency and foreign exchange markets (the "***Reference Banks***"), as selected by the Calculation Agent, to provide a quotation for FX1.

If four or five such quotations are provided as requested, after disregarding the highest of such quotations and the lowest of such quotations (provided that, if two or more such quotations are the highest such quotations, then only one of such quotations shall be disregarded, and if two or more such quotations are the lowest quotations then only one of such lowest quotations shall be disregarded), the applicable rate shall be determined by the Calculation Agent as the arithmetic mean (rounded to the nearest five decimal places, 0.000005 being rounded upwards) of the remaining such quotations for such rate.

If only three or fewer such quotations are provided as requested, the applicable rate shall be the arithmetic mean of such quotations as determined by the Calculation Agent as described above.

If no such quotations are provided as requested, and the Calculation Agent determines it its sole discretion that no suitable replacement Reference Banks who are prepared to quote are available, the Calculation Agent shall be entitled to calculate the applicable rate in good faith and a commercially reasonable manner.

Coupon Switch Option Provisions

5.6

(i) *Application:* This Condition 5.6 is applicable to the Instruments only if the Coupon Switch Option is specified in the relevant Final Terms as being applicable and each Instrument shall bear interest on the following basis (unless otherwise specified in the relevant Final Terms).

(ii) The Final Terms shall specify whether the Fixed Rate Instrument Provisions or, as the case may be, the Floating Rate Instrument Provisions are applicable to the Instruments from and including the Issue Date to but excluding the Coupon Switch Option Date. Upon the Issuer giving the requisite notice (which, for the purposes of this Condition 5.6 only, shall be five Business Days prior to the Coupon Switch Option Date or such other notice period as may be specified in the Final Terms) to exercise its Coupon Switch Option, from and including the Coupon Switch Option Date, interest shall accrue on a different basis from the basis which was applicable prior to such Coupon Switch Option Date. The Final Terms shall specify whether the Fixed Rate Instrument Provisions or, as the case may be, the Floating Rate Instrument Provisions are applicable, upon the exercise by the Issuer of the Coupon Switch Option, from and including such Coupon Switch Option Date to but excluding the Maturity Date.

6. Redemption and Purchase

Scheduled redemption

6.1 Unless previously redeemed, or purchased and cancelled or, unless such Instrument is stated in the Final Terms as having no fixed maturity date, the Instruments will be redeemed at their Final Redemption Amount, together with interest accrued (if any) (or, in the case of Instalment Instruments, in such number of instalments and in such amounts ("***Instalment Amounts***") as may be specified in the Final Terms), on the Maturity Date, as provided in Condition 7 (*Payments*).

Redemption for tax reasons

6.2 The Instruments may be redeemed at the option of the Issuer in whole, but not in part:

(i) at any time (if the Floating Rate Instrument Provisions are specified in the relevant Final Terms as not being applicable); or

(ii) on any Interest Payment Date (if the Floating Rate Instrument Provisions are specified in the relevant Final Terms as being applicable),

on giving not less than 30 or more than 60 days' notice to the Holders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable) or as otherwise specified in the Final Terms, at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(i) (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations or rulings of Australia or of the jurisdiction, country or territory in which the branch through which the Issuer is acting (as specified in the relevant Final Terms) is located or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Instruments or any other date specified in the Final Terms; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (a) the Issuer has or will become obliged to pay additional amounts in respect of New Zealand non-resident withholding tax which may be, or which may become, applicable to Instruments issued by the Issuer acting through its New Zealand branch; and either

(b) such obligation cannot be avoided by the Issuer paying (if it is not already doing so) New Zealand approved issuer levy at a rate not exceeding the rate of the levy charged at the date of issue of the first Tranche of the Instruments under Section 86J of *the Stamp and Cheque Duties Act 1971 of New Zealand* (the "**Approved Issuer Levy Rate**") on the payments of principal or interest or taking any other reasonable measures available to it (but not including the payment of any additional approved issuer levy); or

(c) in order to avoid any New Zealand non-resident withholding tax (under current law or any change of law) the Issuer becomes obliged, as a result of any change in, or amendment to, the laws, regulations or rulings of New Zealand or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any change in the application or in the interpretation or administration of any such laws, regulations or rulings, to pay approved issuer levy at a rate exceeding the Approved Issuer Levy Rate or incurs any other cost in excess of that applicable under New Zealand law at the date of issue of the first Tranche of the Instruments,

provided, however, that no such notice of redemption shall be given earlier than:

(1) where the Instruments may be redeemed at any time, 90 days prior to the earliest

date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Instruments were then due; or

(2) where the Instruments may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Instruments were then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent:

(1) a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of such Issuer so to redeem have occurred; and

(2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts and that:

(i) (in the case of paragraph (i) above) the relevant obligation arises as result of any such change or amendment as is specified in sub-paragraph (i)(a) above and cannot be avoided by the Issuer taking reasonable measures available to it;

(ii) (in the case of sub-paragraph (ii)(a) above) the relevant obligation cannot be avoided by the Issuer paying New Zealand approved issuer levy at a rate not exceeding the Approved Issuer Levy Rate or taking any other reasonable measures available to it (not including the payment of any additional approved issuer levy); or

(iii) (in the case of sub-paragraph (ii)(b) above) in order to avoid the relevant obligation, the Issuer would be obliged, as a result of any such change or amendment as is specified in the sub-paragraph, to pay approved issuer levy at a rate exceeding the Approved Issuer Levy Rate or to incur any other cost in excess of that applicable under New Zealand law at the date of the issue of the first Tranche of the Instruments.

The Issuer may not exercise such option in respect of any Instrument which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Instrument under Condition 6.5 (*Redemption at the option of Holders*).

Redemption at the option of the Issuer

*This Condition 6.3 applies to Instruments which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons), such option being referred to as an "**Issuer Call**". The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 6.3 for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of*

Instruments which can be redeemed and the applicable notice periods.

6.3 If Redemption at the option of the Issuer (Call) is specified in the relevant Final Terms as being applicable, the Instruments may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than five or more than 60 days' notice to the Holders in accordance with Condition 14 (Notices) (which notice shall be irrevocable and shall oblige the Issuer to redeem all of the Instruments of the relevant Series or, as the case may be, the Instruments specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

The Issuer may not exercise such option in respect of any Instrument which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Instrument under Condition 6.5 (*Redemption at the option of Holders*).

Partial redemption

6.4 If the Instruments are to be redeemed in part only on any date in accordance with Condition 6.3 (*Redemption at the option of the Issuer*):

(i) in the case of Bearer Instruments (other than a Temporary Global Instrument or a Permanent Global Instrument) the 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;

(ii) in the case of a Temporary Global Instrument or a Permanent Global Instrument, the 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; and

(iii) in the case of Registered Instruments, the Instruments shall be redeemed (so far as may be practicable) pro rata to their principal amounts, provided always that the amount redeemed in respect of each Instrument shall be equal to the minimum denomination thereof or an integral multiple thereof,

subject always to compliance with applicable law and the rules of each listing authority and/or stock exchange on or by which the Instruments are then listed and/or traded and the notice to Holders referred to in Condition 6.3 (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Instruments so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

In the case of the redemption of part only of a Registered Instrument, a new Registered Instrument in respect of the unredeemed balance shall be issued in accordance with Conditions 3.4 to 3.9 which shall apply as in the case of a transfer of Registered Instruments as if such new Registered Instrument were in respect of the untransferred balance.

Redemption at the option of Holders

This Condition 6.5 applies to Instruments which are subject to redemption prior to the Maturity Date at the option of the Holders, such option being referred to as an "Investor Put". The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 6.5 for full information on any Investor Put. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

6.5 If Redemption at the option of the Holders (Put) is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Holder of any Instrument, redeem such Instrument on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 6.5, the Holder of an Instrument must, not less than 45 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent, in the case of a Bearer Instrument, or the Registrar, in the case of a Registered Instrument, such Instrument together with all unmatured Coupons relating thereto (other than any Coupon maturing on or before the Optional Redemption Date (Put) (failing which the provisions of Condition 7A.6 apply)) and a duly completed Put Option Notice in the form obtainable from any Paying Agent or, as the case may be, the Registrar specifying, in the case of a Temporary Global Instrument or Permanent Global Instrument or Registered Instrument, the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the Final Terms or an integral multiple thereof). The Paying Agent with which an Instrument is so deposited shall deliver a duly completed Put Option Receipt to the depositing Holder. No Instrument, once deposited with a duly completed Put Option Notice in accordance with this Condition 6.5, may be withdrawn; provided, however, that if, prior to the relevant Optional Redemption Date (Put), any such Instrument becomes immediately due and payable, the relevant Holder, at its option, may elect by notice to the Paying Agent or, as the case may be, the Registrar to withdraw the Put Option Notice given pursuant to this Condition 6.5 and instead declare such Instrument to be forthwith due and payable pursuant to Condition 9 (*Events of Default*). For so long as any outstanding Instrument is held by a Paying Agent in accordance with this Condition 6.5, the depositor of such Instrument and not such Paying Agent shall be deemed to be the Holder of such Instrument for all purposes.

In the case of the redemption of part only of a Registered Instrument, a new Registered Instrument in respect of the unredeemed balance shall be issued in accordance with Conditions 3.4 to 3.9 which shall apply as in the case of a transfer of Registered Instruments as if such new Registered Instrument were in respect of the untransferred balance.

The Holder of an Instrument may not exercise such option in respect of any Instrument which is the subject of an exercise by the Issuer of its option to redeem such Instrument under either Condition 6.2 (*Redemption for tax reasons*) or Condition 6.3 (*Redemption at the option of the Issuer*).

No other redemption

6.6 The Issuer shall not be entitled to redeem the Instruments otherwise than as provided in Conditions 6.1 to 6.5 above.

Early redemption of Zero Coupon Instruments

6.7 Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Instrument at any time before the Maturity Date shall 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 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 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 Final Terms for the purposes of this Condition 6.7 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.

Purchase

6.8 The Issuer or any of its Subsidiaries may at any time purchase Instruments in the open market or otherwise and at any price, provided that all unmatured Receipts and Coupons are purchased therewith.

Cancellation

6.9 All 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 Instruments so purchased by the Issuer or any of its Subsidiaries and all unmatured Coupons attached to or surrendered with them may, at the option of the Issuer, be cancelled, held, reissued or resold.

7. Payments

7A. Payments — Bearer Instruments

7A.1 This Condition 7A is applicable in relation to Instruments in bearer form.

Principal

7A.2 Payments of principal due in respect of Bearer Instruments shall be made 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 Bearer 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 Instrument which is a Definitive Instrument with Receipts will be made against presentation of the 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 Instrument to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of an Instrument without the relative Receipt or the presentation of a Receipt without the Instrument to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

Interest

7A.3 Payment of amounts in respect of interest on Bearer Instruments will be made:

(i) in the case of a Temporary Global Instrument or Permanent Global Instrument, against presentation of the relevant Temporary Global Instrument or Permanent Global Instrument at the Specified Office of any of the Paying Agents outside Australia, New Zealand and (unless Condition 7A.4 (*Payments in New York City*) 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;

(ii) in the case of Definitive Instruments without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Instruments at the Specified Office of any of the Paying Agents outside Australia, New Zealand and (unless Condition 7A.4 (*Payments in New York City*) 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

(iii) in the case of Definitive 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 Instruments, in either case at the Specified Office of any of the Paying Agents outside Australia, New Zealand and (unless Condition 7A.4 (*Payments in New York City*) 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

7A.4 Payments of principal and interest on the Bearer Instruments and exchanges of Talons for Coupon Sheets in accordance with Condition 7A.7 (*Exchange of Talons*) 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 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

7A.5 If the due date for payment of any amount in respect of any 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.

7A.6 Each Definitive 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:

(i) if the Final Terms specify that this paragraph (i) of Condition 7A.6 is applicable (and, in the absence of specification this paragraph (i) shall apply to Definitive 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 (iii) 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;

(ii) if the Final Terms specify that this paragraph (ii) of Condition 7A.6 is applicable (and, in the absence of specification, this paragraph (ii) shall apply to 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 (iii) below, Talons) relating to such Definitive Instruments (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;

(iii) in the case of Definitive 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

(iv) in the case of Definitive Instruments initially delivered with Receipts attached thereto, all Receipts relating to such 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 (i) of this Condition 7A.6 notwithstanding, if any Definitive Instruments are issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Definitive Instrument without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) 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 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 (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) 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 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

7A.7 In relation to Definitive 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 7A.4 (*Payments in New York City*) applies) the United States in exchange for a further Coupon Sheet (including any appropriate further Talon), subject to the provisions of Condition 10 (*Prescription)* 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

7A.8 Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Instruments at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by Condition 7A.4 (*Payments in New York City*)).

Partial payments

7A.9 If a Paying Agent makes a partial payment in respect of any 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.

7B. Payments — Registered Instruments

7B.1 This Condition 7B is applicable in relation to Registered Instruments.

7B.2 Payment of the Redemption Amount due in respect of Registered Instruments (together with accrued interest thereon (if any)) will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the relevant Registered Instruments at the Specified Office of the Registrar. If the due date for payment of the Redemption Amount of any Registered Instrument is not a Business Day then the Holder thereof will not be entitled to payment thereof until the next Business Day and thereafter will be entitled to receive payment by cheque on any local banking day, and will be entitled to payment by transfer to a designated account on any day which is a local banking day, a Business Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5 (*Interest*) as appropriate.

7B.3 Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Instruments will be paid to the Holder thereof (or, in the case of joint Holders, the first-named) as appearing in the register kept by the Registrar as at the close of business (local time in the place of the Specified Office of the Registrar) on the clearing system business day immediately prior to the date for payment, where for the purposes of this Condition 7B.3 “clearing system business day” means Monday to Friday inclusive except 25 December and 1 January in the case of any payment made in a currency other than Renminbi or, in the case of any payment made in Renminbi, on the fifth Relevant Banking Day (as defined in Condition 3.6) before the due date for such payment (either such date being the “Record Date”).

7B.4 Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Instruments will be made in the currency (other than Renminbi) in which such amount is due by cheque to the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 3.6) not later than the relevant due date for payment unless prior to the relevant Record Date the Holder thereof (or, in the case of joint Holders, the first- named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. Payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Instruments to be made in Renminbi will be made by transfer to the registered account of the Holder thereof (or, in the case of joint Holders, the first-named) on the Relevant Banking Day (as defined in Condition 3.6) not later than the relevant due date for payment. In the case of payment by transfer to an account, if the due date for any such payment is not a Business Day, then the Holder thereof will not be entitled to payment thereof until the first day thereafter which is a Business Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a

subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5 (*Interest*), as appropriate.

For the purposes of this Condition 7B.4, "registered account" means the Renminbi account maintained by or on behalf of the Holder with a bank in Hong Kong, details of which appear in the Register at the close of business on the Record Date (as defined in Condition 7B.3 above).

7C. Payments — General Provisions

7C.1 Save as otherwise specified in these Terms and Conditions, this Condition 7C is applicable in relation to both Bearer Instruments and Registered Instruments.

7C.2 Payments will, without prejudice to the provisions of Condition 8 (*Taxation)*, 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 or otherwise) in respect of the 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 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 under Condition 8 (*Taxation*) 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 Instruments, the Receipts or the Coupons.

Except to the extent that the Issuer is required to pay any additional amount under Condition 8 (*Taxation*) on account of a withholding or deduction, the Issuer will not be required to pay any additional amount 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 Instruments, the Receipts or the Coupons.

7C.3 For purposes of Section 7A, the "United States", when being used as a location, shall include the United States and its possessions.

7D. Payments – Inconvertibility, Non-transferability or Illiquidity

Notwithstanding any other provision in these Terms and Conditions, if by reason of Inconvertibility, Non-transferability or Illiquidity (each a "***Renminbi Disruption Event****")* as determined by the Issuer acting in good faith and in a commercially reasonably manner, the Issuer is not able, or it would be impracticable for it, to satisfy (in whole or in part) any

payment due under the Instruments or the Coupons in Renminbi in Hong Kong, the Issuer may, in its sole and absolute discretion:

a) postpone payment of such amounts to two Business Days after the date on which the Renminbi Disruption Event ceases to exist or, if such payment would not be possible or it would be impracticable (as determined by the Issuer acting in good faith), as soon as reasonably practicable thereafter, unless the Renminbi Disruption Event continues to exist for 14 consecutive calendar days from the original date that, but for the occurrence of the Renminbi Disruption Event, would have been the date of such payments;

b) (if the Renminbi Disruption Event continues to exist for 14 consecutive calendar days from the original date that, but for the occurrence of the Renminbi Disruption Event, would have been the date of such payments) on giving not less than five days' irrevocable notice to the Holders, settle any such payment (in whole or in part) in U.S. dollars on the date that is three Business Days after the expiration of the aforementioned 14 calendar day period at the U.S. Dollar Equivalent of any such Renminbi denominated amount or, if such payment would not be possible or it would be impracticable (as determined by the Issuer acting in good faith), as soon as reasonably practicable thereafter; and/or

c) 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 any such payment (in whole or in part) in U.S. dollars on the due date at the U.S. Dollar Equivalent of the relevant Renminbi denominated amount.

Upon the occurrence of a Renminbi Disruption Event, the Issuer shall give notice as soon as reasonably practicable to the Holders in accordance with Condition 14 (*Notices*) stating the occurrence of the Renminbi Disruption Event, giving details thereof and the action proposed to be taken in relation thereto.

Holders will not be entitled to further interest or other payment in respect of any such postponement of the payment of any such amounts.

Any such payment of the U.S. Dollar Equivalent of the relevant amounts due under the Instruments, the Receipts or the Coupons shall be made in accordance with Condition 7A (*Payments – Bearer Instruments*) or Condition 7B (*Payments – Registered Instruments*) as applicable.

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

In this Condition 7D:

"***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 (including the central bank) 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 obtain sufficient Renminbi in order to satisfy (in whole or in part) its obligation to make any payment due under the Instruments or the Coupons, as determined by the Issuer acting in good faith and in a commercially reasonably manner following consultation (if practicable) with two Renminbi Dealers;

"***Inconvertibility***" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Instruments or the Coupons in the general Renminbi exchange market in Hong Kong, other than where such impossibility 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 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 for the Issuer to deliver Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong (including where the Renminbi clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility 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 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 Special Administrative Region of the People's Republic of China, Macau Special Administrative Region of the People's Republic of China and Taiwan;

"***Rate Calculation Business Day***" means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange) in Hong Kong, Sydney, London, Beijing and New York City;

"***Rate Calculation Date***" means the day which is two Rate Calculation Business Days before the due date for any payment of the relevant amount under these Terms and Conditions;

"***Renminbi***" means the lawful currency of the PRC;

"***Renminbi Dealer***" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

"***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.

8. Taxation

Gross up

8.1 All payments of principal and interest in respect of the Instruments, the Receipts and the Coupons 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, and/or of the jurisdiction, country or territory in which the branch through which the Issuer is acting (as specified in the relevant Final Terms) is located 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, the Issuer shall pay such 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 in respect of any Instrument, Receipt or Coupon:

(i) 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 Instrument, Receipt or Coupon held by a Holder, who is liable to Withholding Taxes in respect of such Instrument, Receipt or Coupon by reason of the Holder or beneficial owner having some connection (whether past or present) with Australia and/or the jurisdiction, country or territory in which the branch through which the Issuer is acting is located other than (a) the mere holding of such Instrument, Receipt or Coupon or (b) the receipt of principal, interest or other amount in respect of such Instrument, Receipt or Coupon; or

(ii) 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 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

(iii) 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 Instrument, Receipt or Coupon on the last day of such period of 30 days; or

(iv) on account of taxes which are payable by reason of the Holder of such 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

(v) in respect of Instruments issued by the Issuer acting through its New Zealand branch or Instruments in respect of which payments are payable in New Zealand Dollars, on account of: (i) New Zealand resident withholding tax (as defined in the *Income Tax Act 2007 of New Zealand*); and/or (ii) New Zealand non-resident withholding tax (as defined in the *Income Tax Act 2007 of New Zealand*) imposed at a resident withholding tax rate as a consequence of a Holder or beneficial owner deriving interest under an Instrument jointly with one or more other persons at least one of which is a resident of New Zealand for income tax purposes; or

(vi) 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 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

(vii) 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

(viii) presented for payment 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 Instrument, Receipt or Coupon held by a Holder, who would have been able to avoid such withholding or deduction by presenting (or procuring that a third party presents) the relevant Instrument, Receipt or Coupon to another Paying Agent; or

(ix) for or on account of any withholding or deduction arising under or in connection with FATCA.

New Zealand resident withholding tax

8.2 Where the Instruments are issued by the Issuer's New Zealand branch or amounts payable in relation to any Instruments are payable in New Zealand dollars, the Issuer may be required by New Zealand law to deduct New Zealand resident withholding tax from the payment of interest or other amounts to the Holder on any Interest Payment Date or, if applicable, the Maturity Date (as specified in the applicable Final Terms), if:

(i) the Holder is a resident of New Zealand for income tax purposes or otherwise is a person, the payment of interest (as defined for New Zealand tax purposes) to whom will be subject to New Zealand resident withholding tax (a "***New Zealand Holder***"); and

(ii) at the time of such payment the New Zealand Holder does not hold a valid RWT exemption certificate (as defined in the *Income Tax Act 2007 of New Zealand*) issued to it for New Zealand resident withholding tax purposes.

Prior to any Interest Payment Date or, if applicable, the Maturity Date (as specified in the applicable Final Terms), any New Zealand Holder:

(i) must notify the Issuer, the Registrar or any Paying Agent (a) that the New Zealand Holder is the holder of an Instrument and (b) if it derives interest under an Instrument jointly with any other person; and

(ii) must notify the Issuer, the Registrar or any Paying Agent of any circumstances, and provide the Issuer, the Registrar or that Paying Agent with its New Zealand tax file number and any information (including a copy of a valid RWT exemption certificate) that may enable the Issuer to make the payment of interest to the New Zealand Holder without deduction on account of New Zealand resident withholding tax.

A New Zealand Holder must notify the Issuer, prior to any Interest Payment Date or the Maturity Date (as specified in the applicable Final Terms) of any change in the New Zealand Holder's circumstances from those previously notified that could affect the Issuer's payment obligations in respect of any Instrument. By accepting payment of the full face amount of any Instrument or any interest thereon or other amounts in respect thereof on any Interest Payment Date or the Maturity Date, a New Zealand Holder agrees to indemnify the Issuer for all purposes in respect of any liability that the Issuer may incur for not deducting any amount from such payment on account of New Zealand resident withholding tax.

Only a New Zealand Holder will be obliged to make the notifications referred to above and no other Holder will be required to do so.

Whilst the Instruments are held in Euroclear, Clearstream, Luxembourg, the CMU Service or any other clearing system, Euroclear, Clearstream, Luxembourg, the CMU Service and any such other clearing system shall not be responsible to the Issuer, the Registrar, any Paying Agent, its account holders credited with such Instruments or any other person with regard to the collection or preparation of certificates, or otherwise in connection with this Condition 8.2.

8.3 Any reference in these Terms and Conditions to "principal" and/or "interest" in respect of the Instruments shall be deemed also to refer to any additional amounts which may be payable under this Condition 8. Unless the context otherwise requires, any reference in these Terms and Conditions to "principal" shall include any premium payable in respect of an 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 5 (Interest) and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

Taxing jurisdiction

8.4 If the Issuer is, or becomes, subject at any time to any taxing jurisdiction(s) other than or in addition to Australia or the jurisdiction, country or territory in which the branch through which

the Issuer is acting (as specified in the relevant Final Terms) is located, references to Australia in Condition 6.2 (*Redemption for tax reasons*) and this Condition 8 shall be substituted by references to or (as the case may be) shall be construed as including references to such other taxing jurisdiction(s).

9. Events of Default

9.1 The following events or circumstances (each an "***Event of Default***") shall be acceleration events in relation to the Instruments:

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

(ii) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of any of the Instruments of the relevant Series, the Issue and Paying Agency Agreement and (except in any case where such default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such default remains unremedied for 30 days after written notice requiring such default to be remedied has been delivered to the Issuer at the Specified Office of the Fiscal Agent by the Holder of any such Instrument; or

(iii) a Winding-Up; or

(iv) the Issuer ceases to carry on all or substantially all of its business other than under or in connection with a Solvent Reconstruction; or

(v) an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the assets or undertaking of, or an official manager is appointed to, the Issuer or a distress or execution is levied or enforced upon any substantial part of the assets or undertaking of the Issuer and is not removed, paid out or otherwise discharged within 30 days unless the same is being contested in good faith; or

(vi) the Issuer shall be unable to pay its debts as they fall due.

9.2 If any Event of Default shall occur in relation to any Series of Instruments, any Holder of an Instrument of the relevant Series may, by written notice to the Issuer at the Specified Office of the Fiscal Agent, declare that such Instrument and (if the Instrument is interest-bearing) all interest then accrued on such Instrument shall be forthwith due and payable, whereupon the same shall become immediately due and payable at its early termination amount (the "***Early Termination Amount***") (which shall be its outstanding principal amount) or, if such Instrument is a Zero Coupon Instrument, such amount as provided in Condition 6.7 (*Early redemption of Zero Coupon Instruments*)) or such other Early Termination Amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with all interest (if any) accrued thereon without presentment, demand, protest or other notice of any kind, all of which the Issuer will expressly waive, anything contained in

such Instruments to the contrary notwithstanding, unless, prior to receipt of such notice by the Fiscal Agent, all Events of Default in respect of the Instruments of the relevant Series shall have been remedied.

10. Prescription

10.1 Claims against the Issuer for payment of principal and interest in respect of 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.

10.2 In relation to Definitive 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 7A.7 (*Exchange of Talons*) or the due date for the payment of which would fall after the due date for the redemption of the relevant Instrument or which would be void pursuant to this Condition 10 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Instrument.

11. The Paying Agents, the Registrars and the Calculation Agent

11.1 The initial Paying Agents and Registrars and their respective initial Specified Offices are specified below. The Calculation Agent in respect of any Instruments shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or any Registrar or the Calculation Agent and to appoint additional or other Paying Agents or another Registrar or another Calculation Agent provided that it will at all times maintain (i) a Fiscal Agent, (ii) in the case of Registered Instruments, a Registrar, (iii) a Paying Agent (which may be the Fiscal Agent) with a Specified Office in a continental European city, (iv) so long as the Instruments are listed on the Official List of the UK Listing Authority and/or admitted to listing and/or trading on or by any other competent listing authority and/or stock exchange, a Paying Agent (which may be the Fiscal Agent) and a Registrar each with a Specified Office in London and/or in such other place as may be required by such competent listing authority and/or stock exchange, (v) in the circumstances described in Condition 7A.4 (*Payments in New York City*), a Paying Agent with a Specified Office in New York City, (vi) a Calculation Agent where required by these Terms and Conditions applicable to any Instruments (in the case of (i), (ii), (iii) and (vi) with a Specified Office located in such place (if any) as may be required by these Terms and Conditions) and (vii) so long as any 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. The Paying Agents, the Registrars 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, the Registrars or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 14 (*Notices*).

11.2 The Paying Agents, the Registrars 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 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.

12. Replacement of Instruments

If any 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 Final Terms (in the case of Bearer Instruments and Coupons) or of the Registrar (in the case of Registered Instruments) ("***Replacement Agent***") subject to all applicable laws and the requirements of any stock exchange and/or competent listing authority on or by which the 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 Instruments, Receipts and Coupons must be surrendered before replacements will be delivered therefor.

13. 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 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 Instruments. Such a meeting may be convened by the Issuer and shall be convened upon a request in writing by Holders of Instruments holding not less than one-tenth of the outstanding principal amount of the Instruments for the time being outstanding of any Series. An Extraordinary Resolution passed at any meeting of the Holders of Instruments of any Series will be binding on all Holders of the Instruments of such Series, whether or not they are present at the meeting, and on all Holders of Coupons relating to Instruments of such Series.

Alternatively, Holders of any particular Series of 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 Instruments.

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

14. Notices

To Holders of Bearer Instruments

14.1 Notices to Holders of Bearer Instruments will, save where another means of effective communication has been specified herein or in the Final Terms, be deemed to be validly given if:

(i) published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*); or

(ii) if such publication is not practicable, published in a leading English language daily newspaper having general circulation in Europe; or

(iii) if permitted by the rules of the relevant competent listing authority and/or stock exchange, in the case of 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

(iv) in the case of 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 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 6.3 (*Redemption at the option of the Issuer*)) 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 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 Final Terms 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 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 Bearer Instruments in accordance with this Condition. 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.

To Holders of Registered Instruments

14.2 Notices to Holders of Registered Instruments will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by airmail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day.

15. Further Issues

The Issuer may from time to time, without the consent of the Holders of any Instruments, Receipts or Coupons, create and issue further instruments, bonds or debentures having the same terms and conditions as such 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 Instruments of any particular Series.

16. Substitution of the Issuer

16.1 The Issuer may, with respect to any Series of Instruments issued by it (the "***Relevant Instruments***"), without the consent of any Holder, substitute for itself any other body corporate incorporated in any country in the world as the debtor in respect of the Instruments and the Issue and Paying Agency Agreement (the "***Substituted Debtor***") upon notice by the Issuer and the Substituted Debtor to be given by publication in accordance with Condition 14 (*Notices*), provided that:

(i) the Issuer is not in default in respect of any amount payable under any of the Relevant Instruments;

(ii) the Issuer and the Substituted Debtor have entered into such documents (the "***Documents***") as are necessary to give effect to the substitution and in which the Substituted Debtor has undertaken in favour of each Holder of the Relevant Instruments to be bound by these Terms and Conditions, the provisions of the Issue and Paying Agency Agreement and the Deed of Covenant as the debtor in respect of such Instruments in place of the Issuer (or of any previous substitute under this Condition 16);

(iii) if the Substituted Debtor is resident for tax purposes in a territory (the "***New Residence***") other than that in which the Issuer prior to such substitution was resident for tax purposes (the "***Former Residence***"), the Documents contain an undertaking and/or such other provisions as may be necessary to ensure that each Holder of the Relevant Instruments has the benefit of an undertaking in terms corresponding to the provisions of Condition 8 (*Taxation*) and the Substituted Debtor has the benefit of rights in terms corresponding to Condition 6.2 (*Redemption for tax reasons*) with, where applicable, the substitution of references to the Former Residence with references to the New Residence;

(iv) Westpac guarantees the obligations of the Substituted Debtor in relation to outstanding Relevant Instruments;

(v) the Substituted Debtor and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the Substituted Debtor of its obligations under the Documents and for the performance by the Issuer of its obligations under the guarantee referred to above as they relate to the obligations of the Substituted Debtor under the Documents;

(vi) each competent listing authority and/or stock exchange on or by which the Relevant

Instruments are admitted to listing and/or trading shall have confirmed that, following the proposed substitution of the Substituted Debtor, the Relevant Instruments will continue to be admitted to listing and/or trading by the relevant competent listing authority and/or stock exchange; and

(vii) if applicable, the Substituted Debtor has appointed a process agent as its agent in England to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Relevant Instruments and any Coupons.

16.2 Upon such substitution the Substituted Debtor shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Relevant Instruments and the Issue and Paying Agency Agreement with the same effect as if the Substituted Debtor had been named as the Issuer therein, and the Issuer shall be released from its obligations under the Relevant Instruments and under the Issue and Paying Agency Agreement.

16.3 After a substitution pursuant to Condition 16.1, the Substituted Debtor may, without the consent of any Holder, effect a further substitution. All the provisions specified in Conditions 16.1 and 16.2 shall apply, *mutatis mutandis*, and references in these Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further Substituted Debtor.

16.4 After a substitution pursuant to Conditions 16.1 or 16.3 any Substituted Debtor may, without the consent of any Holder, reverse the substitution, *mutatis mutandis*.

16.5 The Documents shall be delivered to, and kept by, the Fiscal Agent. Copies of the Documents will be available free of charge at the Specified Office of each of the Paying Agents.

17. Currency Indemnity

The currency or currencies in which the Instruments are payable from time to time, as specified in these Terms and Conditions or the Final Terms (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 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 an 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 an Instrument, Receipt or Coupon in respect of such 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 an 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 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 an Instrument, Receipt or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

18. Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder of any 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.

19. Law and Jurisdiction

19.1 The 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 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.

19.2 Subject as provided in Condition 19.4, the courts of England and Wales have exclusive jurisdiction to settle any dispute (a "***Dispute***") arising from or connected with the Instruments.

19.3 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.

19.4 Condition 19.2 is for the benefit of the Holders of the Instruments only. As a result, nothing in this Condition 19 shall prevent any Holder of the Instruments from taking proceedings relating to a Dispute ("***Proceedings***") in any other courts with jurisdiction. To the extent allowed by law, Holders of the Instruments may take concurrent Proceedings in any number of jurisdictions.

19.5 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.

20. Third Parties

No person shall have any right to enforce any term or condition of any 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 FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Instruments under the Programme with a denomination of less than €100,000 (or its equivalent in another currency), amended (if necessary) and completed to reflect the particular terms of the relevant Instruments and their issue.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Instruments are not intended[, from 1 January 2018,][1] to be offered, sold or otherwise made available to and[, with effect from such date,][2] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("***EEA***"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "***MiFID II***"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (where "***Prospectus Directive***" means Directive 2003/71/EC (as amended, including by *Directive 2010/73/EU*), and includes any relevant implementing measure in a relevant Member State of the EEA). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "***PRIIPs Regulation***") for offering or selling the Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

FINAL TERMS

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 Instruments]

by Westpac Banking Corporation

[The Base Prospectus dated 10 November 2017 referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Instruments in any Member State of the European Economic Area which has implemented the Prospectus Directive (*2003/71/EC*, as amended, including by *Directive 2010/73/EU*) (each a "***Relevant Member State***") will only be made to any legal entity which is a qualified investor as defined in the Prospectus Directive, as implemented in that Relevant Member State, pursuant to an exemption from the requirement to publish a prospectus for offers of the Instruments. Accordingly, any person making or intending to make an offer of those Instruments may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the

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[1] This date reference should not be included in Final Terms for offers concluded on or after 1 January 2018.

[2] To be deleted in Final Terms for offers concluded on or after 1 January 2018.

Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do any of them authorise, the making of any offer of Instruments in any other circumstances.

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 Base Prospectus dated 10 November 2017 [and the supplement to the Base Prospectus dated [●], which [together] constitute[s]] a base prospectus for the purposes of *Directive 2003/71/EC* (as amended, including by *Directive 2010/73/EU*) (the "***Prospectus Directive***"). This document constitutes the Final Terms for the purposes of Article 5.4 of the Prospectus Directive relating to the issue of Instruments described herein and must be read in conjunction with such Base Prospectus dated 10 November 2017 [as so supplemented].

[and]

Full information on the Issuer and the Instruments described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus dated 10 November 2017 [as so supplemented]. However, a summary of the issue of the Instruments (which comprises the summary in the Base Prospectus dated 10 November 2017 as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus dated 10 November 2017 is available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom, and at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from the Specified Offices of the Paying Agents.]

PART A: Contractual Terms

1.	Issuer and Designated Branch:	Westpac Banking Corporation acting through its [head office]/[[•] branch]
2.	Syndicated:	[Applicable/Not Applicable]]
	(i) If syndicated, names of Dealers [and underwriting commitments]:	[Not Applicable/[•]]
	(ii) Date of Subscription Agreement:	[•]
3.	If not syndicated, Relevant Dealer/Lead Manager:	[Name [and address/Not Applicable]
4.	Date of Board Approval of the Issuer:	[•]/[Not Applicable, save as discussed in Section [2] of the "General Information" section in the Base Prospectus]
5.	Status:	Senior
6.	Specified Currency:	
	(i) of denomination:	[•]
	(ii) of payment:	[•]/[•] for the payment of any Interest Amount, and [•] for the payment of any other amount in respect of the Instruments, including the Redemption Amount
7.	Aggregate Principal Amount of Tranche:	[•]
8.	If interchangeable with existing Series, Series No.:	[•]
9.	(i) Issue Date:	[•]
	(ii) Interest Commencement Date:	[•]
10.	Issue Price:	[•]
11.	Maturity Date:	[•], subject to adjustment in accordance with the Business Day Convention specified in paragraph [21(iv), 22(iv) or 24(vii)].
12.	Expenses:	[•]

13.	(i)	Form of Instruments:	[Bearer/Registered]
	(ii)	Bearer Instruments exchangeable for Registered Instruments:	[Yes/No]
14.	If issued in bearer form:		
	(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 and/or (if the relevant Series comprises both Bearer Instruments and Registered Instruments) Registered Instruments:	[Yes/No] [The Exchange Date shall be [•]]
	(iii)	Specify date (if any) from which exchanges for Registered Instruments will be made:	[•]/[Exchanges may be made at any time]
	(iv)	Permanent Global Instrument exchangeable at the option of the bearer for Definitive Instruments and/or (if the relevant Series comprises both Bearer Instruments and Registered Instruments) Registered Instruments:	[No. Permanent Global Instruments are only exchangeable for Definitive Instruments in the limited circumstances set out in Conditions 2.5(a) and (b)]
	(v)	Talons for future Coupons to be attached to Definitive Instruments:	[Yes/No] [As the Instruments have more than 27 Coupons, Talons may be required if, on exchange into definitive form, more than 27 Coupon payments are still to be made]
	(vi)	Receipts to be attached to Instalment Instruments which are Definitive Instruments:	[Yes/No] [The following Receipts will be attached to the Instruments: [•]]
15.	If issued in registered form:		[Regulation S Global Note (U.S.$/€[•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/the Central Moneymarkets Unit Service operated by the

		Hong Kong Monetary Authority]] [Rule 144A Global Note (U.S.$[•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority]]
16.	Denomination(s):	[[•] and integral multiples of [•] in excess thereof up to and including [•]. No Definitive Instruments will be issued with a denomination above [•]]
17.	Calculation Amount:	[•]
18.	Partly Paid Instruments:	[Yes/No]
	(i) Number of instalments:	[•]
	(ii) Amount of each instalment:	[•]
	(iii) Date(s) of payment:	[•]
	(iv) Method of payment:	[•]
	(v) First Forfeiture Date:	[•]
19.	If issued in registered form:	
	Registrar:	[•]
20.	Interest:	[[•] per cent. Fixed Rate] [[•] month [[USD LIBOR/GBP LIBOR/CAD LIBOR/EURIBOR/CHF LIBOR/JPY LIBOR/NZD LIBOR/CNH HIBOR/HIBOR /SIBOR] [+/– [•]] per cent. Floating Rate] [Zero Coupon]
21.	Fixed Rate Instrument Provisions:	[Applicable/Not Applicable/Applicable for the period from and including [•] to but excluding [•]]
	(i) Interest Rate[(s)]:	[•] per cent. per annum - [payable [annually/semi annually/quarterly /monthly] in

	arrear]
(ii) Interest Payment Date(s):	[•] in each year [subject to adjustment in accordance with the Business Day Convention specified in paragraph 21(iv)/No Adjustment]
(iii) Interest Period End Date(s):	[•]/Interest Payment Dates
(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ FRN Convention/Eurodollar Convention/No Adjustment]
[– for Interest Payment Dates:	[•]]
[– for Interest Period End Dates:	[•]]
[– for Maturity Date:	[•]]
[– any other date:	[•]]
(v) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
(vi) 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)”]
(vii) Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on][•]
(viii) Accrual Feature:	[Not Applicable]/[Applicable]
- Applicable Swap Rate:	[USD-ISDA-Swap Rate/[•] (as defined in the ISDA Definitions)]
- Applicable Rate thresholds:	Greater than or equal to [•] per cent. and less than or equal to [•] per cent.
- Observation Period:	[the period which starts [•]New York and London Banking Days prior to the beginning of the relevant Interest Accrual Period and ends [•] New York and London Banking Days prior to the end of such Interest Accrual Period]/ [Interest Accrual Period]

	- Designated Maturity:	[•]
	(ix) Additional Business Centre(s):	[Not Applicable/[•]]
22.	Floating Rate Instrument Provisions:	[Applicable/Not Applicable/Applicable for the period from and including [•] to but excluding [•]]
	(i) Specified Period(s):	[•]
	(ii) Interest Payment Dates:	[•], subject to adjustment in accordance with the Business Day Convention specified in paragraph 22(iv)
	(iii) Interest Period End Dates or (if the applicable Business Day Convention below is the FRN Convention) Interest Accrual Period:	[•]/Interest Payment Dates
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention/No Adjustment]
	[– for Interest Payment Dates:	[•]]
	[– for Interest Period End Dates:	[•]]
	[– for Maturity Date:	[•]]
	[– any other date:	[•]]
	(v) Additional Business Centre(s):	[Not Applicable/[•]]
	(vi) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(vii) Screen Rate Determination:	[Applicable/Not Applicable]
	– Reference Rate:	[•] month [•] [except for the Interest Period ending on [•] in which the Interest Rate will be determined using a linear interpolation between [•] month [•] and [•] month [•]]
	– Relevant Screen Page:	[•]

– Interest Determination Date(s):	[•]
– Relevant Time:	[•]
– Relevant Financial Centre:	[•]
(viii) ISDA Determination:	[Applicable/Not Applicable]
– Floating Rate Option:	[•]
– Designated Maturity:	[•] [except for the Interest Period ending on [•] in which the Interest Rate will be determined using a linear interpolation between a Designated Maturity of [•] months and [•] months]
– Reset Date:	[•]
(ix) Margin(s):	[+/–][•] per cent. per annum
(x) Minimum Interest Rate:	[•] per cent. per annum
(xi) Maximum Interest Rate:	[•] per cent. per annum
(xii) 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)”]
(xiii) Accrual Feature:	[Not Applicable]/[Applicable]
– Applicable Swap Rate:	[USD-ISDA-Swap Rate/[•]]
– Applicable Swap Rate thresholds:	Greater than or equal to [•] per cent. and less than or equal to [•] per cent.
– Observation Period:	[the period which starts [•] New York and London Banking Days prior to the beginning of the relevant Interest Accrual Period and ends [•] New York and London Banking Days prior to the end of such Interest Accrual Period]/[Interest Accrual Period]

	– Designated Maturity:	[•]
	(xiv) Broken Amounts:	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
23.	Zero Coupon Instrument Provisions:	[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/[•]]
24.	Dual Currency Instrument Provisions:	[Not Applicable/[Condition 5.5(ii)/Condition 5.5(iii) and (iv) is/are] Applicable]
	(i) Rate of Exchange:	[For the purposes of calculating the Interest Amount the Rate of Exchange is [•] per Calculation Amount]/[Not Applicable]
	(ii) Interest Payment Dates:	[•]
	(iii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
	(iv) Interest Period End Dates or (if the applicable Business Day Convention below is the FRN Convention) Interest Accrual Period:	[•]
	(v) Dual Currency Rate:	[•]
	(vi) FX0:	[•]
	(vii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar

		Convention/No Adjustment]
	– for Interest Payment Dates	[•]
	– for Interest Period End Dates	[•]
	– for Maturity Date	[•]
	– any other date	[•]
	(viii) Additional Business Centre(s):	[Not Applicable/[•]]
25.	Dates for payment of Instalment Amount (Instalment Instruments)	[•]
26.	Final Redemption Amount of each Instrument:	As determined in accordance with Condition [•] / [•] per Calculation Amount
27.	Instalment Amounts:	[•]
28.	Early Redemption for Tax Reasons:	[Applicable/Not Applicable]
	(a) Early Redemption Amount of each Instrument (Tax):	[•] per Calculation Amount
	(b) Date after which changes in law, etc. entitle Issuer to redeem:	[•]/[Issue Date]
29.	Coupon Switch Option:	[Applicable/Not Applicable]
30.	Coupon Switch Option Date:	[•]
31.	Redemption at the option of the Issuer (Call):	[Applicable/Not Applicable]
	(i) Optional Redemption Date (Call):	[•]
	(ii) Series redeemable in part:	[Yes/No]
	(iii) Optional Redemption Amount (Call) of each instrument	[•] per Calculation Amount
	(iv) Notice period:	[•]
32.	Partial redemption (Call):	[Applicable/Not Applicable]

	(a) Minimum Redemption Amount:	[•] per Calculation Amount
	(b) Maximum Redemption Amount:	[•] per Calculation Amount
	(c) Notice period:	[•]
33.	Redemption at the option of the Holders (Put):	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount (Put) of each Instrument:	[•] per Calculation Amount
	(iii) Notice period:	[•]
34.	Events of Default:	
	Early Termination Amount:	[•]
35.	Payments:	
	Unmatured Coupons missing upon Early Redemption:	[Condition 7A.6 (i) applies]/[Condition 7A.6 (ii) applies]
36.	Replacement of Instruments:	[•]
37.	Calculation Agent:	[•]/[Not Applicable]
38.	Notices:	Condition 14 applies
39.	Selling Restrictions:	
	United States of America:	[Regulation S Category 2 restrictions apply to the Instruments] [[TEFRA C/TEFRA D] Rules apply to the Instruments]/[TEFRA Not Applicable] Instruments [are/are not] Rule 144A eligible [Exchange Date is [•]]
	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the offer of the Instruments is concluded prior to 1 January 2018, or on and after that date the Instruments clearly do not constitute "packaged" products, "Not*

Applicable" should be specified. If the offer of the Instruments will be concluded on or after 1 January 2018 and the Instruments may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)

[**THIRD PARTY INFORMATION**

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

WESTPAC BANKING CORPORATION

By:

Name:

Date:

PART B: Other information

1. Listing

(i) Listing:	[Yes, to be admitted to the Official List of the UK Financial Conduct Authority]
(ii) Admission to trading:	[Application has been made for the Instruments to be admitted to trading on the London Stock Exchange's regulated market with effect from [•]]

2. Ratings

[(i)] [Ratings of the Instruments:	[S&P Global Ratings Australia Pty Limited: [•]] [Moody's Investors Service Pty Limited: [•]] Neither S&P Global Ratings 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, S&P Global Ratings 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.

3. Interests of natural and legal persons involved in the issue

[•]/[Save as discussed in the ["Subscription and Sale"] section of the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer.]

4. Reasons for the offer, estimated net proceeds and total expenses

(i) Reasons for the offer and use of proceeds: [•]

(ii) Estimated net proceeds: [•]

(iii) Estimated total expenses: [•]

5. Yield

Indication of yield: [•]

6. Historical interest, FX and other rates

Details of historical [•]/[USD – ISDA Swap Rate]/[AUD/JPY exchange] rates can be obtained from [Reuters]/[•].

7. Description of the Underlying

[The USD-ISDA Swap Rate is: [•]]

[The bid and offered rate for AUD/JPY is the spot price from time to time of the Australian Dollar as against the Japanese Yen.]/[•]

8. Operational information

ISIN:	[•]
Common Code:	[•]
Common Depositary/Lodging Agent:	[•]
Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking S.A. and the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority:	[Not Applicable]/[•]
CMU Service Instrument Number:	[Not Applicable]/[•]
Settlement Procedures:	[•]
[Delivery]:	[Delivery [against/free of] payment]
Names and addresses of additional Paying Agent(s) (if any):	[•]

ANNEX – FORM OF ISSUE SPECIFIC SUMMARY

[Issuer to annex form of issue specific summary to the Final Terms]

PRO FORMA FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Instruments under the Programme with a denomination of at least €100,000 (or its equivalent in another currency), amended (if necessary) and completed to reflect the particular terms of the relevant Instruments and their issue.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Instruments are not intended[, from 1 January 2018,][1] to be offered, sold or otherwise made available to and[, with effect from such date,][2] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("***EEA***"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "***MiFID II***"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (where "***Prospectus Directive***" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "***PRIIPs Regulation***") for offering or selling the Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

FINAL TERMS

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 Instruments]

by Westpac Banking Corporation

[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 Base Prospectus dated 10 November 2017 [and the supplement to the Base Prospectus dated [●]/and any other supplement to the Base Prospectus prepared by the Issuer from time to time], which [together] constitute[s] a base prospectus for the purposes of *Directive 2003/71/EC* (as amended, including by Directive

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[1] This date reference should not be included in Final Terms for offers concluded on or after 1 January 2018.

[2] To be deleted in Final Terms for offers concluded on or after 1 January 2018.

2010/73/EU) (the **"*Prospectus Directive*"**). This document constitutes the Final Terms for the purposes of Article 5.4 of the Prospectus Directive relating to the issue of Instruments described herein and must be read in conjunction with such Base Prospectus dated 10 November 2017 [as so supplemented].

Full information on the Issuer and the Instruments described herein is only available on the basis of a combination of these Final Terms and the Base Prospectus dated 10 November 2017 [as so supplemented]. The Base Prospectus is available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom, and at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html and copies may be obtained from the Specified Offices of the Paying Agents.]

PART A: Contractual Terms

1.	**Issuer and Designated Branch:**	Westpac Banking Corporation acting through its [head office]/[[•] branch]
2.	**Date of Board Approval of Issuer:**	[•]/[Not Applicable, save as discussed in Section 2 of the "General Information" section of the Base Prospectus]
3.	**Status:**	Senior
4.	**Specified Currency:**	
	(i) of denomination:	[•]
	(ii) of payment:	[•]/[•] for the payment of any Interest Amount
5.	**Aggregate Principal Amount of Tranche:**	[•]
6.	**If interchangeable with existing Series, Series No.:**	[•]
7.	**(i) Issue Date:**	[•]
	(ii) Interest Commencement Date:	[•]
8.	**Issue Price:**	[•]
9.	**Maturity Date:**	[•], subject to adjustment in accordance with the Business Day Convention specified in paragraph [19(iv), 20(iv) or 22(vii)]
10.	**Expenses:**	[•]
11.	**(i) Form of Instruments:**	[Bearer/Registered]
	(ii) Bearer Instruments exchangeable for	Registered Instruments: [Yes/No]
12.	**If issued in bearer form:**	
	(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]

	and/or (if the relevant Series comprises both Bearer Instruments and Registered Instruments) Registered Instruments:	[The Exchange Date shall be [•]]
(iii)	Specify date (if any) from which exchanges for Registered Instruments will be made:	[•]/[Exchanges may be made at any time]
(iv)	Permanent Global Instrument exchangeable at the option of the bearer for Definitive Instruments and/or (if the relevant Series comprises both Bearer Instruments and Registered Instruments) Registered Instruments:	[No. Permanent Global Instruments are only exchangeable for Definitive Instruments in the limited circumstances set out in Conditions 2.5(a) and (b)]
(v)	Talons for future Coupons to be attached to Definitive Instruments:	[Yes/No] [As the Instruments have more than 27 Coupons, Talons may be required if, on exchange into definitive form, more than 27 Coupon payments are still to be made]
(vi)	Receipts to be attached to Instalment Instruments which are Definitive Instruments:	[Yes/No] [The following Receipts will be attached to the Instruments: [•]]
13.	**If issued in registered form:**	[Regulation S Global Note (U.S.$/€[•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority] [Rule 144A Global Note (U.S.$[•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority]
14.	**Denomination(s):**	[[•] and integral multiples of [•] in excess thereof up to and including [•]. No Definitive Instruments will be issued with a denomination above [•]]
15.	**Calculation Amount:**	[•]

16.	**Partly Paid Instruments:**	[Yes/No]
	(i) Number of instalments:	[•]
	(ii) Amount of each instalment:	[•]
	(iii) Date(s) of payment:	[•]
	(iv) Method of payment:	[•]
	(v) First Forfeiture Date:	[•]
17.	**If issued in registered form: Registrar:**	[•]
18.	**Interest:**	[[•] per cent. Fixed Rate] [[•] month [[USD LIBOR/GBP LIBOR/CAD LIBOR/EURIBOR/CHF LIBOR/JPY LIBOR/NZD LIBOR/CNH HIBOR/HIBOR/SIBOR][+/– [•]] per cent. Floating Rate] [Zero Coupon]
19.	**Fixed Rate Instrument Provisions:**	[Applicable/Not Applicable/Applicable for the period from and including [•] to but excluding [•]]
	(i) Interest Rate[(s)]:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[•] in each year [subject to adjustment in accordance with the Business Day Convention specified in paragraph 19(iv)/No Adjustment]
	(iii) Interest Period End Date(s):	[•]/Interest Payment Dates
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ FRN Convention/Eurodollar Convention/No Adjustment]
	[– for Interest Payment Dates:	[•]]

[– for Interest Period End Dates:	[•]]
[– for Maturity Date:	[•]]
[– any other date:	[•]]
(v) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
(vi) 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)"]
(vii) Broken Amount(s):	[•] per Calculation Amount payable on the Interest Payment Date falling [in/on][•]
(viii) Accrual Feature	[Not Applicable]/[Applicable]
– Applicable Swap Rate:	[USD-ISDA-Swap Rate/[•] (as defined in the ISDA Definitions)]
– Applicable Swap Rate thresholds:	Greater than or equal to [•] per cent. and less than or equal to [•] per cent.
– Observation Period:	[The period which starts [•] New York and London Banking Days prior to the beginning of the relevant Interest Accrual Period and ends [•] New York and London Banking Days prior to the end of such Interest Accrual Period]/[Interest Accrual Period]
– Designated Maturity	[•]
(ix) Additional Business Centre(s):	[Not Applicable/[•]]
20. Floating Rate Instrument Provisions:	[Applicable/Not Applicable/Applicable for the period from and including [•] to but excluding [•]]
(i) Specified Period(s):	[•]
(ii) Interest Payment Dates:	[•], subject to adjustment in accordance with the Business Day Convention specified in paragraph 20(iv)
(iii) Interest Period End Dates or (if the applicable Business Day Convention	[•]

	below is the FRN Convention) Interest Accrual Period:	
(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention/No Adjustment]
	[– for Interest Payment Dates:	[•]]
	[– for Interest Period End Dates:	[•]]
	[– for Maturity Date:	[•]]
	[– any other date:	[•]]
(v)	Additional Business Centre(s):	[Not Applicable/[•]]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii)	Screen Rate Determination:	[Applicable/Not Applicable]
	– Reference Rate:	[•] month [•] [except for the Interest Period ending on [•] in which the Interest Rate will be determined using a linear interpolation between [•] month [•] and [•] month [•]]
	– Relevant Screen Page:	[•]
	– Interest Determination Date(s):	[•]
	– Relevant Time:	[•]
	– Relevant Financial Centre:	[•]
(viii)	ISDA Determination:	[Applicable/Not Applicable]
	– Floating Rate Option:	[•]
	– Designated Maturity:	[•] [except for the Interest Period ending on [•] in which the Interest Rate will be determined using a linear interpolation between a Designated Maturity of [•] months and [•] months]
	– Reset Date:	[•]

	(ix) Margin(s):	[+/–][•] per cent. per annum
	(x) Minimum Interest Rate:	[•] per cent. per annum
	(xi) Maximum Interest Rate:	[•] per cent. per annum
	(xii) 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)”]
	(xiii) Accrual Feature:	[Not Applicable]/[Applicable]
	– Applicable Swap Rate:	[USD-ISDA-Swap Rate/[•]]
	– Applicable Swap Rate thresholds:	Greater than or equal to [•] per cent. and less than or equal to [•] per cent.
	– Observation Period:	[the period which starts [•] New York and London Banking Days prior to the beginning of the relevant Interest Accrual Period and ends [•] New York and London Banking Days prior to the end of such Interest Accrual Period]/[Interest Accrual Period]
	– Designated Maturity:	[•]
	(xiv) Broken Amounts:	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
21.	**Zero Coupon Instrument Provisions:**	[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/[•]]
22.	**Dual Currency Instrument Provisions:**	[Not Applicable/[Condition 5.5(ii)/Condition 5.5(iii) and (iv) is/are] Applicable]
	(i) Rate of Exchange:	[For the purposes of calculating the

	Interest Amount in respect of the Instruments the Rate of Exchange is [•] per Calculation Amount]/[Not Applicable]]
(ii) Interest Payment Dates:	[•]
(iii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
(iv) Interest Period End Dates or (if the applicable Business Day Convention below is the FRN Convention) Interest Accrual Period:	[•]
(v) Dual Currency Rate:	[•]
(vi) FX0:	[•]
(vii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention/No Adjustment]
– for Interest Payment Dates	[•]
– for Interest Period End Dates	[•]
– for Maturity Date	[•]
– any other date	[•]
(viii) Additional Business Centre(s):	[Not Applicable/[•]]
23. Dates for payment of Instalment Amounts (Instalment Instruments):	[•]
24. Final Redemption Amount of each Instrument:	As determined in accordance with Condition [•] / [•] per Calculation Amount
25. Instalment Amounts:	[•]
26. Early Redemption for Tax Reasons:	[Applicable/Not Applicable]
(a) Early Redemption Amount of each Instrument (Tax):	[•] per Calculation Amount
(b) Date after which changes in law, etc.	

	entitle Issuer to redeem:	[[•]/Issue Date]
27.	**Coupon Switch Option:**	[Applicable/Not Applicable]
28.	**Coupon Switch Option Date:**	[•]
29.	**Redemption at the option of the Issuer (Call):**	[Applicable/Not Applicable]
	(i) Optional Redemption Date (Call):	[•]
	(ii) Series redeemable in part:	[Yes/No]
	(iii) Optional Redemption Amount (Call) of each Instrument:	[•] per Calculation Amount
	(iv) Notice period:	[•]
30.	**Partial redemption (Call):**	[Applicable/Not Applicable]
	(i) Minimum Redemption Amount:	[•] per Calculation Amount
	(ii) Maximum Redemption Amount:	[•] per Calculation Amount
	(iii) Notice period:	[•]
31.	**Redemption at the option of the Holders (Put):**	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount (Put) of each Instrument:	[•] per Calculation Amount
	(iii) Notice period:	[•]
32.	**Events of Default:**	
	Early Termination Amount	[•]
33.	**Payments:**	
	Unmatured Coupons missing upon Early Redemption:	[Condition 7A.6 (i) applies]/[Condition 7A.6 (ii) applies]
34.	**Replacement of Instruments:**	[•]
35.	**Calculation Agent:**	[•]/[Not Applicable]

36.	**Notices:**	Condition 14 applies
37.	**Selling Restrictions:**	
	United States of America:	[Regulation S Category 2 restrictions apply to the Instruments] [[TEFRA C/TEFRA D] Rules apply to the Instruments]/[TEFRA Not Applicable] Instruments [are/are not] Rule 144A eligible [Exchange Date is [•]]
	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the offer of the Instruments is concluded prior to 1 January 2018, or on and after that date the Instruments clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Instruments will be concluded on or after 1 January 2018 and the Instruments may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)

[THIRD PARTY INFORMATION

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

WESTPAC BANKING CORPORATION

By:

Name:

Date:

PART B: Other information

1. Listing

(i) Listing:	[Yes, to be admitted to the Official List of the UK Financial Conduct Authority]
(ii) Admission to trading:	[Application has been made for the Instruments to be admitted to trading on the London Stock Exchange's regulated market with effect from [•]]

2. Ratings

[(i)] [Ratings of the Instruments:	[S&P Global Ratings Australia Pty Limited: [•]] [Moody's Investors Service Pty Limited: [•]] Neither S&P Global Ratings 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, S&P Global Ratings 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.

3. Interests of natural and legal persons involved in the issue

[•]/[Save as discussed in the ["Subscription and Sale"] section of the Base Prospectus, so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer.]

4. Reasons for the offer, estimated net proceeds and total expenses

(i) Reasons for the offer and use of proceeds:

(ii) Estimated net proceeds: [•]

(iii) Estimated total expenses: [•]

5. Yield

Indication of yield:	[•]

6. Operational information

ISIN:	[•]
Common Code:	[•]
Common Depositary/Lodging Agent:	[•]
Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking S.A. and the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority:	[Not Applicable]/[•]
CMU Service Instrument Number:	[Not Applicable]/[•]
Names and addresses of additional Paying Agent(s) (if any):	[•]

7. Description of the Underlying

[The USD-ISDA Swap Rate is [•]]

[The bid and offered rate for AUD/JPY is the spot price from time to time of the Australian Dollar as against the Japanese Yen.]/[•]

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Instruments will be used by the Issuer for general funding purposes or such other purposes as may be specified in the relevant Final Terms.

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[1], business and institutional banking and wealth management services.

Westpac has branches, affiliates and controlled entities[2] (the "***Westpac Group***") throughout Australia, New Zealand and in 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 *Corporations Act 2001* of Australia (the "***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 2017, Westpac's market capitalisation was A$108 billion[3] and it had total assets of A$852 billion.

Westpac's operations comprise the following key customer-facing business divisions operating under multiple brands:

Consumer Bank ("***CB***") is responsible for sales and service to consumer customers in Australia under the Westpac, St George, BankSA, Bank of Melbourne and RAMS brands. Activities are conducted through a dedicated team of specialist consumer relationship managers along with Westpac's call centres and its extensive network of branches and ATMs. Customers are also supported by a range of internet and mobile banking solutions. CB also works in an integrated way with BTFG and WIB in the sales and service of select financial services and products, including in wealth and foreign exchange. The revenue from these products is mostly retained by the product originator.

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[1] A consumer is defined as a person who uses products and services. It does not include business entities.

[2] Refer to note 35 of Westpac's 2017 audited consolidated financial statements (which are incorporated by reference in this Base Prospectus) for a list of Westpac's material controlled entities as at 30 September 2017.

[3] Market capitalisation is based on the closing share price of Westpac's ordinary shares on the ASX as at 30 September 2017.

Business Bank ("***BB***") is responsible for sales and service to micro, small to medium enterprise ("***SME***") and commercial business customers in Australia for facilities up to approximately A$150 million. The division operates under the Westpac, St.George, BankSA and Bank of Melbourne brands. Customers are provided with a wide range of banking and financial products and services to support their borrowing, payments and transaction needs. In addition, specialist services are provided for cash flow finance, trade finance, automotive and equipment finance, property finance and treasury. The division is also responsible for consumer customers with auto finance loans. BB works in an integrated way with BTFG and WIB in the sales and service of select financial services and products, including corporate superannuation, foreign exchange and interest rate hedging. The revenue from these products is mostly retained by the product originator.

BT Financial Group (Australia) ("***BTFG***") is the Australian wealth management and insurance arm of the Westpac Group providing a broad range of associated services. BTFG's funds management operations include the manufacturing and distribution of investment, superannuation, retirement products, wealth administration platforms, private banking, margin lending and equities broking. BTFG's insurance business covers the manufacturing and distribution of life, general and lenders mortgage insurance. The division also uses third parties to manufacture certain general insurance products. In managing risk across all insurance classes, the division reinsures certain risks using external providers. BTFG operates a range of wealth, funds management and financial advice brands (including Ascalon which is a boutique incubator of emerging fund managers) and operates under the banking brands of Westpac, St.George, Bank of Melbourne and BankSA for Private Wealth and Insurance.

Westpac Institutional Bank ("***WIB***") delivers a broad range of financial products and services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand. 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 throughout Australia as well as via branches and subsidiaries located in New Zealand, the U.S., the UK and Asia. WIB is also responsible for Westpac Pacific currently providing a range of banking services in Fiji and Papua New Guinea. WIB works in an integrated way with all of the Westpac Group's divisions in the provision of more complex financial needs including across foreign exchange and fixed interest solutions.

Westpac New Zealand is responsible for 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 Branch), which is incorporated in Australia.

Westpac New Zealand 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 brand while insurance and wealth products are provided under Westpac Life and BT brands respectively. Westpac New Zealand also maintains its own infrastructure, including technology, operations and treasury.

Westpac Group businesses include:

- Treasury, which is responsible for the management of the Westpac Group's balance sheet including wholesale funding, capital and management of liquidity. Treasury also manages the interest rate risk and foreign exchange risks inherent in the balance sheet, including managing the mismatch between the Westpac Group's assets and liabilities. Treasury's earnings are primarily sourced from managing the Westpac Group's balance sheet and interest rate risk, within set risk limits.

- Group Technology, which comprises functions for the Australian businesses, is responsible for technology strategy and architecture, infrastructure and operations, applications development and business integration; and

- Core Support, which comprises functions performed centrally, including Australian banking operations, property services, strategy, finance, risk, compliance, legal and human resources.

Trends

The Australian economy has continued to grow solidly in 2017. Gross domestic product ("***GDP***") increased by 1.8 per cent. for the year to June 2017, being affected by the severe weather along Australia's eastern seaboard in the March quarter 2017. As this impact fades, GDP growth is forecast to increase to around 3 per cent. by the end of calendar 2017.

Recent growth has been supported by continued employment growth, more confidence around the global economy, higher commodity prices, a boost in public spending and a reduced drag from the slowdown in mining investment. Westpac has also been encouraged by some improvement in the level of non-mining business investment, particularly in the construction sector.

Despite this encouraging news, the Reserve Bank has chosen to keep interest rates on hold. Concerns around consumers are a key issue. Income growth has been modest; household leverage has increased and household budgets are being impacted by rising energy costs.

The current mix of growth has continued to vary across Australia. New South Wales ("***NSW***") and Victoria are performing particularly well, benefiting from low interest rates and stronger housing construction. Conditions have been much more challenging in areas impacted by the slowdown in mining (Western Australia and regional Queensland). In both these regions Westpac has seen rising unemployment, falling house prices, restrained spending and higher loan delinquencies. More recently, there are signs of an improvement, particularly in light of higher commodity prices, although realistically, a full recovery is likely to take some time.

In New Zealand, the economy has also been sound with a solid pipeline of construction projects, strong population growth and low interest rates all supporting growth. Some construction delays and capacity constraints have however limited this growth. GDP growth has held at around 3 per cent., with unemployment of around 5 per cent. and inflation near 2 per cent.

The international outlook has improved over the year. The consensus view at the recent IMF meeting in Washington was that 2017 has been the best year for synchronised global growth since the Global Financial Crisis.

Within Australia, the 2018 outlook is for real GDP to grow at around 2.5 per cent., with growth expected to slow through the year. That profile reflects the Westpac Group's expectation that ongoing weak income growth will further weigh on the consumer through 2018. Prospects for a reasonable lift in business investment are still clouded while housing construction, after being a contributor to growth, is likely to peak with its impact slowing in the year ahead. On the other hand, there will be ongoing contributions from exports, both resources and services, public demand, including infrastructure and from private non-residential construction. Consistent with that growth profile, Westpac expects the recent strength in employment growth to slow next year with a small rise in the unemployment rate likely.

Inflation is also anticipated to remain at the lower end of the RBA's target band and this, along with a modest slowdown in growth is expected to see the RBA's cash rate hold at 1.5 per cent. through 2018.

Financial system credit grew by just below 6 per cent. in the year to September 2017 with system housing credit rising 6.5 per cent., and system business credit expanding by 4.5 per cent. Other consumer credit declined over the year by just over 1 per cent. - this continues a path of no growth in other consumer credit for a number of years.

Given the economic backdrop, and the further tightening of credit standards as the full consequences of macro-prudential measures flow through, growth in financial system credit in the year to September 2018 is expected to slow to around 4.5 per cent. In particular, housing credit growth is forecast to ease to closer to 5.0 per cent. while business credit is expected to slow to nearer 4.0 per cent.

The Westpac Group remains focused on executing its strategy of creating a great service company with its five strategic priorities assisting to guide this transformation. These include:

- maintaining the Westpac Group's performance disciplines – continuing to be prudent in the management of capital, funding and liquidity, managing returns effectively seeking to achieve a return on equity between 13 per cent. and 14 per cent. and remaining disciplined on asset growth;

- through service leadership, continue to build the Westpac Group's customer base while also increasing the depth its customer relationships;

- digital transformation is utilising technology to materially improve efficiency and reduce the Westpac Group's cost to income ratio to below 40 per cent. in the medium term;

- wealth, small and medium business enterprises will continue to be the Westpac Group's areas of targeted growth. These include further building on the Westpac Group's wealth management system, called Panorama, and using new technologies to make business banking more accessible to customers; and

- through the Westpac Group's workforce revolution priority it is seeking to further build a stronger and more diverse workforce where the best people want to work.

The financial services industry continues to experience significant regulatory change and pressure. The Bank Levy will be fully applied through the year. Following announcements from Westpac's regulator, APRA, Westpac has greater clarity on what sort of capital levels it requires to be

considered 'unquestionably strong'. APRA have indicated they expect to finalise their updated capital rules by the end of calendar 2017 which will draw upon the capital frameworks being developed by the Basel Committee on Banking Supervision. Banks are expected to be required to meet these new standards by 1 January 2020. The Westpac Group believes it is already well placed to meet the Net Stable Funding Ratio ("***NSFR***") which applies from 1 January 2018.

Given the strength of the Westpac Group's business, and its balance sheet, in both absolute terms and relative to peers, the Westpac Group believes it is well placed to respond to any additional regulatory requirements.

Looking ahead, with the Westpac Group's strong positioning, disciplined growth and solid operating performance across all divisions, combined with good progress on its strategic priorities, Westpac believes it is well positioned to continue delivering sustainable outcomes for shareholders and customers.

Significant developments

Bank Levy for ADIs

On 23 June 2017, legislation was enacted that introduced a new levy on ADIs with liabilities of at least A$100 billion ("***Bank Levy***"). The Bank Levy became effective from 1 July 2017 and the rate is set at 0.06 per cent. per annum of certain ADI liabilities. There is no end date provided for the Bank Levy.

The Bank Levy applies to liabilities of Westpac (including its offshore branches), but does not apply to liabilities of Westpac's subsidiaries. Furthermore, the Bank Levy is not charged on Additional Tier 1 capital, deposits protected by the Financial Claims Scheme and RBA exchange settlement balances. The legislation also provides for inclusion of derivative liabilities on a net basis and for the Bank Levy to be tax deductible.

The Bank Levy cost Westpac A$95 million in its financial year ended 30 September 2017, with an after tax impact of A$66 million and is estimated to cost Westpac approximately A$405 million in its financial year ended 30 September 2018, with an after tax impact of approximately A$284 million.

House of Representatives Standing Committee on Economics' Review of the Four Major Banks and other reviews

On 16 September 2016, the Chairman of the House of Representatives Standing Committee on Economics announced that the Committee had commenced its Review of the Four Major Banks ("***Parliamentary Review***"). The terms of reference for the Parliamentary Review are wide-ranging, with one area of focus being how individual banks and the industry as a whole are responding to issues identified through other inquiries, including through the Australian Bankers' Association ("***ABA***") action plan. Westpac attended public hearings of the Parliamentary Review on 6 October 2016, 8 March 2017 and 11 October 2017.

The first report of the Parliamentary Review was published on 24 November 2016 and contained ten recommendations.

The second report was published on 21 April 2017. In its second report, the Committee restated its support for the recommendations in the first report and supported a recommendation of the

Australian Small Business and Family Enterprise Ombudsman to remove non-monetary default clauses in small business loan contracts.

In May 2017, the Australian Government announced that it supported nine of the ten recommendations made by the Committee in its first report and announced a range of measures designed to implement these recommendations, such as:

- the introduction of the Banking Executive Accountability Regime (discussed below);
- an independent review to recommend the best approach to implement an open banking regime with respect to banking product and consumer data; and
- the creation of a new dispute resolution framework, including the establishment of the Australian Financial Complaints Authority, which is designed to be a single external dispute resolution body for the handling of financial and superannuation disputes.

On 29 November 2016, the Senate referred an inquiry into the regulatory framework for the protection of consumers, including small businesses, in the banking, insurance and financial services sector to the Senate Economics References Committee. The terms of reference for the inquiry focus on a range of matters relating to the protection of consumers against wrongdoing in the sector. They also require the inquiry to examine the availability and adequacy of redress and support for consumers who have been victims of wrongdoing. The inquiry is scheduled to produce a report in the first half of 2018.

Further, there are a number of other reviews commissioned by the Australian Government, including an inquiry into business lending by the Australian Small Business and Family Enterprise Ombudsman. The report from this inquiry was released on 3 February 2017 and contained 15 recommendations (including the recommendation about removing non-monetary default clauses from small business loan contracts that was supported in the second report of the Parliamentary Review). The Australian Government is expected to respond to this report in the next six months.

In addition to the reviews and inquiries mentioned above, the ACCC is undertaking a specific inquiry, until 30 June 2018, into the pricing of residential mortgages by those banks affected by the Bank Levy, (including Westpac), which includes monitoring the extent to which the Bank Levy is passed on to customers.

As these reviews and inquiries progress, they may lead to further regulation and reform.

Banking Executive Accountability Regime

In May 2017, the Australian Government announced that it would introduce the BEAR. The Government's stated intention is to introduce a strengthened responsibility and accountability framework for the most senior and influential directors and executives in ADI groups (referred to as 'accountable persons' under BEAR). The Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Bill 2017 (the "***Bill***") was introduced into Parliament on 19 October 2017. The Bill has been referred to the Senate Economics Legislation Committee, which is expected to report on the Bill by 24 November 2017.

If enacted in the form currently proposed, BEAR will involve a range of new measures, including:

- imposing a set of requirements to be met by ADIs and accountable persons, including accountability obligations;

- requirements for ADIs to register accountable persons with APRA prior to their commencement in an accountable person role, to maintain and provide APRA with a map of the roles and responsibilities of accountable persons across the ADI group, and to give APRA accountability statements for each accountable person detailing that individual's roles and responsibilities; and

- new and stronger APRA enforcement powers, including disqualification powers in relation to accountable persons who breach the obligations of BEAR and a new civil penalty regime that will enable APRA to seek civil penalties in the Federal Court of up to A$210 million (for large ADIs, such as Westpac) where an ADI breaches its obligations under BEAR and the breach relates to 'prudential matters'.

The proposed commencement date for implementation of BEAR is 1 July 2018 (with transitional arrangements for certain aspects of BEAR).

Productivity Commission Inquiry into Competition in the Australian Financial System

In May 2017, the Australian Government announced a Productivity Commission inquiry into competition in the financial system. This review was a recommendation of the FSI. The terms of reference are broad and require the Productivity Commission to review competition in Australia's financial system with a view to improving consumer outcomes and the productivity and international competitiveness of the financial system and the economy more broadly, and supporting ongoing financial system innovation, while balancing these with financial stability objectives. The review commenced on 1 July 2017 and the Productivity Commission is due to hand its final report to the Government by 1 July 2018.

Australian Bankers' Association Banking Reform Programme and industry initiatives

On 21 April 2016, the ABA announced an action plan to protect consumer interests, increase transparency and accountability and build trust and confidence in banks.

The reform programme includes a number of industry-led initiatives including:

- a review of product-based sales commissions and product-based payments;

- strengthening the commitment to customers in the Code of Banking Practice;

- the establishment of an independent customer advocate in each bank;

- supporting the broadening of external dispute resolution schemes;

- evaluating the establishment of an industry-wide, mandatory, last resort compensation scheme;

- strengthening protections available to whistleblowers;

- the implementation of new processes to identify poor conduct across bank employees, including those in customer-facing and non-customer facing roles; and

- supporting ASIC as a strong regulator.

On 20 October 2017, the independent governance expert overseeing the ABA action plan released his sixth report titled 'Australian banking industry: Package of Initiatives', which noted that banks are continuing to make good progress in delivering the initiatives, with a number of the initiatives now moving to implementation stage.

ASIC Enforcement Review Taskforce

On 19 October 2016, the Australian Government released the terms of reference for the ASIC Enforcement Review Taskforce (the "***Taskforce***"), which will assess the suitability of ASIC's existing regulatory tools (including the penalties available) and whether they need to be strengthened.

The Taskforce has completed consultations on a range of matters, including proposed reforms to the mandatory breach reporting framework. These reforms include clarifying when a reporting obligation is triggered, expanding the class of reports that must be made to include misconduct by individual advisers and employees and strengthening the penalties for failing to report, including through the introduction of an infringement notice regime.

The Taskforce has also consulted on:

- strengthening ASIC's licensing powers, which would enable ASIC to take action to refuse to grant, or to suspend or cancel, a licence where the applicant or licensee is not considered to be a fit and proper person; and

- proposals to expand ASIC's powers to ban senior managers working in financial services businesses.

It is currently consulting on proposals to strengthen penalties for corporate and financial sector misconduct.

The Taskforce is scheduled to report its recommendations to the Australian Government in 2017.

Product design and distribution obligations and product intervention power

As part of a package of reforms announced by the Australian Government in 2016, the Federal Government announced that it would accelerate the implementation of certain recommendations made by the FSI, including granting ASIC a product intervention power and introducing a new 'principles-based' product design and distribution obligation on issuers and distributors.

On 13 December 2016, the Australian Government released a consultation paper seeking feedback on these proposed reforms. Submissions on the consultation paper closed on 15 March 2017 and it is anticipated that draft legislation will be released for consultation in 2018.

Financial benchmarks reform

In October 2016, the Australian Government announced a package of measures designed to strengthen the regulation of financial benchmarks. The measures were recommended to the Australian Government by the Council of Financial Regulators following a consultation process on financial benchmark reform.

The key measures to be implemented include:

- ASIC will be empowered to develop enforceable rules for administrators and entities that make submissions to significant benchmarks (such as Westpac), including the power to compel submissions to benchmarks in the case that other calculation mechanisms fail;

- administrators of significant benchmarks will be required to hold a new 'benchmark administration' licence issued by ASIC (unless granted an exemption); and

- the manipulation of any financial benchmark or financial product used to determine a financial benchmark (such as negotiable certificates of deposit) will be made a specific criminal and civil offence.

These measures are expected to be implemented over the next six to 12 months.

Residential mortgage lending – reviews by and engagement with regulators

APRA has been looking at, and publicly speaking about, the broader issue of bank serviceability standards pertaining to residential mortgage lending. Westpac has been engaging proactively with APRA in relation to its work in this area.

In the mortgage area, ASIC continues to focus on interest only mortgage origination and high risk customer groups. ASIC also initiated a review into public statements by some banks (including Westpac) about interest rate charges. Westpac is working with ASIC on their reviews in these areas.

BBSW proceedings

Following ASIC's investigations into the interbank short-term money market and its impact on the setting of the BBSW, on 5 April 2016, ASIC commenced civil proceedings against Westpac in the Federal Court of Australia, alleging certain misconduct, including market manipulation and unconscionable conduct. The conduct that is the subject of the proceedings is alleged to have occurred between 6 April 2010 and 6 June 2012. Westpac is defending these proceedings. ASIC is seeking from the court declarations that Westpac breached various provisions of the *Corporations Act 2001* (Cth) and the *Australian Securities and Investments Commission Act 2001* (Cth), pecuniary penalties of unspecified amounts and orders requiring Westpac to implement a comprehensive compliance programme for persons involved in Westpac's trading in the relevant market.

In August 2016, a class action was filed in the United States District Court for the Southern District of New York against Westpac and a large number of other Australian and international banks alleging misconduct in relation to BBSW. These proceedings are at an early stage and the level of damages sought has not been specified. Westpac is defending these proceedings.

ASIC's responsible lending litigation against Westpac

On 1 March 2017, ASIC commenced Federal Court proceedings against Westpac in relation to home loans entered into between December 2011 and March 2015, which were automatically approved by Westpac's systems. ASIC has alleged that the way in which Westpac used the Household Expenditure Measure ("***HEM***") benchmark to assess the suitability of home loans for customers during this period was in contravention of the *National Consumer Credit Protection Act 2009* (Cth) ("***NCCPA***"). On 26 September 2017, ASIC amended its court documents to include an additional allegation that the way serviceability was assessed for interest only loans during the same period also contravened the NCCPA. ASIC has also raised specific allegations in respect of seven loan applications. ASIC alleges that Westpac improperly assessed whether those loans were unsuitable because of the way Westpac used HEM, and for five of the loan applications (which are loans with an interest-only period), because of the way Westpac assessed serviceability. ASIC has not made any criminal allegations, or allegations against specific individuals. Westpac is defending the proceedings.

Outbound scaled advice division proceedings

On 22 December 2016, ASIC commenced Federal Court proceedings against BT Financial Management Limited ("***BTFM***") and Westpac Securities Administration Limited ("***WSAL***") in relation to a number of superannuation account consolidation campaigns conducted between 2013 and 2016. ASIC has alleged that in the course of some of these campaigns, customers were provided with personal advice in contravention of a number of *Corporations Act 2001* (Cth) provisions. ASIC has selected 15 specific customers as the focus of their claim. BTFM and WSAL are defending the proceedings. The proceedings are scheduled to be heard in February 2018.

Class action against Westpac and Westpac Life Insurance Services Limited

On 12 October 2017, a class action was filed in the Federal Court of Australia on behalf of customers who, since October 2011, have obtained insurance issued by Westpac Life Insurance Services Limited ("***WLIS***") on the recommendation of financial advisers at Westpac, St George Bank, Bank of Melbourne, BankSA or BT Advice. The action is in relation to the premiums these customers have been charged for the WLIS policies. The plaintiffs have alleged, amongst other things, that in providing the financial advice Westpac breached the fiduciary duties it owed to the members of the class, the conduct was unconscionable and WLIS was knowingly involved in these breaches. Westpac and WLIS are defending the proceedings.

Brexit

On 29 March 2017, the Prime Minister of the UK notified the European Council in accordance with Article 50 of the Treaty on European Union of the UK's intention to withdraw from the EU, triggering a two year period for the negotiation of the UK's withdrawal from the EU.

As Westpac's business and operations are based predominantly in Australia and New Zealand, the direct impact of the UK's departure from the EU is unlikely to be material to Westpac. However, it remains difficult to predict the impact that Brexit may have on financial markets, the global economy and the global financial services industry.

Reduction to the corporate tax rate

On 11 May 2017, the Australian Government introduced into Parliament a bill to reduce the corporate tax rate progressively from 30 per cent. to 25 per cent. over the next 10 years for all corporate entities in a staged approach with reference to aggregated annual turnover thresholds. If the legislation is passed in its current form, the benefit will begin to take effect from 1 July 2023 when the corporate tax rate for Westpac will reduce to 27.5 per cent. Accordingly, the proposed reduction to the corporate tax rate will not significantly impact Westpac in the short term. A reduction to the corporate tax rate will reduce the value of imputation credits ultimately attached to franked dividends and distributions to certain security holders.

Taxation of cross-border financing arrangements

The Australian and New Zealand Governments have each decided to implement the Organisation for Economic Co-operation and Development's ("***OECD***") proposals relating to the taxation treatment of cross-border financing arrangements. These proposals may affect the taxation arrangements for 'hybrid' regulatory capital instruments issued by Westpac. If implemented without grandfathering, the potential effect of the OECD proposals is to increase the after-tax cost to Westpac of certain previously issued Additional Tier 1 capital securities. Neither Government has released draft legislation.

Comprehensive Credit Reporting ("***CCR***")

On 2 November 2017, the Federal Treasurer announced that the Australian Government will legislate for a mandatory comprehensive credit reporting regime to come into effect by 1 July 2018. This would require credit providers to provide a monthly update to credit reporting agencies of all open consumer credit accounts, including credit cards, personal loans, mortgages and auto loans. According to the announcement, the four major banks will be required to have 50 per cent. of their credit data ready for reporting by 1 July 2018, increasing to 100 per cent. a year later.

Westpac is currently moving to implement CCR, as it recognises that CCR supports Westpac's principles for responsible lending by enhancing transparency of consumers' existing liabilities. Westpac is also focused on ensuring the highest level of security of personal data is maintained within the data sharing arrangements that will underpin CCR data supply and use.

Sale of shares in BT Investment Management Limited shareholding

On 26 May 2017, Westpac sold 60 million shares in BT Investment Management Limited ("***BTIM***") at a price of A$10.75 per share, pursuant to a fully underwritten institutional offer. Following completion of the sale, Westpac's holding in BTIM decreased to approximately 10 per cent. Westpac has announced that it intends to sell its remaining 10 per cent. shareholding in BTIM in the future, subject to favourable market conditions. In accordance with escrow arrangements communicated to BTIM in respect of the retained shareholding, any sale would not occur prior to the release of BTIM's first half 2018 results (expected to be in May 2018).

Issue of Additional Tier 1 capital securities

On 21 September 2017, Westpac issued US$1.25 billion additional Tier 1 capital securities, which qualify as Additional Tier 1 capital under APRA's capital adequacy framework.

Regulatory significant developments

FSI's recommendations on bank capital

The Australian Government's response to the FSI has endorsed APRA's actions in implementing the FSI's capital-related recommendations, and has confirmed APRA's responsibility for implementing the remaining recommendations.

On 19 July 2017, APRA released an information paper titled '*Strengthening banking system resilience – establishing unquestionably strong capital ratios*'. In its release, APRA concluded that the four major Australian banks, including Westpac, need to have a CET1 ratio of at least 10.5 per cent., as measured under the existing capital framework to be considered 'unquestionably strong'. Banks are expected to meet this new benchmark by 1 January 2020.

APRA's implementation of capital standards to produce 'unquestionably strong capital ratios' will also incorporate changes to the prudential framework, including consideration of the finalisation of international Basel III reforms. The final Basel III reforms may result in significant changes in the risk weighted asset framework including the introduction of a revised capital floor for internal model-based methods, based on standardised approaches.

Whilst APRA has signalled that its revisions to the capital framework will not necessitate further capital increases for the industry above the 10.5 per cent. benchmark, the details of the changes (including at a product level) remain unclear.

APRA has announced that it intends to release a discussion paper on proposed revisions to the capital framework later in 2017 and, following release of the discussion paper, that it expects to consult on draft prudential standards giving effect to the new framework in 2018, leading to the release of final prudential standards in 2019. The new framework is anticipated to take effect in early 2021.

In addition to the risk based capital ratio, APRA may also implement other key FSI recommendations, including:

- the introduction of a leverage ratio that acts as a backstop to an ADI's risk-based capital requirements. Whilst APRA requires the disclosure of the leverage ratio on a quarterly basis, it is yet to be implemented as a minimum requirement; and

- the implementation of a framework for additional loss-absorbing capacity, discussed further below.

Resolution planning including additional loss-absorbing capacity and APRA's crisis management powers

In response to the FSI recommendations, the Australian Government also agreed to further reforms regarding crisis management. In August 2017, Treasury issued draft legislation to strengthen APRA's crisis management powers. This was introduced into Parliament in October 2017. The intention of these reforms is to strengthen APRA's powers to facilitate the orderly resolution of an institution so as to protect the interests of depositors and to protect the stability of the financial system. The reforms also enhance APRA's ability to take actions in relation to resolution planning, including measures to ensure regulated entities and their groups are better prepared for resolution.

As noted above, APRA may also establish a framework for minimum loss absorbing and recapitalisation capacity for Australian ADIs. This is consistent with international developments, including the introduction of 'Total loss-absorbing capacity' ("***TLAC***") which is applicable to Global Systemically Important Banks ("***G-SIBs***"). The intention of additional loss-absorbing capacity is to facilitate the orderly resolution of banks and minimise taxpayer support. APRA is yet to release any consultation on additional loss-absorbing capacity for Australian ADIs.

Macro-prudential regulation

From December 2014, APRA has made use of macro-prudential measures targeting mortgage lending that continue to impact lending practices in Australia. The measures include limiting investment property lending growth to below 10 per cent. and imposing additional levels of conservatism in serviceability assessments.

On 31 March 2017, APRA added to these measures requiring ADIs to restrict mortgage lending with interest-only terms to 30 per cent. of new mortgage lending. APRA also indicated that it expects ADIs to place strict internal limits on the volume of interest-only loans with loan-to-valuation ratios above 80 per cent.

Westpac has implemented the steps to achieve these limits, including introducing differential pricing for investor property loans and interest-only loans, an 80 per cent. maximum loan to value ratio for all new interest-only loans (includes limit increases, interest-only term extension and switches), no repayment switch fee for customers switching to principal and interest from interest-only loans and no longer accepting external refinances (from other financial institutions) for owner occupied interest-only loans. Interest-only residential mortgages constituted 26 per cent. of new mortgage lending for the quarter ended 30 September 2017 (currently 45.5 per cent. of Westpac's overall Australian residential mortgage portfolio as at 30 September 2017).

APRA has been looking at, and speaking publicly about, the broader issue of bank serviceability standards pertaining to residential mortgage lending. Westpac is engaging proactively with APRA in relation to its work in this area. Westpac is an active member of an industry working group, proactively working with APRA and ASIC to progress initiatives to enhance sound residential mortgage lending standards and practices, including loan applications via mortgage brokers.

Other regulatory developments

Net Stable Funding Ratio

APRA released a revised prudential standard on liquidity ("***APS 210***") on 20 December 2016. This prudential standard includes the NSFR requirement, a measure designed to encourage longer-term funding of assets and better match the duration of assets and liabilities. The revised APS 210, inclusive of the NSFR, will commence from 1 January 2018. During the financial year ended 30 September 2017, Westpac continued to take steps in preparation for the introduction of the NSFR from 1 January 2018. Based on the latest guidance from APRA, Westpac had an estimated NSFR at 30 September 2017 which is above that required from 1 January 2018.

OECD Common Reporting Standard

The OECD has developed Common Reporting Standard ("***CRS***") rules for the automatic exchange of customer tax residency and financial account information amongst participating CRS countries.

CRS requires the Westpac Group to collect and check the tax residency of all customers and to report the tax residency and financial account details of non-resident customers to the relevant authorities in jurisdictions with which Australia has entered into an exchange of information agreement.

Together with other Australian financial institutions, Westpac began collecting tax residency information from 1 July 2017 and will report these details and associated financial account information from July 2018.

Westpac has implemented changes to its business operations to comply with the CRS requirements in countries which have implemented the rules prior to 1 July 2017.

EU General Data Protection Regulation

The EU General Data Protection Regulation (the "***GDPR***") contains new data protection requirements that will apply from 25 May 2018. The GDPR is intended to 'strengthen and unify' data protection for individuals across the EU and supersedes the existing EU Data Protection Directive. Australian businesses of any size may need to comply if they have an establishment in the EU, if they offer goods and services in the EU, or if they monitor the behaviour of individuals in the EU. Westpac is evaluating the impact of the GDPR on its businesses with a view to implementing the necessary changes before commencement of the GDPR.

OTC derivatives reform

International regulatory reforms relating to over-the-counter ("***OTC***") derivatives continue to be implemented by financial regulators across the globe, with the focus moving to implementing variation margin and initial margin requirements for non-centrally cleared derivatives.

Variation margin requirements in a number of key jurisdictions applicable to Westpac (being Australia, the EU, the U.S. and Hong Kong) became effective during the financial year ended 30 September 2017.

Westpac has completed a substantial amount of work to comply with all applicable variation margin requirements. In addition, initial margin requirements commenced on 1 September 2016. These requirements are being introduced in phases through to 1 September 2020.

Westpac currently expects that it will be required to commence exchanging initial margin by either September 2018 or September 2019.

MiFID II

In the EU, the revised and re-enacted Markets in Financial Instruments legislation, which comprises (i) the MiFID II and (ii) the Regulation (EU) No 600/2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("***MiFIR***"), entered into force on 2 July 2014 and the substantive provisions of the legislation apply from 3 January 2018. In addition, certain provisions will be implemented by means of technical standards adopted by the Commission.

MiFID II expands the regulation of financial services businesses in the EU. Rules introduced under MiFID II aim to strengthen the protection of investors, through measures including:

- the introduction of new requirements concerning authorisation, product governance, independent investment advice, commodity position limits and cross-selling;

- the extension of existing rules to structured deposits; and

- the enhancement of requirements in several areas, including on the responsibility of management bodies, inducements, additional information and data reporting to clients, remuneration of staff and best execution.

MiFIR establishes, inter alia, uniform requirements in relation to disclosure of trade data, reporting of transactions to the competent authorities, trading of derivatives on organised venues, benchmarks and intervention powers of competent authorities, such as ESMA and the European Banking Authority.

The regulatory changes arising from MiFID II and MiFIR are wide ranging and may affect aspects of the Westpac Group's operations in the EU and also outside of the EU in certain circumstances.

New Zealand

Regulatory reforms and significant developments in New Zealand include:

RBNZ – macro prudential policy framework

On 8 June 2017, the RBNZ published a consultation paper seeking feedback on serviceability restrictions such as debt-to-income ratio ("***DTI***") limits being added to its macro-prudential toolkit. The RBNZ stated in the consultation paper that the RBNZ would not utilise a DTI policy in current market conditions, but considers DTI limits a useful option in the future.

RBNZ – Review of Outsourcing Policy

On 19 September 2017, the RBNZ released the final version of its revised outsourcing policy (and updated conditions of registration). These took effect on 1 October 2017. Key changes under the revised policy are:

- banks will need to obtain a non-objection letter from the RBNZ before entering into outsourcing arrangements with a parent or other related party;

- a bank that outsources certain functions to any third party will need to have certain prescribed contractual terms with that third party and ensure that the third party has adequate disaster recovery and business continuity plan capability in relation to the outsourced function;

- a bank that outsources certain functions to its overseas parent or to another non-controlled related party will need to have robust back-up arrangements in place;

- banks will be required to maintain a compendium of functions and processes that have been outsourced; and

- banks that are members of foreign-owned banking groups, such as WNZL, will be required to have a separation plan which describes how they would operate previously outsourced

services if a statutory manager is appointed or they are otherwise separated from their overseas parent.

There will be a five year transitional period in relation to existing outsourcing arrangements.

The key impact of the revised policy will be in respect of outsourcing arrangements related to institutional products, settlements, finance, risk management and regulatory reporting.

RBNZ Capital Review

In March 2017, the RBNZ outlined its plans for its review of bank capital requirements. The RBNZ's aim is to agree a capital regime that ensures a very high level of confidence in the solvency of the banking system while avoiding economic inefficiency. The review will look at the three key components of the regulatory capital regime:

- the definition of eligible capital instruments;
- the measurement of risk, in particular the risk weights attached to credit exposures; and
- the minimum capital ratio and buffers.

The RBNZ has said that the outcomes of the review will be heavily influenced by the international regulatory context, the risk characteristics of the New Zealand system, and the RBNZ's regulatory capital approach. The RBNZ released a high-level issues paper in May 2017 and a consultation paper considering what type of financial instruments should qualify as bank capital. The RBNZ expects to conclude its review in the first quarter of 2018. Based on the high level information released to date, the expectation is that the RBNZ will likely propose increasing capital ratios and certain risk weights, with internal ratings-based ("***IRB***") banks having fewer models to use (to reduce the difference between standardised and IRB banks).

Reform of the regulation of financial advice

The New Zealand Government announced plans for changes to the regime regulating financial advice in July 2016. In August 2017, the Financial Services Legislation Amendment Bill was introduced into Parliament. Under the proposed new regime, financial advice will be provided by licensed firms who will employ financial advisers and nominated representatives. A code of conduct will apply to all advice and advisers and representatives will be subject to the same duties and ethical standards, including a duty to give priority to the client's interests. Firms will be responsible for ensuring their advisers and representatives comply with these duties. The reforms will also remove legislative barriers to the provision of robo-advice.

A two stage transition is proposed with all industry participants being required to be operating under a full licence by May 2021.

RBNZ – Review under section 95 of the Reserve Bank of New Zealand Act 1989

On 10 February 2017, the RBNZ issued WNZL with a notice under section 95 of the *Reserve Bank of New Zealand Act 1989*, requiring WNZL to obtain an independent review of its compliance with advanced internal rating-based aspects of the RBNZ's 'Capital Adequacy Framework (Internal Models Based Approach) (BS2B)' ("***BS2B***"). WNZL has disclosed non-compliance with BS2B

(compliance with which is a condition of registration for WNZL) in its quarterly disclosure statements. WNZL expects to receive the RBNZ's final decision in 2017. There are a range of possible consequences for WNZL including potential increases in minimum capital requirements.

Supervision and regulation

Australia

Within Australia, Westpac is subject to supervision and regulation by six principal agencies: APRA; the RBA; ASIC; the ASX; the ACCC; and AUSTRAC.

APRA is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance, re-insurance, life insurance and private health insurance companies, friendly societies and most of the superannuation (pension) industry. APRA's role includes establishing and enforcing prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by the institutions it supervises are met within a stable, efficient and competitive financial system. APRA is expected to have new and strengthened powers under the proposed new BEAR.

As an ADI, Westpac reports prudential information to APRA, including information in relation to capital adequacy, large exposures, credit quality and liquidity. Westpac's controlled entities in Australia that are authorised insurers and trustees of superannuation funds are also subject to the APRA regulatory regime. Reporting is supplemented by consultations, on-site inspections and targeted reviews. Westpac's external auditor also has an obligation to report on compliance with certain statutory and regulatory banking requirements and on any matters that in their opinion may have the potential to materially prejudice the interests of depositors and other stakeholders.

Australia's risk-based capital adequacy guidelines are based on the approach agreed upon by the BCBS. National discretion is then applied to that approach, which results in Australia's capital requirements being more stringent.

The RBA is responsible for monetary policy, maintaining financial system stability and promoting the safety and efficiency of the payments system. The RBA is an active participant in the financial markets, manages Australia's foreign reserves, issues Australian currency notes and serves as banker to the Australian Government.

ASIC is the national regulator of Australian companies and consumer protection within the financial sector. Its primary responsibility is to regulate and enforce company, consumer credit, financial markets and financial products and services laws that protect consumers, investors and creditors. With respect to financial services, it promotes fairness and transparency by providing consumer protection, using regulatory powers to enforce laws relating to deposit-taking activities, general insurance, life insurance, superannuation, retirement savings accounts, securities (such as shares, debentures and managed investments) and futures contracts and financial advice. ASIC has responsibility for supervising trading on Australia's domestic licensed markets and of trading participants. There are currently proposals to strengthen ASIC's existing powers and to provide ASIC with a product intervention power.

The ASX operates Australia's primary national market for trading of securities issued by listed companies. Some of Westpac's securities (including Westpac's ordinary shares) are listed on the ASX and Westpac therefore has obligations to comply with the ASX Listing Rules, which have

statutory backing under the *Corporations Act 2001*. The ASX has responsibility for the oversight of listed entities under the ASX Listing Rules and for monitoring and enforcing compliance with the ASX Operating Rules by its market, clearing and settlement participants. ASX is also now the benchmark administrator of BBSW.

The ACCC is the regulator responsible for the regulation and prohibition of anti-competitive and unfair market practices and mergers and acquisitions in Australia. Its broad objective is to administer the *Competition and Consumer Act 2010* (Cth) and related legislation to bring greater competitiveness, fair trading, consumer protection and product safety to the Australian economy. The ACCC's role in consumer protection complements that of ASIC (for financial services) and Australian state and territory consumer affairs agencies that administer the unfair trading legislation of their jurisdictions.

The Australian Government's present policy, known as the 'four pillars policy', is that there should be no fewer than four major banks to maintain appropriate levels of competition in the banking sector. Under the *Financial Sector (Shareholdings) Act 1998* (Cth), the Australian Government's Treasurer must approve an entity acquiring a stake of more than 15 per cent. in a particular financial sector company.

Proposals for foreign acquisitions of a stake in Australian banks are subject to the Australian Government's foreign investment policy and, where required, approval by the Australian Government under the *Australian Foreign Acquisitions and Takeovers Act 1975* (Cth).

AUSTRAC oversees the compliance of Australian reporting entities (including Westpac), with the requirements under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) and the *Financial Transaction Reports Act 1988* (Cth). These requirements include:

- implementing programmes for identifying and monitoring customers, and for managing the risks of money laundering and terrorism financing;
- reporting suspicious matters, threshold transactions and international funds transfer instructions; and
- submitting an annual compliance report.

AUSTRAC provides financial information to Australian federal law enforcement, national security, human services and revenue agencies, and certain international counterparts.

New Zealand

The RBNZ is responsible for supervising New Zealand registered banks. The New Zealand prudential supervision regime requires that registered banks publish quarterly disclosure statements, which contain information on financial performance and risk positions as well as attestations by the directors about the bank's compliance with its conditions of registration and certain other matters. The RBNZ is developing proposals to replace off quarter disclosure statements with a 'Dashboard' of key information about each locally incorporated bank to be published on the RBNZ's website.

The FMA is a financial conduct regulator whose main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets. Its functions include promoting the confident and informed participation of businesses, investors, and consumers in those markets. The

Financial Markets Conduct Act, which was passed in 2013, resulted in the FMA having extensive new responsibilities in the licensing and supervision of various market participants as well as new enforcement powers.

United States

Westpac's New York branch is a U.S. federally licensed branch and therefore is subject to supervision, examination and regulation by the U.S. Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System (the "***U.S. Federal Reserve***") under the U.S. *International Banking Act of 1978* ("***IBA***") and related regulations.

A U.S. federal branch must maintain, with a U.S. Federal Reserve member bank, a capital equivalency deposit as prescribed by the U.S. Comptroller of the Currency, which is at least equal to 5 per cent. of its total liabilities (including acceptances, but excluding accrued expenses, and amounts due and other liabilities to other branches, agencies and subsidiaries of the foreign bank).

In addition, a U.S. federal branch is subject to periodic onsite examination by the U.S. Comptroller of the Currency. Such examination may address risk management, operations, asset quality, compliance with the record-keeping and reporting, and any additional requirements prescribed by the U.S. Comptroller of the Currency from time to time.

A U.S. federal branch of a foreign bank is, by virtue of the IBA, subject to the receivership powers exercisable by the U.S. Comptroller of the Currency.

As of 22 June 2016, Westpac elected to be treated as a financial holding company in the U.S. pursuant to the *Bank Holding Company Act of 1956* and Federal Reserve Board Regulation Y. Westpac's election will remain effective so long as it meets certain capital and management standards prescribed by the U.S. Federal Reserve.

Westpac and some of its affiliates are engaged in various activities that are subject to regulation by other U.S. federal regulatory agencies, including the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission.

Anti-money laundering regulation and related requirements

Australia

Westpac has a group-wide programme to manage its obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth). Westpac continues to actively engage with the regulator, AUSTRAC, on its activities.

Westpac's Anti-Money Laundering and Counter Terrorism Finance Policy ("***AML/CTF Policy***") sets out how the Westpac Group complies with its legislative obligations.

The AML/CTF Policy applies to all business divisions and employees (permanent, temporary and third party providers) working in Australia, New Zealand and overseas.

United States

The *USA PATRIOT Act of 2001* requires U.S. financial institutions, including the U.S. branches of foreign banks, to take certain steps to prevent, detect and report individuals and entities involved in international money laundering and the financing of terrorism. The required actions include verifying the identity of financial institutions and other customers and counterparties, terminating correspondent accounts for foreign 'shell banks' and obtaining information about the owners of foreign bank clients and the identity of the foreign bank's agent for service of process in the U.S. The anti-money laundering compliance requirements of the *USA PATRIOT Act of 2001* include requirements to adopt and implement an effective anti-money laundering programme, report suspicious transactions or activities, and implement due diligence procedures for correspondent and other customer accounts. Westpac's New York branch and Westpac Capital Markets LLC maintain an anti-money laundering compliance programme designed to address U.S. legal requirements.

U.S. economic and trade sanctions, as administered by the Office of Foreign Assets Control ("***OFAC***"), prohibit or significantly restrict U.S. financial institutions, including the U.S. branches and operations of foreign banks, and other U.S. persons from doing business with certain persons, entities and jurisdictions. Westpac's New York branch and Westpac Capital Markets LLC maintain compliance programmes designed to comply with OFAC sanctions programmes, and Westpac has a group-wide programme to ensure adequate compliance.

Legal proceedings

Westpac entities are defendants from time to time in legal proceedings arising from the conduct of its business. Material legal proceedings, if any, are described in Note 31 to the financial statements and under '*Significant developments*' above. Where appropriate, as required by the accounting standards, a provision has been raised in respect of these proceedings and disclosed in the financial statements.

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 through to large corporate and institutional clients. The Westpac Group competes with other financial services industry players for customers by covering their transacting, saving, investing, protecting and borrowing needs 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, products or services. 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, online financial services providers and increasingly, technology companies are also developing competitive offerings.

Like other financial services providers, the Westpac Group's competitive position across customer segments, products and geographies is determined by a variety of factors. These include:

- the quality, range, innovation and pricing of products and services offered;

- digital and technology solutions;
- customer service quality and convenience;
- the effectiveness of, and access to, distribution channels;
- brand reputation and preference;
- the types of customer served; and
- the talent and experience of Westpac Group's employees.

The Westpac Group operates in an environment where digital innovation is changing the competitive landscape. Westpac also operates in an environment where digital innovation is changing the competitive landscape. In the context of innovation, Westpac is dependent on its ability to offer new products and services that match evolving customer preference and compare favourably to those of its competitors. The competitive nature of the industry means that if the Westpac Group is not successful in developing or introducing new products and services, or in responding or adapting to changes in customer preferences and habits, it will lose customers to its competitors.

Competition within Australia's financial system is evidenced by both the significant number of providers and the range of products and services available to customers. In Australia, Westpac has seen competition for deposits partly driven by clearer global regulatory requirements for liquidity management in the post-Global Financial Crisis environment, such as the introduction of the Liquidity Coverage Ratio in 2015 and the upcoming NSFR. Banks and other financial institutions also seek to achieve a higher proportion of high quality deposit funding as credit rating agencies and debt investors look for strong balance sheet positions in their assessment of quality institutions.

Competition for lending is also expected to remain high. At the same time, businesses and consumers are cautious about the global outlook and continue to reduce gearing. The residential mortgage business continues to be highly competitive, with increased regulatory oversight to make the balance sheets of both borrowers and lenders more resilient. In particular, the most recent regulatory focus has been on limiting interest only lending. The high degree of competition and regulatory interest is expected to continue. 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 the broader competitive landscape to continue to undergo significant change with ongoing consolidation in life insurance, continued regulatory and structural change in financial advice and increased overseas interest and participation in superannuation.

In New Zealand the Westpac Group 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 2017, the number of Westpac ordinary shares in issue was 3,394,364,279. 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 *Corporations Act 2001*, any person who begins or ceases to have a substantial holding of Westpac's shares must notify ASX and Westpac and relevant persons within two business days after they become aware of that information. A further notice must be given to ASX and Westpac if there is an increase or decrease of 1 per cent. in a person's substantial holding. Formal notices must be lodged with the ASX within 2 business days. A person has a substantial holding of Westpac's shares if the total votes attached to Westpac's voting shares in which they or their associates have relevant interests is 5 per cent. or more of the total number of votes attached to all of Westpac's voting shares.

Westpac has a statutory right under the *Corporations Act 2001* to trace the beneficial ownership of Westpac's shares, by giving a direction to a shareholder or certain other persons, requiring disclosure to Westpac of, among other things, their own relevant interest in Westpac's 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:

- overseeing the sound and prudent management of the Westpac Group;
- 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, 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 and the General Manager Group Audit 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 external auditor and, where appropriate, principal regulators; and
- overseeing 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 Base Prospectus 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 Base Prospectus as follows:

Lindsay Maxsted, DipBus (Gordon), FCA, FAICD. Age 63. Director since March 2008 and Chairman since December 2011. Lindsay was formerly a partner at KPMG and was the CEO of that firm from 2001 to 2007. His 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. He is Chairman of Transurban Group, Managing Director of Align Capital Pty Ltd and a director of BHP Billiton Limited, BHP Billiton plc and Baker Heart and Diabetes Institute.

Brian Hartzer, BA, CFA. Age 50. Managing Director & Chief Executive Officer since February 2015. Brian was appointed Managing Director & Chief Executive Officer in February 2015. Brian joined Westpac as Chief Executive, Australian Financial Services in June 2012 encompassing Westpac Retail & Business Banking, St.George Banking Group and BT Financial Group. Prior to joining Westpac, Brian spent three years in the UK as CEO for Retail, Wealth and Ulster Bank at the Royal Bank of Scotland Group. Prior to that, he spent ten years with Australia and New Zealand Banking Group Limited (ANZ) in Australia in a variety of roles, including his final role as CEO, Australia and Global Segment Lead for Retail and Wealth. Before joining ANZ, Brian spent ten years as a financial services consultant in New York, San Francisco and Melbourne. He is Chairman of the Australia National University Business and Industry Advisory Board and a director of the Financial Markets Foundation for Children and the Australian Bankers' Association Incorporated.

Nerida Ceasar, BCom, MBA, GAICD. Age 53. Director since September 2017. Nerida has 30 years of broad-ranging commercial and business management experience. Most recently Nerida was Group Managing Director and Chief Executive Officer, Australia and New Zealand of Equifax (formerly Veda Group Limited) from February 2011.

Nerida was formerly Group Managing Director, Telstra Enterprise and Government, responsible for Telstra's corporate, government and large business customers in Australia as well as the international sales division. She also worked as Group Managing Director Telstra Wholesale, and prior to that held the position of Executive Director National Sales where she was responsible for managing products, services and customer relationships throughout Australia.

Prior to joining Telstra, Nerida held several senior management and sales positions with IBM within Australia and internationally over a 20 year period, including as Vice President of IBM's Intel Server Division for the Asia Pacific region. Nerida is a director of Stone and Chalk Limited and Genome One Pty Limited. She is also a member of the University of Technology Vice Chancellor's Industry Advisory Board and the Federal Government's FinTech Advisory Group.

Ewen Crouch AM, BEc (Hons.), LLB, FAICD. Age 61. Director since February 2013. Ewen was a partner at Allens from 1988 to 2013 where he was one of Australia's most accomplished mergers and acquisitions lawyers. He served as a member of the firm's board for 11 years including four years as Chairman of Partners. His other roles at Allens included: Co-Head Mergers and Acquisitions and Equity Capital Markets, Executive Partner, Asian offices and Deputy Managing Partner. He is now a Consultant to Allens. Ewen served as a director of Mission Australia from 1995 and as Chairman from 2009, before retiring in November 2016. From 2010 to 2015 Ewen was a member of the Takeovers Panel. In 2013, Ewen was awarded an Order of Australia in recognition of his significant service to the law as a contributor to legal professional organisations and to the community. Ewen is currently a director of BlueScope Steel Limited. He is also a member of the Commonwealth Remuneration Tribunal, the Law Committee of the Australian Institute of Company Directors and Corporations Committee of the Law Council of Australia and a Board member of Sydney Symphony Orchestra Holdings Pty Limited and Jawun.

Alison Deans, BA, MBA, GAICD. Age 49. Director since April 2014. Alison has more than 20 years' experience in senior executive roles focused on building digital businesses and digital transformation across e-commerce, media and financial services. During this time, Alison served as CEO of eCorp Limited, CEO of Hoyts Cinemas and CEO of eBay, Australia and New Zealand. She was the CEO of a technology-based investment company netus Pty Ltd. Alison was an Independent Director of Social Ventures Australia from September 2007 to April 2013. Alison is a director of Cochlear Limited, kikki-K Holdings Pty Limited and SCEGGS Darlinghurst Limited. Alison is also a Senior Advisor at McKinsey & Company and an Investment Committee Member of the CSIRO Innovation Fund (main Sequence Ventures).

Craig Dunn, BCom, FCA. Age 54. Director since June 2015. Craig has more than 20 years' experience in financial services, including as CEO of AMP Limited from 2008 to 2013. Craig was previously a Board member of the Australian Japanese Business Cooperation Committee, and the New South Wales Government's Financial Knowledge Services Hub, and former Chairman of the Investment and Financial Services Association (now the Financial Services Council). He was also a member of the Financial Services Advisory Committee, the Australian Financial Centre Forum, the Consumer and Financial Literacy Taskforce and a Panel member of the Australian Government's Financial System Inquiry. Craig is currently Chairman of the Australian Government's Fintech Advisory Group and the International Standards Technical Committee on Blockchain and Distributed

Ledger Technologies (ISO/TC 307), Member of the ASIC External Advisory Panel and the New South Wales Government's Quantum Computing Fund Advisor Panel, Board member of Jobs for New South Wales and Consultant to King & Wood Mallesons.

Robert Elstone, BA (Hons.), MA (Econ.), MCom. Age 64. 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 July 2006 to October 2011, Robert was Managing Director and CEO of ASX Limited. Previously, he was Managing Director and CEO of the Sydney Futures Exchange from May 2000 to July 2006, and from January 1995 to May 2000, he was Finance Director of Pioneer International. Robert was a Non-executive Director of the National Australia Bank from September 2004 to July 2006, an inaugural member of the Board of Guardians of the Future Fund, and former 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 will retire following Westpac's 2017 Annual General Meeting.

Peter Hawkins, BCA (Hons.), SF Fin, FAIM, ACA (NZ), FAICD. Age 63. Director since December 2008. Peter's career in the banking and financial services industry spans over 40 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 previously a Director of BHP (NZ) Steel Limited, ING Australia Limited, Esanda Finance Corporation, Visa Inc. and Clayton Utz. Peter is currently a director of Mirvac Group, Liberty Financial Pty Ltd and Crestone Holdings. He is also a member of the Bank of Melbourne Advisory Board.

Peter Marriott, BEc (Hons.), FCA. Age 60. 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 July 1997 to May 2012. Prior to his career at ANZ, Peter was a banking and finance, audit and consulting partner at KPMG Peat Marwick. Peter was formerly a Director of ANZ National Bank Limited in New Zealand and various ANZ subsidiaries. Peter is currently a Non-executive director of ASX Limited. He is also a director of Austraclear Limited, ASX Clearing Corporation Limited and ASX Settlement Corporation Limited. He is also a member of the Review Panel & Policy of the Banking & Finance Oath.

Independence

Together, the Board members have a broad range of relevant financial and other skills and knowledge, combined with the extensive experience necessary to guide Westpac's business.

All of Westpac's Non-executive Directors satisfy its criteria for independence, which align with the guidance provided in the ASXCGC Recommendations and the criteria applied by the New York Stock Exchange ("***NYSE***") and the SEC.

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 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.

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 Base Prospectus, 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 *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.

Westpac has equity securities quoted on securities exchanges in Australia, New Zealand and the United States.

Australia

The principal listing of Westpac's ordinary shares is on the ASX, trading under the code WBC. Westpac also has hybrid securities, preference shares, capital notes, senior notes and subordinated notes listed on the ASX.

Westpac complies with the ASX Corporate Governance Principles and Recommendations (third edition) (**"*ASXCGC Recommendations*"**) published by the ASX Limited's Corporate Governance Council (**"*ASXCGC*"**). Westpac must also comply with the *Corporations Act 2001* and as an ADI, with governance requirements prescribed by APRA under *Prudential Standard CPS 510 (Governance)*.

Westpac's Corporate Governance Statement addresses each of the ASXCGC Recommendations with an explanation of Westpac's corporate governance practices, demonstrating its compliance with each Recommendation.

Further details about the ASXCGC Recommendations can be found on the ASX website www.asx.com.au.

New Zealand

Westpac's ordinary shares are also quoted on the NZX, which is the main board equity security market operated by NZX Limited. Westpac also has subordinated notes listed on the NZX Debt Market. As an overseas listed issuer in New Zealand, Westpac is deemed to satisfy and comply with the NZX Listing Rules, provided that it remains listed on the ASX and complies with the ASX Listing Rules.

The ASX, through the ASXCGC Recommendations and the NZX, through the NZX Corporate Governance Code, have adopted similar 'comply or explain' approaches to corporate governance. The ASXCGC Recommendations may, however, materially differ from the corporate governance rules and the principles of NZX's Corporate Governance Code.

United States

Westpac has American Depositary Shares ("***ADS***") representing its ordinary shares quoted on the NYSE, trading under the symbol WBK. Under the NYSE Listing Rules, foreign private issuers (like Westpac) are permitted to follow home country practice in respect of corporate governance in lieu of the NYSE Listing Rules. However, Westpac is still required to comply with certain audit committee and additional notification requirements.

Westpac complies in all material respects with all NYSE Listing Rules applicable to it.

Under the NYSE Listing Rules, foreign private issuers are required to disclose any significant ways in which their corporate governance practices differ from those followed by domestic U.S. companies. Westpac has compared its corporate governance practices to the corporate governance requirements of the NYSE Listing Rules and note the significant differences below.

The NYSE Listing Rules require that, subject to limited exceptions, shareholders be given the opportunity to vote on equity compensation plans and material revisions to those plans. In Australia, there are no laws or ASX Listing Rules that require shareholder approval of equity based incentive plans or individual grants under those plans (other than for Directors, including the Chief Executive Officer ("***CEO***")).

The NYSE Listing Rules set out specific requirements for determining whether a director will be regarded as independent. While these requirements are broadly consistent with Westpac's criteria for independence, under Australian independence requirements, the Board is able to apply discretion in its determination of a director's independence that differs from the NYSE Listing Rules.

The NYSE Listing Rules provide that the Board Nominations Committee's responsibilities should include selecting, or recommending that the Board select, the Director nominees for the next annual meeting for shareholders, and overseeing the evaluation of the Board. The Board, rather than the Board Nominations Committee, reviews and recommends the Director nominees for election at the AGM and undertakes an annual review of its performance.

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 and matters relating to taxation risks;
- the external audit engagement, including the external auditor's qualifications, performance, independence and fees;
- performance of the internal audit function;
- financial reporting and compliance with prudential regulatory reporting. With reference to the Board Risk & 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; and
- the process surrounding the disclosures made by the CEO and CFO in connection with their personal certifications of the annual financial statements.

In addition, the Board Audit Committee maintains an ongoing dialogue with the external auditor, including regarding those matters that are likely to be designated as Key Audit Matters in the external auditors report. Key Audit Matters are those matters which, in the opinion of the external auditor, are of the most significance in their audit of the financial report.

As part of its oversight responsibilities, the Board Audit Committee also conducts discussions with a wide range of internal and external stakeholders, including:

- the external auditor, about Westpac's major financial reporting risk exposures and the steps management has taken to monitor and control such exposures;
- the General Manager Group Audit and external auditor concerning their audits 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 which raise material issues or could impact on matters regarding the Westpac Group's financial statements or accounting policies; and

- the Group Executive, Compliance, Legal & Secretariat 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 Audit without management being present.

Financial knowledge

The Board Audit Committee comprises four independent, Non-executive Directors and is chaired by Peter Marriott.

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 NYSE Listing Rules.

The Board has determined that Mr Marriott, who is a member of the Board Audit Committee, is an 'audit committee financial expert' and independent in accordance with U.S. securities law.

The designation of Mr Marriott 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, obligations 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.

CEO and CFO assurance

The Board receives regular reports from management about Westpac's financial condition and operational results, as well as that of its controlled entities. Before the Board approves the financial statements for a financial period, the CEO and the CFO provide formal statements to the Board, and have done so for the financial year ended 30 September 2017, that state that in all material respects:

- Westpac's financial records have been properly maintained in that they:
    - correctly record and explain its transactions, and financial position and performance;
    - enable true and fair financial statements to be prepared and audited; and
    - are retained for seven years after the transactions covered by the records are completed;
- the financial statements and notes comply with the appropriate accounting standards;

- the financial statements and notes give a true and fair view of Westpac's and its consolidated entities' financial position and of their performance;

- any other matters that are prescribed by the *Corporations Act 2001* and regulations as they relate to the financial statements and notes are satisfied; and

- the declarations provided in accordance with section 295A of the *Corporations Act 2001* are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

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 Lona Mathis and the quality review partner is Wayne Andrews. Ms Mathis and Mr Andrews assumed responsibility for these roles in June 2017 and January 2015 respectively.

The external auditor receives all Board Audit Committee, Board Risk & Compliance Committee and Board Technology Committee papers, attends all meetings of these 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 its independence.

As Westpac's external auditor, PwC is required to confirm its independence and compliance with specified independence standards on a quarterly basis.

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.

The breakdown of the aggregate fees billed by the external auditor in respect of each of the two most recent financial years for audit, audit-related, tax and other services is provided in Note 39 to the financial statements for the year ended 30 September 2017.

Group Audit (internal audit)

Group Audit is Westpac's internal audit function and includes the Credit Portfolio Review team both of which provide the Board and Executive Management with an independent and objective evaluation of

the adequacy and effectiveness of management's control over risk. Group Audit is governed by a Charter approved by the Board Audit Committee that sets out the purpose, role, scope, and high level standards for the function. Group Audit covers the governance, risk management and internal control frameworks of Westpac and its wholly owned subsidiaries. It has access to all of Westpac Group's wholly owned entities and conducts audits and reviews following a risk-based planning approach. The General Manager Group Audit has a direct reporting line to the Chairman of the Board Audit Committee and an administrative line to the Chief Financial Officer. Group Audit also has direct access to the Chief Executive Officer.

Group Audit's responsibilities include regularly reporting to the Board Audit Committee and the Board Risk & Compliance Committee and Board Technology Committee, and raising any significant issues with those committees.

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 35 to the 2017 audited annual financial statements, which are incorporated by reference and form part of this Base Prospectus. Westpac Banking Corporation is the ultimate parent of the Westpac Group.

TAXATION

The information provided below does not purport to be a complete summary of Australian, New Zealand or United Kingdom 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*"**) AND THE TAXATION ADMINISTRATION ACT 1953 OF AUSTRALIA AT THE DATE OF THIS OFFERING MEMORANDUM OF PAYMENTS OF INTEREST BY THE ISSUER ON THE INSTRUMENTS AND CERTAIN OTHER MATTERS.

IT IS NOT EXHAUSTIVE AND, IN PARTICULAR, DOES NOT DEAL WITH THE POSITION OF CERTAIN CLASSES OF HOLDERS OF INSTRUMENTS (INCLUDING, WITHOUT LIMITATION, AUSTRALIAN RESIDENTS, NON-RESIDENTS THAT HOLD THE INSTRUMENTS THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA, DEALERS IN SECURITIES, OR CUSTODIANS OR THIRD PARTIES THAT HOLD THE INSTRUMENTS ON BEHALF OF ANY PERSON). NOR DOES IT DEAL WITH INSTRUMENTS ISSUED BY THE ISSUER FROM A BRANCH OUTSIDE AUSTRALIA, OR WITH DUAL CURRENCY INSTRUMENTS OR PARTLY PAID INSTRUMENTS. IF SUCH INSTRUMENTS ARE ISSUED, THEIR AUSTRALIAN TAXATION TREATMENT WILL BE SUMMARISED IN THE RELEVANT FINAL TERMS.

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 INSTRUMENTS MAY AFFECT THE TAX TREATMENT OF THAT AND OTHER SERIES OF INSTRUMENTS. HOLDERS SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

Australian interest withholding tax (“*IWT*”)

Generally, payments of principal and interest on the 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 per cent. 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 Instruments as interest for IWT purposes when 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 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 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 Instruments.

The Issuer proposes to issue the 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 Instruments, or an interest in the 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 Instruments or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme (as defined in the *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 an 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 *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 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 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 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 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 Instruments in bearer form

Section 126 imposes a withholding tax, at the rate of (currently) 45 per cent., 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 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 of (currently) 47 per cent. on the 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 Instruments, the TFN / ABN withholding rules will not apply to payments to Holders that are Non-Residents and do not hold the 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 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 Instruments by the Issuer. However, the possible application of any future regulations to payments received by Non-Residents in respect of the Instruments will need to be monitored.

Supply withholding tax

Payments in respect of the 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 Instruments by Non-Residents

Non-Residents that have never held their 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 Instruments provided that such gains do not have an Australian source. A gain arising on the sale of Instruments by a Non-Resident Holder to another Non-Resident where the 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 Instruments will give rise to a liability for GST in Australia on the basis that the supply of the Instruments will comprise either an "input taxed financial supply" or (in the case of a supply to a Non-Resident Holder outside Australia and certain areas offshore of Australia, which together comprise the "indirect tax zone") a "GST-free supply". Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal or redemption of the Instruments, would give rise to any GST liability in Australia.

Estate duties

No 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 Instruments.

New Zealand

The following comments apply to New Zealand source income constituting interest (as defined for New Zealand income tax purposes (**"*NZ source interest*"**)). Interest payments under the Instruments issued by the Issuer may be regarded as payments of NZ source interest where, for example, the Instruments are issued by the Issuer through its branch in New Zealand.

Non-Resident Withholding Tax

New Zealand law requires a deduction on account of non-resident withholding tax to be made from the payment of NZ source interest made to any Holder who is not a resident of New Zealand for income tax purposes and:

(a) does not hold the Instruments for the purposes of a business carried on in New Zealand through a fixed establishment (as defined in the *Income Tax Act 2007* of New Zealand (the IT Act)) in New Zealand or other place of business or presence, in New Zealand; and

(b) is not a registered bank (as defined in the *Reserve Bank of New Zealand Act 1989* of New Zealand) engaged in business through a fixed establishment in New Zealand ("***Non-Resident Holders***").

Non-resident withholding tax can be reduced to zero per cent. if the New Zealand approved issuer levy amount (currently equal to 2 per cent. of such payments of interest) is paid.

Resident Withholding Tax

A deduction on account of New Zealand resident withholding tax will be made from the payment of interest (as defined for New Zealand tax purposes) to a Holder or beneficial owner of any Instruments which are payable in New Zealand Dollars or issued by the Issuer acting through its New Zealand branch where the Holder or beneficial owner is not a Non-Resident Holder unless such Holder or beneficial owner (as the case may be) certifies that it holds a valid RWT exemption certificate for New Zealand resident withholding tax purposes and provides to the Issuer, the Registrar or any Paying Agent its New Zealand tax file number. The Issuer shall not make any additional payments to Holders or beneficial owners of Instruments which are payable in New Zealand Dollars or which are issued by the Issuer acting through its New Zealand branch where any deduction on account of New Zealand resident withholding tax is made.

If a Holder or beneficial owner of any Instruments issued by the Issuer acting through its New Zealand branch derives interest (as defined for New Zealand tax purposes) jointly with one or more persons and at least one such person is resident for tax purposes in New Zealand and the interest derived by that Holder or beneficial owner is subject to New Zealand non-resident withholding tax, the rate of non-resident withholding tax is the applicable rate of resident withholding tax and that rate cannot be reduced to zero per cent. by payment of a New Zealand approved issuer levy amount. The Issuer shall not make any additional payments to such joint Holders of Instruments issued by the

Issuer acting through its New Zealand branch where any deduction on account of New Zealand non-resident withholding tax is made.

United Kingdom

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Instruments. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Instruments. The comments relate only to the position of persons who are absolute beneficial owners of the Instruments. The following is a general guide and should be treated with appropriate caution. Holders of Instruments who are in any doubt as to their tax position should consult their professional advisers.

Holders of Instruments who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Instruments are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions). In particular, Holders of Instruments should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Instruments even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

(A) United Kingdom Withholding Tax on non-United Kingdom-source interest

Payments of interest on Instruments issued by the Issuer otherwise than through a branch in the United Kingdom will generally not be treated as having a United Kingdom source. Payments of non-United Kingdom source interest should be able to be made without withholding or deduction for or on account of United Kingdom Tax.

(B) United Kingdom Withholding Tax on United Kingdom-source interest

The following comments apply to United Kingdom-source interest ("***UK-source interest***"). Interest payments under Instruments issued by the Issuer may be regarded as payments of UK-source interest where, for example, the Instruments are issued by the Issuer through a branch in the United Kingdom or interest is paid out of funds maintained in the United Kingdom.

B.1 UK Instruments listed on a recognised stock exchange

The Instruments issued by the Issuer which carry a right to UK-source interest ("***UK Instruments***") will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange. Pursuant to Section 1005 of the *Income Tax Act 2007*, securities are listed on a recognised stock exchange for these purposes if they are (i) admitted to trading on that exchange and (ii) included in the Official List (within the meaning of and in accordance with Part 6 of the *Financial Services and Markets Act 2000*, as amended ("***FSMA***")) or are officially listed in a qualifying country outside the United Kingdom in accordance with provisions corresponding to those generally applicable in EEA states. The London Stock Exchange is a recognised stock exchange for these purposes. While the UK Instruments are and continue to be quoted Eurobonds, payments of interest on the UK Instruments may be made without withholding or deduction for or on account of United Kingdom income tax.

B.2 All UK Instruments

In addition to the exemption set out in B.1 above, interest on the UK Instruments may be paid without withholding or deduction for or on account of United Kingdom income tax so long as the Issuer is a "bank" for the purposes of Section 878 of the *Income Tax Act 2007* and such payments are made by the Issuer in the ordinary course of its business.

B.3 In all cases falling outside the exemptions described in B.1 and B.2 above, interest on the UK Instruments may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on UK Instruments with a maturity of less than one year from the date of issue and which are not issued under arrangements which are capable of rendering such UK Instruments part of a borrowing with a total term of a year or more.

B.4 Payments under Deed of Covenant

Any payments made by the Issuer under the Deed of Covenant may not qualify for all the reliefs and exemptions from United Kingdom withholding tax described above.

(C) Other Rules Relating to United Kingdom Withholding Tax

(a) Instruments may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Instruments will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in (B) above, but may be subject to reporting requirements.

(b) Where Instruments are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.

(c) Where interest has been paid under deduction of United Kingdom income tax, Holders of Instruments who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

(d) The references to "interest" above (including in (A) and (B) above) mean "interest" as understood in United Kingdom tax law and, in particular, do not include interest which falls to be treated under the United Kingdom tax rules as a distribution. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Instruments or any related documentation.

(e) The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer pursuant to Condition 16 (Substitution of the Issuer) of the Instruments or otherwise and does not consider the tax consequences of any such substitution.

SUBSCRIPTION AND SALE

Instruments may be issued from time to time by the Issuer to any one or more of Barclays Capital Asia Limited, 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, RBC Europe Limited, Standard Chartered Bank, UBS Limited, Westpac Banking Corporation and Westpac Europe Limited (the **"*Dealers*"**). Instruments may also be issued by the Issuer direct to institutions who are not Dealers. The arrangements under which 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, a supplemental dealership agreement dated 12 November 2015, a supplemental dealership agreement dated 10 November 2016 and a supplemental dealership agreement dated 10 November 2017 (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 Instruments, the price at which such 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 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 Instruments issued under the Programme. Any such short positions could adversely affect future trading prices of any 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 Final Terms; Rule 144A Eligible if so specified in the relevant Final Terms.

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 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*.

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 Instruments, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Instruments comprising the relevant Tranche, as certified to the Fiscal Agent or the Issuer by such Dealer (or, in the case of a sale of a Tranche of Instruments to or through more than one Dealer, by each of such Dealers as to Instruments of such Tranche 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 Instruments during the restricted period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Instruments 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 Instruments comprising any Tranche, any offer or sale of Instruments within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the *Securities Act* if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act (if available).

In certain limited circumstances, Registered Instruments may be offered within the United States only to person reasonably believed to be 'qualified institutional buyers' in accordance with Rule 144A under the *Securities Act*. Registered Instruments issued in these certain limited circumstances will bear a Restrictive Legend in accordance with Condition 3.8.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, in respect of any offer of Instruments on or after 1 January 2018, unless the Final Terms in respect of any Instruments specified "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", it will not offer, sell or otherwise make available any Instruments which are the subject of the offering contemplated by this Offering Memorandum as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "***retail investor***" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression an "***offer***" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Instruments to be offered so as to enable an investor to decide to purchase or subscribe for the Instruments.

Prior to 1 January 2018, and from that date, if the Final Terms in respect of any Instruments specified "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA 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 it has not made and will not make an offer of Instruments which have a minimum denomination of less than €100,000 (or equivalent in another currency) except that it may make an offer of such Instruments at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive.

For the purposes of this provision, the expression "***Prospectus Directive***" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

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 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 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 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 Instruments unless the offeree is required to pay at least A$500,000 in aggregate for the Instruments or its foreign currency equivalent (in either case disregarding amounts, if any, lent by the Issuer or other person offering the Instruments or its associates (within the meaning of that expression in Part 6D.2 of the *Corporations Act 2001*), or it is otherwise an offer or invitation for which by virtue of section 708 of the *Corporations Act 2001* no disclosure is required to be made under Part 6D.2 of the Corporations Act 2001 or is otherwise required under Part 7 of the *Corporations Act 2001* and is not made to a retail client (as defined in section 761G of the *Corporations Act 2001*); and

(ii) has not circulated or issued and will not circulate or issue a disclosure document relating to the Instruments in Australia or received in Australia which requires lodging under Part 6D.2 or Part 7 of the *Corporations Act 2001*.

Hong Kong:

In relation to each Tranche of 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 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 Provisions) 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) 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 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 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 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 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 Instruments to the public in France, and that offers and sales of Instruments in France will be made only to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in Articles L.411-1, 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 Instruments in France, other than in compliance with applicable laws and regulations 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, this Offering Memorandum or any other offering material relating to the Instruments other than to investors to whom offers and sales of 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 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 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 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 Instruments has not been registered pursuant to Italian securities legislation and, accordingly, the Instruments may not be offered, sold or delivered, nor may copies of this Offering Memorandum or any other document relating to the 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 Instruments

or distribution of copies of this Offering Memorandum or any other document relating to the 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 is aware of the fact that, pursuant to Italian laws, including Article 100-bis of Decree No. 58:

(a) any subsequent resale of the 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 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 Instruments – who has acted outside its professional or business purposes – may obtain a court order declaring the agreement for the purchase of the Instruments null and void and obliging the authorised dealer who sold the Instruments to pay damages incurred by the purchaser. Furthermore, the seller of the Instruments:

    (i) shall ensure the repayment of the 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 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 *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, 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 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 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 EEA 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 "*Prohibition of Sales to EEA Retail Investors*".

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 Instruments, Receipts, Coupons and Talons in New Zealand or distribute any information memorandum (including this Offering Memorandum), any Final Terms or other offering memorandum or any advertisement in relation to any offer of Instruments, Receipts, Coupons and Talons in New Zealand other than 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 Instruments are issued by the Issuer acting through its New Zealand branch or amounts payable in relation to any Instruments are payable in New Zealand Dollars, 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, any Instruments, Receipts, Coupons and Talons to persons whom it reasonably believes to be persons to whom any amounts payable on the 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 Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Instruments may not be circulated or distributed, nor may 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 *Securities and Futures Act, Chapter*

289 of Singapore, as amended (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 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 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 Instruments may not be offered, sold or distributed, nor may any subsequent resale of Instrument be carried out in Spain, except in circumstances which do not constitute a public offer of securities in Spain within the meaning 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 further developing legislation or without complying with all legal and regulatory requirements under Spanish securities laws.

Switzerland

Each Dealer has represented and agreed that this Offering Memorandum is not intended to constitute an offer or solicitation to purchase or invest in the Instruments described herein. The Instruments may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing

material relating to the Instruments constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss *Collective Investment Scheme Act*, and neither this Offering Memorandum nor any other offering or marketing material relating to the Instruments may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Memorandum nor any other offering or marketing material relating to the offering, nor the Issuer nor the Instruments have been or will be filed with or approved by any Swiss regulatory authority. The Instruments are not subject to the supervision by any Swiss regulatory authority, for example, the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Instruments will not benefit from protection or supervision by such authority.

Taiwan:

The 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 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 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 Instruments or possesses, distributes or publishes this Offering Memorandum or any Final Terms or any related offering material. Other persons into whose hands this Offering Memorandum or any Final Terms 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 Instruments or possess, distribute or publish this Offering Memorandum or any Final Terms 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 Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Instruments) or (in any other case) in a supplement to this document.

In addition, 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 Instruments, it has not sold Instruments nor will it sell any 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 Instrument, or an interest in the 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 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 2001*.

GENERAL INFORMATION

(1) The admission of the Programme to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Regulated Market is expected to take effect on or about 15 November 2017. The price of the Instruments on the price list of the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). Any Tranche of Instruments intended to be listed on the Official List of the UK Listing Authority and to be traded on the London Stock Exchange's Regulated Market will be admitted to listing and trading upon submission to the UK Listing Authority and the London Stock Exchange of the relevant Final Terms and any other information required by the UK Listing Authority and the London Stock Exchange, subject to the issue of the relevant Instruments. Prior to admission to trading, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the day of the transaction.

(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 27 September 2017 by Westpac Banking Corporation's Executive Director, Group Treasury. 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 Instruments.

(3) The yield for any particular Series of Instruments will be specified in the applicable Final Terms and will be calculated on the basis of the compound annual rate of return if the relevant Instruments were to be purchased at the Issue Price on the Issue Date and held to maturity. Set out below is an example formula for the purposes of calculating the yield of Fixed Rate Instruments or Zero Coupon Instruments. The Final Terms in respect of any Floating Rate Instruments will not include any indication of yield.

$$\text{Issue Price} = \text{Rate of Interest}^* \frac{1 - \left(\frac{1}{(1 + Yield)^n}\right)}{Yield} + \left[Final\,Redemption\,Amount * \frac{1}{(1 + Yield)^n} \right]$$

Where:

"***Rate of Interest***" means the Rate of Interest expressed as a percentage as specified in the applicable Final Terms and adjusted according to the frequency (and in the case of Zero Coupon Instruments, means "0") i.e. for a semi-annual paying Note, the rate of interest is half the stated annualised rate of interest in the Final Terms;

"***Yield***" means the yield to maturity calculated on a frequency commensurate with the frequency of interest payments as specified in the applicable Final Terms (and in the case of Zero Coupon Instruments, means Accrual Yield as specified in the applicable Final Terms); and

"***n***" means the number of interest payments to maturity.

Set out below is a worked example illustrating how the yield on a Series of Fixed Rate Instruments could be calculated on the basis of the above formula. It is provided for

purposes of illustration only and should not be taken as an indication or prediction of the yield for any Series of Instruments; it is intended merely to illustrate the way in which the above formula could be applied.

Where: N = 6
Rate of Interest = 3.875 per cent.
Issue Price = 99.392
Final Redemption Amount = 100

$$99.392=3.875*\frac{1-\left(\frac{1}{(1+Yield)6}\right)}{Yield}+\left[100*\frac{1}{(1+Yield)6}\right]$$

Yield = 3.99 per cent. (calculated by iteration)

The yield specified in the applicable Final Terms in respect of a Series of Instruments will not be an indication of future yield.

(4) The 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 Instruments of each Series will be specified in the Final Terms relating thereto. The Instruments have been accepted for clearance through the CMU Service. The CMU Service Instrument Number for each Series of Instruments intended to be cleared through the CMU Service will be specified in the Final Terms relating thereto. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Instruments for clearance together with any further appropriate information.

(5) Bearer Instruments (other than 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 Bearer Instrument, Receipt or Coupon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer 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.

(6) Settlement arrangements will be agreed between the Issuer, the relevant Dealer and the Fiscal Agent or, as the case may be, the Registrar in relation to each Tranche of Instruments.

(7) There is a prohibition on, or in some cases the specific prior approval of the Australian Department of Foreign Affairs and Trade or the Minister for Foreign Affairs must be obtained for, certain payments or other dealings connected with parties identified with terrorism or to whom United Nations or autonomous Australian sanctions apply. The Australian Department of Foreign Affairs and Trade maintains a list of all persons and entities having a proscribed connection with terrorism, or to whom United nations or autonomous Australian sanctions apply, which is available to the public at the Department's website at: http://www.dfat.gov.au/international-relations/security/sanctions/Pages/consolidated-list.aspx.

(8) With respect to the issue of Partly Paid Instruments only, the Issuer will use its reasonable endeavours to procure that the Bloomberg screen in respect of the issue of such Partly Paid Instruments shall include details of the number of instalments, the amount of each instalment and the date(s) of payment of each instalment as applicable to such Partly Paid Instruments.

(9) The following legend must appear on every form of Instrument, Receipt, Coupon or Talon issued by Westpac Banking Corporation (a) regardless of which branch of Westpac Banking Corporation has issued such Instrument, Receipt, Coupon or Talon if such Instrument, Receipt, Coupon or Talon is denominated in New Zealand Dollars; or (b) through Westpac Banking Corporation "New Zealand branch" regardless of which currency the Instrument, Receipt, Coupon or Talon is denominated in:

"IF THE HOLDER OF ANY PART HEREOF IS A RESIDENT OF NEW ZEALAND FOR TAX PURPOSES OR OTHERWISE IS A PERSON THE PAYMENT OF INTEREST (AS DEFINED FOR NEW ZEALAND INCOME TAX PURPOSES) TO WHOM WILL BE SUBJECT TO NEW ZEALAND RESIDENT WITHHOLDING TAX, THEN A DEDUCTION FOR NEW ZEALAND RESIDENT WITHHOLDING TAX MAY BE MADE FROM ANY AMOUNT PAYABLE UNDER THIS [TEMPORARY / PERMANENT GLOBAL DEFINITIVE / REGISTERED / INSTRUMENT / COUPON / TALON / RECEIPT] WHICH IS SUBJECT TO NEW ZEALAND RESIDENT WITHHOLDING TAX UNLESS ANY SUCH HOLDER CERTIFIES THAT IT HOLDS A VALID RWT EXEMPTION CERTIFICATE FOR NEW ZEALAND RESIDENT WITHHOLDING TAX PURPOSES AND PROVIDES THE HOLDER'S NEW ZEALAND TAX FILE NUMBER.

ON PRESENTATION OF THIS [TEMPORARY/PERMANENT/GLOBAL/DEFINITIVE/ REGISTERED INSTRUMENT/COUPON/TALON/RECEIPT] FOR PAYMENT OR, IF APPLICABLE, UPON THE RECEIPT OF SUCH PAYMENT, THE HOLDER OF ANY PART HEREOF HEREBY CERTIFIES THAT IF IT IS A RESIDENT OF NEW ZEALAND FOR TAX PURPOSES OR OTHERWISE IS A PERSON THE PAYMENT OF INTEREST TO WHOM WILL BE SUBJECT TO NEW ZEALAND RESIDENT WITHHOLDING TAX, THAT IT HOLDS A VALID RWT EXEMPTION CERTIFICATE FOR NEW ZEALAND RESIDENT WITHHOLDING TAX PURPOSES."

(10) There are no, nor during the 12 months before the date of this Offering 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.

(11) Since 30 September 2017, 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.

(12) Since 30 September 2017, 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.

(13) The Issuer's consolidated financial statements for the periods ended 30 September 2017 and 30 September 2016 have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board as well as the *Corporations Act 2001* and comply with International Financial Reporting Standards ("***IFRS***") as issued by the International Accounting Standards Board and Interpretations as issued by the IFRS Interpretations Committee. PwC Australia, Chartered Accountants, audited the Issuer's consolidated financial statements for the periods ended 30 September 2017 and 30 September 2016 in accordance with Australian Auditing Standards. PwC Australia partners are members or affiliate members of Chartered Accountants Australia and New Zealand.

(14) 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 Chartered Accountants Australia and New Zealand (NSW) Scheme adopted by Chartered Accountants Australia and New Zealand 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 2014, 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. The extent of the limitation depends on the timing of the relevant matter and is:

(a) in relation to matters occurring on or after 8 October 2013, a maximum liability for audit work of A$75 million; or

(b) in relation to matters occurring on or prior to 7 October 2013, 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.

The limitations do 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 English 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 remain untested in a number of respects, including its effect in respect of the enforcement of foreign judgments.

(15) For so long as the Programme remains in effect or any Instruments are outstanding, copies of the following documents may be inspected during normal business hours at the office of

the Fiscal Agent and Principal Registrar (or the other specified office(s) of the Paying Agent(s) in the United Kingdom) specified on page 189 of this Base Prospectus and at the registered head office of the Issuer, namely:

(i) the constitutional documents of the Issuer;

(ii) the Base Prospectus in relation to the Programme, together with any supplements thereto;

(iii) the Issue and Paying Agency Agreement;

(iv) the Deed of Covenant;

(v) 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 2017 and 30 September 2016; and

(vi) any Final Terms relating to Instruments which are listed, traded and/or quoted on or by any competent listing authority, stock exchange and/or quotation system.

(16) The price and amount at which any Series of 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 Instruments in accordance with prevailing market conditions and will be disclosed in the applicable Final Terms. The Issue Price of the Instruments of any Series may be less than, equal to or greater than the par value of the relevant Series of Instruments.

The amount of any expenses and/or taxes (if any) specifically charged to any subscriber or purchaser of the Instruments of any Series will be disclosed in the applicable Final Terms.

(17) Certain of the 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 Issuer's affiliates. Certain of the Dealers or their affiliates that 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 consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Instruments issued under the Programme. Any such short positions could adversely affect future trading prices of 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.

REGISTERED AND HEAD OFFICE OF THE ISSUER

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Australia

DEALERS

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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

Nomura International plc
1 Angel Lane
London EC4R 3AB
United Kingdom

RBC Europe Limited
Riverbank House
2 Swan Lane
London EC4R 3BF
United Kingdom

Standard Chartered Bank
8 Marina Boulevard, Level 20
Marina Bay Financial Centre Tower 1
Singapore 018981

UBS Limited
5 Broadgate
London EC2M 2QS
United Kingdom

Westpac Banking Corporation
Level 20, 275 Kent Street
Sydney NSW 2000
Australia

Westpac Europe Limited
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23 Camomile Street
London EC3A 7LL
United Kingdom

AUDITORS OF WESTPAC BANKING CORPORATION
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Sydney NSW 1171
Australia

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One Canada Square
London E14 5AL
United Kingdom

FIRST ALTERNATIVE REGISTRAR
The Bank of New York Mellon (Luxembourg) S.A.
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2-4 rue Eugène Ruppert
L-2453 Luxembourg

SECOND ALTERNATIVE REGISTRAR
The Bank of New York Mellon, New York Branch
101 Barclay Street
New York, NY 10286
United States of America

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
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Slaughter and May

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To the Issuer as to Australian law

Allens

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NSW 2000
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To the Dealers as to English law

Sidley Austin LLP

Woolgate Exchange
25 Basinghall Street
London EC2V 5HA
United Kingdom

OFFERING CIRCULAR – APPLICABLE TO PD EXEMPT INSTRUMENTS

PAGES 176 TO 200 (INCLUSIVE) OF THIS OFFERING MEMORANDUM COMPRISE AN OFFERING CIRCULAR ("*OFFERING CIRCULAR*"). THE OFFERING CIRCULAR HAS BEEN PREPARED BY THE ISSUER IN CONNECTION WITH THE ISSUANCE OF DEBT INSTRUMENTS OTHER THAN DEBT INSTRUMENTS TO BE ADMITTED TO THE OFFICIAL LIST OF THE UK LISTING AUTHORITY AND TO BE ADMITTED TO TRADING ON THE LONDON STOCK EXCHANGE'S REGULATED MARKET ("*PD EXEMPT INSTRUMENTS*"). THE OFFERING CIRCULAR HAS NOT BEEN REVIEWED OR APPROVED BY THE UNITED KINGDOM FINANCIAL CONDUCT AUTHORITY AND DOES NOT CONSTITUTE A PROSPECTUS FOR THE PURPOSES OF *DIRECTIVE 2003/71/EC* (AS AMENDED, INCLUDING BY DIRECTIVE 2010/73/EU) (THE "PROSPECTUS DIRECTIVE").

The Offering Circular is to be read in conjunction with the following sections of the base prospectus set out on pages 1 to 190 inclusive of this Offering Memorandum (the "***Base Prospectus***") (save as amended herein):

- Risk Factors;
- Summary of the Programme;
- Documents Incorporated by Reference;
- Terms and Conditions of the Instruments;
- Use of Proceeds;
- Westpac Banking Corporation;
- Taxation;
- Subscription and Sale; and
- General Information,

each of which shall be deemed to be incorporated by reference herein. This Offering Circular shall be read on the basis that such sections of the Base Prospectus are so incorporated and form part of this Offering Circular.

Westpac Banking Corporation (ABN 33 007 457 141) (the "***Issuer***" or "***Westpac***") may offer from time to time unsecured, unsubordinated debt obligations as described in the Base Prospectus. PD Exempt Instruments may be issued under this Offering Circular as specified in the applicable Pricing Supplement (as defined below). Any PD Exempt Instruments issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any PD Exempt Instruments issued before the date of this Offering Circular. The Issuer has previously published, and may in the future publish, other prospectuses or offering documents in relation to the issue of other classes of debt obligations under the Programme.

Westpac is the ultimate parent of the Westpac group of companies (the "***Westpac Group***"). Westpac may offer PD Exempt Instruments acting through its head office in Sydney or one or more of its branches outside the Commonwealth of Australia ("***Australia***").

The PD Exempt 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 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*. Instruments are being offered only in offshore transactions in accordance with Regulation S under the *Securities Act* and, in certain limited circumstances, Registered Instruments may be offered to 'qualified institutional buyers' only in accordance with Rule 144A under the *Securities Act*, in each case, in compliance with applicable securities laws.

The aggregate principal amount of PD Instruments and PD Exempt Instruments outstanding will not at any time exceed the Programme Limit (or the equivalent in other currencies at the date of issue). Any such issue will be made pursuant to such documentation as Westpac may determine.

PD Exempt Instruments may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer(s). The Issuer may also issue unlisted PD Exempt Instruments and/or PD Exempt Instruments not admitted to trading on any market.

PD Exempt Instruments will be issued in one or more tranches (each a "***Tranche***") within one or more series (each a "***Series***"). Tranches of PD Exempt Instruments within a particular Series may have various issue dates, issue prices and interest commencement dates and, in respect of the first interest payment (if any), different interest payment amounts but will otherwise be issued on identical terms and conditions.

A pricing supplement may be issued for each Tranche of PD Exempt Instruments ("***Pricing Supplement***") and shall be read in conjunction with the Terms and Conditions contained in the Base Prospectus incorporated by reference as the Terms and Conditions of this Offering Circular. The Pricing Supplement will contain details of the aggregate principal amount of the Tranche of PD Exempt Instruments and the interest (if any) payable in respect of, and the issue price, issue date and maturity date of the Tranche of PD Exempt Instruments, together with any other terms and conditions not contained in this Offering Circular which apply to that Tranche of PD Exempt Instruments, as may be agreed between the Issuer and any Dealer.

Prospective investors should ensure that they understand the nature of the relevant PD Exempt Instruments and the extent of their exposure to risks and that they consider the suitability of the relevant PD Exempt Instruments as an investment in the light of their own circumstances and financial condition. It is the responsibility of prospective purchasers to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the PD Exempt Instruments and are not relying on the advice of the Issuers or any Dealer in that regard. Prospective investors should consider carefully the risks set forth under "Risk Factors" (incorporated by reference herein) prior to making investment decisions with respect to the PD Exempt Instruments.

PD Exempt Instruments when issued may be rated or unrated. Where an issue of a certain series of PD Exempt Instruments is rated, its rating will not necessarily be the same as the rating applicable to

the Programme (if any) and (where applicable) such rating may be specified in the applicable Pricing Supplement. A credit rating is not a recommendation to buy, sell or hold the PD Exempt Instruments and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency.

This Offering Circular and the documents incorporated in this Offering Circular by reference (see "Documents incorporated by reference" on page 52 of the Base Prospectus and incorporated by reference into and forming part of this Offering Circular) are available on the internet site www.westpac.com.au. Internet site addresses in this Offering Circular are included for reference only and the contents of any such internet sites are not incorporated by reference into, and do not form part of, this Offering Circular.

Each Series of PD Exempt Instruments will (a) be represented on issue by a temporary global debt instrument in bearer form without coupons or talons (each a "***Temporary Global PD Exempt Instrument***") or a permanent global debt instrument in bearer form (each a "***Permanent Global PD Exempt Instrument***") (together, "***Global PD Exempt Instruments***"), or (b) take the form of an entry in a register ("***Registered PD Exempt Instrument***").

Global PD Exempt Instruments may be deposited on the issue date with a common depositary on behalf of Euroclear Bank S.A./N.V. ("***Euroclear***") and Clearstream Banking S.A. ("***Clearstream, Luxembourg***") or, in the case of PD Exempt Instruments cleared through the CMU Service, a sub-custodian for the CMU Service.

The provisions governing the exchange of interests in Global PD Exempt Instruments for other Global PD Exempt Instruments and definitive PD Exempt Instruments ("***Definitive PD Exempt Instruments***") are described in the Terms and Conditions.

Save to the extent specified herein, terms defined in the sections of the Base Prospectus incorporated by reference herein shall have the same meaning when used in this Offering Circular.

For the purposes of the issue of PD Exempt Instruments, those sections of the Base Prospectus incorporated by reference herein and the form of the Pricing Supplement as annexed to this Offering Circular shall be deemed to be amended and supplemented as follows:

1. all references to the "Programme" shall be references to the programme for the issuance of debt instruments set out in this document;

2. all references to the "Base Prospectus" shall be deemed to be references to this "Offering Circular";

3. all references to "Final Terms" shall be deemed to be references to the "Pricing Supplement" as annexed to this Offering Circular;

4. all references to "Instruments" shall be deemed to be references to "PD Exempt Instruments";

5. the following sub-paragraph shall be added in Condition 11.1 of the Terms and Conditions of the Base Prospectus (incorporated by reference herein): "and (ix) so long as any PD Exempt Instruments are listed on the Singapore Exchange and the rules of the Singapore Exchange so require, a Paying Agent in Singapore"; and

6. in addition to the Instruments which may be issued under the Programme as described in the "Summary of the Programme", the Issuer may issue PD Exempt Instruments on such other terms as may be set out in the applicable Pricing Supplement.

Important Notice

This Offering Circular has been prepared on the basis that any offer of PD Exempt Instruments in any Member State of the European Economic Area ("***EEA***") which has implemented the Prospectus Directive (each a "***Relevant EEA State***") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant EEA State, from the requirement to publish a prospectus for offers of PD Exempt Instruments or otherwise will not be subject to such requirements. Accordingly any person making or intending to make an offer in that Relevant EEA State of PD Exempt Instruments which are the subject of an offering contemplated in this Offering Circular as completed by the relevant Pricing Supplement in relation to the offer of those PD Exempt Instruments may only do so in the circumstances in which no obligation arises for the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of PD Exempt Instruments in circumstances in which an obligation arises for an Issuer or any Dealer to publish or supplement a prospectus for such offer.

IMPORTANT – EEA RETAIL INVESTORS – If the Pricing Supplement in respect of any PD Exempt Instruments includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the PD Exempt Instruments are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "***MiFID II***"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "***PRIIPs Regulation***") for offering or selling the PD Exempt Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the PD Exempt Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Responsibility

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

If any person intending to acquire, or acquiring, any PD Exempt Instruments is in any doubt about whether it can rely on this Offering Circular and/or who is responsible for its contents it should take legal advice.

Documents incorporated by reference

This Offering Circular is to be read in conjunction with the documents which are incorporated herein by reference (see "Documents incorporated by reference" set out on page 52 of the Base Prospectus

as incorporated by reference into and forming part of this Offering Circular). This Offering Circular shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular together with any amendment or supplement to this Offering Circular 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 PD Exempt Instruments, should be read and construed together with the relevant Pricing Supplement.

No representation or warranty

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 Offering Circular. Neither the delivery of this Offering Circular nor any Pricing Supplement nor the offering, sale or delivery of any PD Exempt Instrument shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date thereof or the date upon which this Offering Circular 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 Offering Circular 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.

No review of the affairs of Westpac

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any PD Exempt Instruments shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Instruments of any information coming to their attention.

Currency of information

Neither the delivery of this Offering Circular nor any sale made in connection with this Offering Circular at any time implies that the information contained herein concerning Westpac is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated. Investors should review, amongst other things, the documents deemed to be incorporated herein by reference when deciding whether or not to purchase any PD Exempt Instruments.

Risk factors

An investment in the PD Exempt Instruments involves risks that include, without limitation, those described in “Risk Factors” which are incorporated into and form part of this Offering Circular.

PD Exempt Instruments may not be a suitable investment for all investors

Investors should have (either alone or with the help of a financial adviser) sufficient knowledge and experience in financial and business matters to meaningfully evaluate the merits and risks of

investing in a particular issue of PD Exempt Instruments and the information contained in or incorporated by reference in this Offering Circular or any applicable supplement or Pricing Supplement as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their particular circumstance.

Risks related to the structure of a particular issue of PD Exempt Instruments

A range of PD Exempt Instruments may be issued under the Programme. A number of these PD Exempt Instruments may have features which contain particular risks for potential investors. The risks of a particular PD Exempt Instrument will depend on the terms of such PD Exempt Instrument, but may include, without limitation, the possibility of significant changes in the values of the applicable interest rates or other indices or formula. Prospective investors could lose all or a substantial portion of their investment.

Such risks generally depend on factors over which Westpac has no control and which cannot readily be foreseen, such as economic and political events and the supply of and demand for the relevant securities, assets or other property. Neither the current nor the historical price, value or performance of (A) the relevant interest rates or other indices or formulae, (B) the relevant classes of securities, assets or other property, or (C) the relevant entities should be taken as an indication of future price, value or performance during the term of any PD Exempt Instrument.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (A) PD Exempt Instruments are legal investments for it, (B) PD Exempt Instruments can be used as collateral for various types of borrowing and (C) other restrictions apply to its purchase or pledge of any PD Exempt Instruments. Financial institutions should consult their legal advisers or their appropriate regulators to determine the appropriate treatment of PD Exempt Instruments under any applicable risk-based capital or similar rules.

No authorisation

No person has been authorised by Westpac to give any information or make any representations not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme or any additional written information supplied by Westpac or such other information as has been published in the public domain by Westpac and, if given or made, such information or representation should not be relied upon as having been authorised by Westpac or any Dealer (as defined in the section entitled “Subscription and Sale” in the Base Prospectus).

Distribution

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the PD Exempt Instruments in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular 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 Instruments and on the distribution of this Offering Circular or any Pricing Supplement and other offering material relating to the PD Exempt Instruments, see the “Subscription and Sale” section incorporated by reference in this Offering Circular. In particular, the PD Exempt Instruments have not been and will not be registered under the

Securities Act and may include PD Exempt Instruments in bearer form which are subject to U.S. tax law requirements. Subject to certain exceptions, PD Exempt Instruments may not be offered, sold or delivered within the United States or its possessions or to, or for the account of, U.S. persons. Neither this Offering Circular 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.

No offer

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

Stabilisation

In connection with the issue of any Tranche (as defined herein) of PD Exempt 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 PD Exempt Instruments or effect transactions with a view to supporting the market price of the PD Exempt Instruments at a level higher than that which might otherwise prevail. However, stabilisation may not necessary occur. 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 PD Exempt Instruments is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of PD Exempt Instruments and 60 days after the date of the allotment of the relevant Tranche of PD Exempt 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.

References to currencies

In this Offering Circular references to "***U.S.$***", "***U.S. dollars***", ***"USD"*** or "***U.S. cents***" are to the lawful currency of the United States of America, all references to "***A$***", ***"AUD"*** and "***Australian cents***" are to the lawful currency of Australia, all references to "***NZ$***", ***"NZD"*** and "***NZ cents***" are to the lawful currency of New Zealand, all references to "***£***", "***Sterling***" and "***GBP***" are to the lawful currency of the United Kingdom, all references to "***Renminbi***" and "***CNY***" are to the lawful currency of the People's Republic of China, all references to "S$" are to the lawful currency of Singapore and all references to "***Yen***" or "***JPY***" are to the lawful currency of Japan. References to "***€***", "***Eur***", "***euro***" or, as the context may require, "***euro 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.

Supplemental Offering Circular

The Issuer has undertaken that if there is a significant new factor, material mistake or inaccuracy relating to information contained in this Offering Circular which is capable of affecting the assessment

of any PD Exempt Instruments and whose inclusion in this Offering Circular or removal is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the PD Exempt Instruments, the Issuer will prepare and make available a supplement to this Offering Circular or a further prospectus or other offering document for use in connection with any subsequent issue of PD Exempt Instruments.

Singapore

Application has been made to Singapore Exchange Securities Trading Limited (the "S***ingapore Exchange***") for the listing and quotation of PD Exempt Instruments and permission to deal in any PD Exempt Instruments which are agreed at the time of issue to be listed on the Singapore Exchange. Such permission will be granted when such PD Exempt Instruments have been admitted to the Official List of the Singapore Exchange.

For so long as any Tranche of PD Exempt Instruments is listed on the Singapore Exchange and the rules of the Singapore Exchange so require, the Issuer shall appoint and maintain a Paying Agent in Singapore, where the PD Exempt Instruments may be presented or surrendered for payment or redemption, in the event that Definitive PD Exempt Instruments are issued. In addition, in the event that Definitive PD Exempt Instruments are issued, announcement of such issue shall be made through the Singapore Exchange and such announcement shall include all material information with respect to the delivery of the Definitive Instruments, including details of the paying agent in Singapore. For so long as any Tranche of PD Exempt Instruments is listed on the Singapore Exchange and the rules of the Singapore Exchange so require, such Instruments will be traded on the Singapore Exchange in a minimum board lot size of S$200,000 (or its equivalent in another currency).

The Singapore Exchange assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Circular. Admission to the Official List of the Singapore Exchange is not to be taken as an indication of the merits of the Issuer, the Programme or the PD Exempt Instruments.

Representations and Warranties of Investors

All investors

THE PD EXEMPT INSTRUMENTS DESCRIBED IN THIS OFFERING CIRCULAR HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT. THE PD EXEMPT INSTRUMENTS ARE BEING OFFERED AND SOLD SOLELY IN "OFFSHORE TRANSACTIONS" TO PERSONS THAT ARE NOT, AND ARE NOT ACTING FOR THE ACCOUNT OR BENEFIT OF, "U.S. PERSONS", IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT. TERMS USED IN THIS PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

Each initial and subsequent purchaser of PD Exempt Instruments will be deemed to have acknowledged, represented and agreed to and with Westpac and each Dealer as follows:

1. The PD Exempt Instruments have not been, and will not be, registered under the *Securities Act* or any other applicable securities law and, accordingly, none of the PD Exempt Instruments may be offered, sold, transferred, pledged, encumbered or otherwise disposed of unless in accordance with and subject to applicable law and the transfer restrictions which are incorporated into and form part of this Offering Circular.

2. It is a purchaser acquiring such PD Exempt Instruments in an offshore transaction occurring outside the United States within the meaning of Regulation S and that it is not a "U.S. person" (and is not acquiring such PD Exempt Instruments for the account or benefit of a U.S. person) within the meaning of Regulation S.

3. It acknowledges that Westpac, the Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and it agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by it in connection with its purchase of PD Exempt Instruments are no longer accurate, it shall promptly notify Westpac and the Dealer through which it purchased any PD Exempt Instruments. If it is acquiring any PD Exempt Instruments as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

4. It is not an Offshore Associate (as defined below) and, if it purchases the PD Exempt Instruments, as part of the primary distribution of the PD Exempt Instruments, it will not sell any of the PD Exempt Instruments (or any interest in any of the PD Exempt Instruments) to any person as part of the primary distribution of the PD Exempt Instruments, if, at the time of such sale, its employees directly involved in the sale knew or had reasonable grounds to suspect that, as a result of the sale, such PD Exempt Instruments would be acquired (directly or indirectly) by an Offshore Associate. "*Offshore Associate*" means an associate (within the meaning of section 128F(9) of the *Income Tax Assessment Act of 1936 of Australia*) of Westpac that is either a non-resident of Australia that does not acquire the PD Exempt Instruments in carrying on a business at or through a permanent establishment in Australia, or a resident of Australia that acquires the PD Exempt Instruments in carrying on a business at or through a permanent establishment outside Australia, provided that an associate acting in the capacity of a dealer, manager or underwriter in relation to the placement of the PD Exempt Instruments, or a clearing house, custodian, funds manager or

responsible entity of a registered managed investment scheme under the *Corporations Act 2001* is not an Offshore Associate for these purposes. For the avoidance of doubt, if its employees directly involved in a sale of PD Exempt Instruments do not know or suspect that a person is an associate of Westpac, nothing in this paragraph 4 obliges it or its employees to make positive enquiries of that person to confirm that that person is not an Offshore Associate.

This Offering Circular and any supplement or Pricing Supplement does not constitute, and may not be used for the purposes 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 offer or solicitation, and no action is being taken to permit an offering of the PD Exempt Instruments or the distribution of this Offering Circular or any supplement of Pricing Supplement in any jurisdiction where such action is required.

In addition, the PD Exempt Instruments are subject to restrictions on transferability and resale. Investors may not transfer or resell the PD Exempt Instruments except as described in this Offering Circular and any supplement or Pricing Supplement and as permitted under the *Securities Act* and other applicable securities laws. Investors may be required to bear the financial risks of an investment in the PD Exempt Instruments for an indefinite period of time.

ANNEX

FORM OF PRICING SUPPLEMENT FOR PD EXEMPT INSTRUMENTS

*Set out below is the form of Pricing Supplement which will be completed for each Tranche of PD Exempt Instruments under the Programme (herein referred to as "**Instruments**"), amended (if necessary) and completed to reflect the particular terms of the relevant Instruments and their issue. References to 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.*

THIS FORM OF PRICING SUPPLEMENT WILL BE ISSUED IN RESPECT OF INSTRUMENTS WHICH ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE FINANCIAL CONDUCT AUTHORITY OR TO ANY OTHER EUROPEAN ECONOMIC AREA REGULATED MARKET OR OFFERED TO THE PUBLIC IN THE EUROPEAN ECONOMIC AREA FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE. THE FORM OF PRICING SUPPLEMENT HAS NOT BEEN REVIEWED OR APPROVED BY THE UK LISTING AUTHORITY AND DOES NOT CONSTITUTE A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Instruments are not intended[, from 1 January 2018,][1] to be offered, sold or otherwise made available to and[, with effect from such date,][2] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("***EEA***"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "***MiFID II***"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive (where "***Prospectus Directive***" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a relevant Member State of the EEA). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "***PRIIPs Regulation***") for offering or selling the Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

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 PD Exempt Instruments]

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[1] This date reference should not be included in Pricing Supplements for offers concluded on or after 1 January 2018.

[2] To be deleted in Pricing Supplements for offers concluded on or after 1 January 2018.

by Westpac Banking Corporation

No prospectus is required in accordance with *Directive 2003/71/EC* (as amended, including by Directive 2010/73/EU) for this issue of Instruments. The UK Listing Authority has neither approved or reviewed information contained in this Pricing Supplement.

[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 Offering Circular dated 10 November 2017 [and the supplement to the Offering Circular dated [●], which [together] constitute[s]] an Offering Circular. This document must be read in conjunction with such Offering Circular dated 10 November 2017 [as so supplemented].]

[The Offering Circular [and the supplemental Offering Circular(s)] are available for viewing at [address] [and] [website] and copies may be obtained from [[Web] address].]

PART A: Contractual Terms

1.	**Issuer and Designated Branch:**	Westpac Banking Corporation acting through its [head office]/[[•] branch]
2.	**Date of Board Approval of Issuer:**	[•]/[Not Applicable, save as discussed in Section 2 of the "General Information" section of the Offering Circular]
3.	**Status:**	[Senior]
4.	**Specified Currency:**	
(i)	of denomination:	[•]
(ii)	of payment:	[•]/[•] for the payment of any Interest Amount
5.	**Aggregate Principal Amount of Tranche:**	[•]
6.	**If interchangeable with existing Series, Series No.:**	[•]
7.	**(i) Issue Date:**	[•]
	(ii) Interest Commencement Date:	[•]
8.	**Issue Price:**	[•]
9.	**Maturity Date:**	[•], subject to adjustment in accordance with the Business Day Convention specified in paragraph [19(iv), 20(iv) or 22(vii)]
10.	**Expenses:**	[•]

11.	**(i) Form of Instruments:**	[Bearer/Registered]
	(ii) Bearer Instruments exchangeable for	Registered Instruments: [Yes/No]
12.	**If issued in bearer form:**	
	(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 and/or (if the relevant Series comprises both Bearer Instruments and Registered Instruments) Registered Instruments:	[Yes/No] [The Exchange Date shall be [•]]
	(iii) Specify date (if any) from which exchanges for Registered Instruments will be made:	[•]/[Exchanges may be made at any time]
	(iv) Permanent Global Instrument exchangeable at the option of the bearer for Definitive Instruments and/or (if the relevant Series comprises both Bearer Instruments and Registered Instruments) Registered Instruments:	[No. Permanent Global Instruments are only exchangeable for Definitive Instruments in the limited circumstances set out in Conditions 2.5(a) and (b)]
	(v) Talons for future Coupons to be attached to Definitive Instruments:	[Yes/No] [As the Instruments have more than 27 Coupons, Talons may be required if, on exchange into definitive form, more than 27 Coupon payments are still to be made]
	(vi) Receipts to be attached to Instalment Instruments which are Definitive Instruments:	[Yes/No] [The following Receipts will be attached to the Instruments: [•]]
13.	**If issued in registered form:**	[Regulation S Global Note (U.S.$/€[•] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg/the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority] [Rule 144A Global Note (U.S.$[•] nominal amount) registered in the name of a nominee for

		[DTC/a common depositary for Euroclear and Clearstream, Luxembourg/the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority]
14.	**Denomination(s):**	[[•] and integral multiples of [•] in excess thereof up to and including [•]. No Definitive Instruments will be issued with a denomination above [•]]
15.	**Calculation Amount:**	[•]
16.	**Partly Paid Instruments:**	[Yes/No]
	(i) Number of instalments:	[•]
	(ii) Amount of each instalment:	[•]
	(iii) Date(s) of payment:	[•]
	(iv) Method of payment:	[•]
	(v) First Forfeiture Date:	[•]
17.	**If issued in registered form: Registrar:**	[•]
18.	**Interest:**	[[•] per cent. Fixed Rate] [[•] month [[[•]+/– [•]] per cent. Floating Rate] [Zero Coupon]
19.	**Fixed Rate Instrument Provisions:**	[Applicable/Not Applicable/Applicable for the period from and including [•] to but excluding [•]]
	(i) Interest Rate[(s)]:	[•] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
	(ii) Interest Payment Date(s):	[•] in each year [subject to adjustment in accordance with the Business Day Convention specified in paragraph 19(iv)/No Adjustment]
	(iii) Interest Period End Date(s):	[•]/Interest Payment Dates
	(iv) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business

	Day Convention/Preceding Business Day Convention/ FRN Convention/Eurodollar Convention/No Adjustment]
[– for Interest Payment Dates:	[•]]
[– for Interest Period End Dates:	[•]]
[– for Maturity Date:	[•]]
[– any other date:	[•]]
(v) Fixed Coupon Amount[(s)]:	[•] per Calculation Amount
(vi) 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)”]
(vii) Broken Amount(s):	[•] per Calculation Amount payable on the Interest Payment Date falling [in/on][•]
(viii) Accrual Feature	[Not Applicable]/[Applicable]
– Applicable Swap Rate:	[USD-ISDA-Swap Rate/[•] (as defined in the ISDA Definitions)]
– Applicable Swap Rate thresholds:	Greater than or equal to [•] per cent. and less than or equal to [•] per cent.
– Observation Period:	[The period which starts [•] New York and London Banking Days prior to the beginning of the relevant Interest Accrual Period and ends [•] New York and London Banking Days prior to the end of such Interest Accrual Period]/[Interest Accrual Period]
– Designated Maturity	[•]
(ix) Additional Business Centre(s):	[Not Applicable/[•]]
20. Floating Rate Instrument Provisions:	[Applicable/Not Applicable/Applicable for the period from and including [•] to but excluding [•]]
(i) Specified Period(s):	[•]
(ii) Interest Payment Dates:	[•], subject to adjustment in accordance with the Business Day Convention specified in paragraph

20(iv)

(iii)	Interest Period End Dates or (if the applicable Business Day Convention below is the FRN Convention) Interest Accrual Period:	[•]
(iv)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention/No Adjustment]
	[– for Interest Payment Dates:	[•]]
	[– for Interest Period End Dates:	[•]]
	[– for Maturity Date:	[•]]
	[– any other date:	[•]]
(v)	Additional Business Centre(s):	[Not Applicable/[•]]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii)	Screen Rate Determination:	[Applicable/Not Applicable]
	– Reference Rate:	[•] month [•] [except for the Interest Period ending on [•] in which the Interest Rate will be determined using a linear interpolation between [•] month [•] and [•] month [•]]
	– Relevant Screen Page:	[•]
	– Interest Determination Date(s):	[•]
	– Relevant Time:	[•]
	– Relevant Financial Centre:	[•]
(viii)	ISDA Determination:	[Applicable/Not Applicable]
	– Floating Rate Option:	[•]
	– Designated Maturity:	[•] [except for the Interest Period ending on [•] in which the Interest Rate will be determined using a linear interpolation between a Designated

	Maturity of [•] months and [•] months]
– Reset Date:	[•]
(ix) Margin(s):	[+/–][•] per cent. per annum
(x) Minimum Interest Rate:	[•] per cent. per annum
(xi) Maximum Interest Rate:	[•] per cent. per annum
(xii) 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)”]
(xiii) Accrual Feature:	[Not Applicable]/[Applicable]
– Applicable Swap Rate:	[USD-ISDA-Swap Rate/[•]]
– Applicable Swap Rate thresholds:	Greater than or equal to [•] per cent. and less than or equal to [•] per cent.
– Observation Period:	[the period which starts [•] New York and London Banking Days prior to the beginning of the relevant Interest Accrual Period and ends [•] New York and London Banking Days prior to the end of such Interest Accrual Period]/[Interest Accrual Period]
– Designated Maturity:	[•]
(xiv) Broken Amounts:	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
21. Zero Coupon Instrument Provisions:	[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/[•]]
22.	**Dual Currency Instrument Provisions:**	[Not Applicable/[Condition 5.5(ii)/Condition 5.5(iii) and (iv) is/are] Applicable]
	(i) Rate of Exchange:	[For the purposes of calculating the Interest Amount in respect of the Instruments the Rate of Exchange is [•] per Calculation Amount]/[Not Applicable]]
	(ii) Interest Payment Dates:	[•]
	(iii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:	[•]
	(iv) Interest Period End Dates or (if the applicable Business Day Convention below is the FRN Convention) Interest Accrual Period:	[•]
	(v) Dual Currency Rate:	[•]
	(vi) FX0:	[•]
	(vii) Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention/No Adjustment]
	– for Interest Payment Dates	[•]
	– for Interest Period End Dates	[•]
	– for Maturity Date	[•]
	– any other date	[•]
	(viii) Additional Business Centre(s):	[Not Applicable/[•]]
23.	**Dates for payment of Instalment Amounts (Instalment Instruments):**	[•]
24.	**Final Redemption Amount of each Instrument:**	As determined in accordance with Condition [•] / [•] per Calculation Amount

25.	**Instalment Amounts:**	[•]
26.	**Early Redemption for Tax Reasons:**	[Applicable/Not Applicable]
	(a) Early Redemption Amount of each Instrument (Tax):	[•] per Calculation Amount
	(b) Date after which changes in law, etc. entitle Issuer to redeem:	[[•]/Issue Date]
27.	**Coupon Switch Option:**	[Applicable/Not Applicable]
28.	**Coupon Switch Option Date:**	[•]
29.	**Redemption at the option of the Issuer (Call):**	[Applicable/Not Applicable]
	(i) Optional Redemption Date (Call):	[•]
	(ii) Series redeemable in part:	[Yes/No]
	(iii) Optional Redemption Amount (Call) of each Instrument:	[•] per Calculation Amount
	(iv) Notice period:	[•]
30.	**Partial redemption (Call):**	[Applicable/Not Applicable]
	(i) Minimum Redemption Amount:	[•] per Calculation Amount
	(ii) Maximum Redemption Amount:	[•] per Calculation Amount
	(iii) Notice period:	[•]
31.	**Redemption at the option of the Holders (Put):**	[Applicable/Not Applicable]
	(i) Optional Redemption Date(s):	[•]
	(ii) Optional Redemption Amount (Put) of each Instrument:	[•] per Calculation Amount
	(iii) Notice period:	[•]
32.	**Events of Default:**	
	Early Termination Amount	[•]
33.	**Payments:**	

	Unmatured Coupons missing upon Early Redemption:	[Condition 7A.6 (i) applies]/[Condition 7A.6 (ii) applies]
34.	**Replacement of Instruments:**	[•]
35.	**Calculation Agent:**	[•]/[Not Applicable]
36.	**Notices:**	Condition 14 applies
37.	**Selling Restrictions:**	
	United States of America:	[Regulation S Category 2 restrictions apply to the Instruments] [[TEFRA C/TEFRA D] Rules apply to the Instruments]/[TEFRA Not Applicable] Instruments [are/are not] Rule 144A eligible [Exchange Date is [•]]
	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the offer of the Instruments is concluded prior to 1 January 2018, or on and after that date the Instruments clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Instruments will be concluded on or after 1 January 2018 and the Instruments may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)
38.	**[Additional Conditions:]**	[*Specify any additional conditions*]

[**THIRD PARTY INFORMATION**

[●] has been extracted from [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

WESTPAC BANKING CORPORATION

By:

Name:

Date:

PART B: Other information

1. Listing

(i) Listing:	[[•]/None]
(ii) Admission to trading:	[Application has been made for the Instruments to be admitted to trading on [•] with effect from [•]] [Not Applicable]

2. Ratings

[(i)] [Ratings of the Instruments:	[S&P Global Ratings Australia Pty Limited: [•]] [Moody's Investors Service Pty Limited: [•]] Neither S&P Global Ratings 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, S&P Global Ratings 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.

3. Interests of natural and legal persons involved in the issue

[•]/[Save as discussed in the ["Subscription and Sale"] section of the Offering Circular, so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer.]

4. Estimated total expenses

Estimated total expenses:	[•]

5. Yield

Indication of yield:	[•]

6. Operational information

ISIN:	[•]

Common Code:	[•]
Common Depositary/Lodging Agent:	[•]
Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking S.A. and the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority:	[Not Applicable]/[•]
CMU Service Instrument Number:	[Not Applicable]/[•]
Names and addresses of additional Paying Agent(s) (if any):	[•]

7. Description of the Underlying

[The USD-ISDA Swap Rate is [•]]

[The bid and offered rate for AUD/JPY is the spot price from time to time of the Australian Dollar as against the Japanese Yen.]/[•]

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