

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)

Programme for the Issuance of Debt Instruments

This base prospectus has been approved by the United Kingdom Financial Services Authority (the “**FSA**”), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (as amended) (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 Instruments under the Programme 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**”). Application has also been made to Singapore Exchange Securities Trading Limited (the “**Singapore Exchange**”) for quotation of Instruments and permission to deal in any Instruments which are agreed at the time of issue to be listed on the Singapore Exchange.

Instruments may also be issued under the Programme on the basis that they will be 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.

This Base Prospectus supersedes any previous base prospectus, Information Memorandum or Information Memorandum Addendum describing the Programme. Any Instruments issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. This does not affect any Instruments issued before the date of this Base Prospectus.

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 20 to 32 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 are being offered only to qualified institutional buyers (within the meaning of Rule 144A under the Securities Act) or in other transactions exempt from registration in accordance with Regulation S under the Securities Act and, in each case, in compliance with applicable securities laws.

Arranger for the Programme
UBS Investment Bank

Dealers

Barclays
BNP PARIBAS
BofA Merrill Lynch
Citigroup
Deutsche Bank
Goldman Sachs International
The Hongkong and Shanghai Banking Corporation Limited

HSBC
J.P. Morgan
Morgan Stanley
Nomura
The Royal Bank of Scotland
UBS Investment Bank
Westpac Banking Corporation

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

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

The Issuer accepts responsibility for the information contained in this 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.

The previous paragraph is to be read in conjunction with the section below entitled "Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)".

Restrictions on offers of Instruments in Relevant Member States

Certain Tranches of Instruments with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "**Public Offer**". This Base Prospectus has been prepared on a basis that permits Public Offers of Instruments. Any person making or intending to make a Public Offer of Instruments (the "**Offeror**") in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") may only do so if this Base Prospectus has been approved by the competent authority in that Relevant Member State (or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State) and published in accordance with the Prospectus Directive, and if the Issuer has consented to the use by the Offeror of this Base Prospectus in connection with such offer as provided under "Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)" and the terms of that consent are complied with by the Offeror.

Save as provided above, neither the Issuer nor any Dealer has authorised, nor authorises, the making of any Public Offer of Instruments in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a Base Prospectus for such offer.

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.

Consent given in accordance with Article 3.2 of the Prospectus Directive (Retail Cascades)

Any person (an "**Investor**") intending to acquire or acquiring any Instruments from any Offeror other than the Issuer or a relevant Dealer should be aware that, in the context of a Public Offer of such Instruments, the Issuer will be responsible to the Investor for this Base Prospectus under section 90 of the Financial Services and Markets Act 2000 (the "**FSMA**") only if the Issuer has consented to the use of this Base Prospectus by that Offeror to make the Public Offer to the Investor. Neither the Issuer nor any Dealer makes any representation as to the compliance by that Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Public Offer and neither the Issuer nor any Dealer has any responsibility or liability for the actions of that Offeror.

Save as provided below, neither the Issuer nor any Dealer has authorised the making of any Public Offer by any Offeror or consented to the use of this Base Prospectus by any other person in connection with any Public Offer of Instruments. Any Public Offer made without the consent of the Issuer is unauthorised and neither the Issuer nor any Dealer accepts any responsibility or liability for the actions of any person making any such unauthorised offer. If the Issuer has not consented to the use of this Base Prospectus by an Offeror, the Investor should check with the Offeror whether anyone is responsible for this Base Prospectus for the purposes of section 90 of the FSMA in the context of the relevant Public Offer and, if so, who that person is. Any Investor in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents should take legal advice.

In connection with a Tranche of Instruments which is to be the subject of a Public Offer, and provided that the applicable Final Terms specifies an Offer Period, the Issuer consents to the use of this Base Prospectus in connection with such Public Offer subject to the following conditions:

- (i) the consent is only valid during the Offer Period so specified;
- (ii) the only Offerors authorised to use this Base Prospectus to make the Public Offer of the relevant Tranche of Instruments are the relevant Dealer and either:

- (a) (i) if the applicable Final Terms names financial intermediaries authorised to offer the relevant Tranche of Instruments, the financial intermediaries so named or (ii) if the Issuer appoints additional financial intermediaries after the date of the applicable Final Terms and publishes details of them on its website, each financial intermediary whose details are so published; or
 - (b) in any other case, any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive which states on its website that it has been duly appointed as a financial intermediary to offer the relevant Tranche of Instruments during the Offer Period and that it is relying on this Base Prospectus to do so;
- (iii) the consent only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Instruments in each Relevant Member State specified in the applicable Final Terms; and
 - (iv) the consent is subject to any other conditions set out in Part B of the applicable Final Terms.

Any Offeror falling within sub-paragraph (ii)(b) above who meets all of the other conditions stated above and wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Offer Period, to publish on its website that it is relying on this Base Prospectus for such Public Offer with the consent of the Issuer.

The consent referred to above relates to Offer Periods occurring within 12 months from the date of this Base Prospectus. The Issuer accepts responsibility, in the jurisdictions to which the consent to use the Base Prospectus extends, for the content of this Base Prospectus in relation to any Investor who acquires any Instruments in a Public Offer made by any person to whom consent has been given to use this Base Prospectus in that connection in accordance with the preceding paragraph, provided that such Public Offer has been made in accordance with all the Conditions attached to that consent.

The Issuer may, on or after the date of this Base Prospectus, make applications for one or more further certificates of approval under Article 18 of the Prospectus Directive as implemented in the United Kingdom to be issued by the FSA to the competent authority in any one of the following Member States: Belgium; Germany; Ireland; Luxembourg; Netherlands; Spain; Italy; France; and Austria.

AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY INSTRUMENTS IN A PUBLIC OFFER FROM AN OFFEROR OTHER THAN THE ISSUER WILL DO SO, AND OFFERS AND SALES OF SUCH INSTRUMENTS TO AN INVESTOR BY SUCH OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE INSTRUMENTS CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NEITHER THE ISSUER NOR ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

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 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 Singapore Exchange assumes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Base Prospectus. Admission to the Official List of the Singapore Exchange is not to be taken as an indication of the merits of the Issuer or the Instruments.

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. 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.

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

Neither this 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.

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

In connection with the issue of any Tranche (as defined herein) of 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, there is no assurance that the Stabilising Dealer(s) (or persons acting on behalf of a Stabilising Dealer) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Instruments is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of 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:	<p>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. 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.</p>
A.2	Consent to use of this Base Prospectus:	<p><i>Issue specific summary</i></p> <p>[Not Applicable; the Notes are issued in denominations of at least €100,000 (or its equivalent in any other currency)]</p> <p>[An offer of the Instruments may be made by the Dealers [and [•]] other than pursuant to Article 3(2) of the Prospectus Directive in [•] (“Public Offer Jurisdictions”) during the period from [•] until [•] (“Offer Period”).</p> <p>[In respect of this Tranche of Instruments, the Issuer consents to the use of the Base Prospectus in connection with a Public Offer of any relevant Instruments during the period from [•] until [•] (“Offer Period”) [in [•] by [•], [•] and [•].]</p> <p>[In respect of this Tranche of Instruments, the Issuer consents to the use of the Base Prospectus in connection with a Public Offer of any relevant Instruments during the period from [•] until [•] (“Offer Period”) [in [•] by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive and which satisfies the following conditions: [•] [or] [by the financial intermediaries, in [•] and subject to [•] for so long as they are authorised to make such offers under the Markets in Financial Instruments Directive.]</p> <p>The Issuer may give consent to additional financial intermediaries after the date of these Final Terms.]</p> <p>AN INVESTOR INTENDING TO ACQUIRE OR ACQUIRING ANY INSTRUMENTS IN A PUBLIC OFFER FROM AN OFFEROR OTHER THAN THE ISSUER WILL DO SO, AND OFFERS AND SALES OF SUCH INSTRUMENTS TO AN INVESTOR BY SUCH</p>

		OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE INSTRUMENTS CONCERNED AND, ACCORDINGLY, THE BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION AND THE OFFEROR WILL BE RESPONSIBLE FOR SUCH INFORMATION. NEITHER THE ISSUER NOR ANY DEALER HAS ANY RESPONSIBILITY OR LIABILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.
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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 Australian Corporations Act 2001.
B.4b	Known trends affecting the Issuer and its Industry:	<p>Australian economic indicators have, in aggregate, remained relatively robust throughout much of 2012 with moderate growth, low unemployment and benign inflation. Despite these strengths, the experience across sectors has been diverse, business and consumer confidence remain soft, and a loss of momentum emerged as the year progressed. The mining sector has continued to be the growth driver of the economy, with other sectors experiencing more challenging conditions given consumer caution and ongoing strains from the high Australian dollar.</p> <p>Conditions globally have also remained challenging. World growth lost momentum in 2012 and is sub-trend. Europe is in recession, US growth is moderate and China’s economy has cooled as a result of past policy tightening. Policy makers in the major economies are now responding to these developments with more aggressive stimulus measures. This is likely to lead to a gradual strengthening of activity. However, the outlook remains uncertain. Europe may continue to contract and the pace of recovery elsewhere in the developed world will be constrained by fiscal consolidation, excessive household debt and weak financial systems. Prospects for the developing economies are likely to improve as those regions have ample scope for effective policy stimulus.</p> <p>The Reserve Bank of Australia has resumed the monetary policy easing cycle in response to global and domestic developments and given the scope provided by a benign inflation environment. The stance of monetary policy is now expansionary, with additional policy easing widely expected.</p> <p>Given this backdrop, in the period ahead Westpac expects Australia’s economic fundamentals to remain stronger and more stable than other developed nations. GDP growth is forecast to be around 3 per cent. for 2013, inflation is likely to remain benign</p>

		<p>and unemployment, while edging higher, is forecast to remain below 6 per cent. Economic growth is likely to become more broadly based as the lower interest rate environment supports conditions in the broader economy. The mining investment boom is set to transition to a mining export upswing over the next two to three years as additional capacity comes on stream and given likely strong demand for commodities from the Asian region, boosted by a cyclical recovery in China.</p> <p>For banking, Westpac expects that demand for credit will improve a little, but growth is likely to remain modest, while it expects deposits to expand at a relatively strong rate.</p> <p>As with other financial services providers, the Issuer continues to face increased supervision and regulation in most of the jurisdictions in which it operates, particularly in the areas of funding, liquidity, capital adequacy and prudential regulation.</p>																																																																																																				
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:	<table> <thead> <tr> <th></th> <th style="text-align: right;"><i>Year ended Sept-2012</i></th> <th style="text-align: right;"><i>Year ended Sept-2011</i></th> <th style="text-align: right;"><i>Year ended Sept-2010</i></th> </tr> <tr> <th></th> <th style="text-align: right;"><i>A\$m</i></th> <th style="text-align: right;"><i>A\$m</i></th> <th style="text-align: right;"><i>A\$m</i></th> </tr> </thead> <tbody> <tr> <td colspan="4">Income statement</td> </tr> <tr> <td>Net interest income</td> <td style="text-align: right;">12,502</td> <td style="text-align: right;">11,996</td> <td style="text-align: right;">11,842</td> </tr> <tr> <td>Non-interest income</td> <td style="text-align: right;">5,481</td> <td style="text-align: right;">4,917</td> <td style="text-align: right;">5,068</td> </tr> <tr> <td>Net operating income before operating expenses and impairment charges</td> <td style="text-align: right;">17,983</td> <td style="text-align: right;">16,913</td> <td style="text-align: right;">16,910</td> </tr> <tr> <td>Operating expenses</td> <td style="text-align: right;">(7,909)</td> <td style="text-align: right;">(7,406)</td> <td style="text-align: right;">(7,416)</td> </tr> <tr> <td>Impairment charges</td> <td style="text-align: right;">(1,212)</td> <td style="text-align: right;">(993)</td> <td style="text-align: right;">(1,456)</td> </tr> <tr> <td>Profit before income tax</td> <td style="text-align: right;">8,862</td> <td style="text-align: right;">8,514</td> <td style="text-align: right;">8,038</td> </tr> <tr> <td>Income tax expense</td> <td style="text-align: right;">(2,826)</td> <td style="text-align: right;">(1,455)</td> <td style="text-align: right;">(1,626)</td> </tr> <tr> <td>Profit attributable to non-controlling interests</td> <td style="text-align: right;">(66)</td> <td style="text-align: right;">(68)</td> <td style="text-align: right;">(66)</td> </tr> <tr> <td>Net profit attributable to owners of Westpac Banking Corporation</td> <td style="text-align: right;">5,970</td> <td style="text-align: right;">6,991</td> <td style="text-align: right;">6,346</td> </tr> <tr> <td colspan="4">Balance sheet</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">674,965</td> <td style="text-align: right;">670,228</td> <td style="text-align: right;">618,277</td> </tr> <tr> <td>Loans</td> <td style="text-align: right;">514,445</td> <td style="text-align: right;">496,609</td> <td style="text-align: right;">477,655</td> </tr> <tr> <td>Deposits</td> <td style="text-align: right;">394,991</td> <td style="text-align: right;">370,278</td> <td style="text-align: right;">337,385</td> </tr> <tr> <td>Loan capital</td> <td style="text-align: right;">9,537</td> <td style="text-align: right;">8,173</td> <td style="text-align: right;">9,632</td> </tr> <tr> <td>Total shareholders' equity and non-controlling interests</td> <td style="text-align: right;">46,219</td> <td style="text-align: right;">43,808</td> <td style="text-align: right;">40,118</td> </tr> <tr> <td colspan="4">Share information</td> </tr> <tr> <td>Weighted average number of ordinary shares (million)</td> <td style="text-align: right;">3,043</td> <td style="text-align: right;">2,997</td> <td style="text-align: right;">2,960</td> </tr> <tr> <td>Basic earnings per share (cents)</td> <td style="text-align: right;">195.8</td> <td style="text-align: right;">233.0</td> <td style="text-align: right;">214.2</td> </tr> <tr> <td>Diluted earnings per ordinary share (cents)</td> <td style="text-align: right;">190.5</td> <td style="text-align: right;">223.6</td> <td style="text-align: right;">207.1</td> </tr> <tr> <td>Dividends per ordinary share (cents)</td> <td style="text-align: right;">166</td> <td style="text-align: right;">156</td> <td style="text-align: right;">139</td> </tr> <tr> <td colspan="4">Ratios</td> </tr> <tr> <td>Average total equity to average total assets (per cent.)</td> <td style="text-align: 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		<p>Total capital ratio (per cent.) 11.7 11.0 11.0</p> <p>Dividend payout ratio (per cent.) 84.8 67.0 64.9</p> <p>Return on average ordinary equity (per cent.) 14.0 17.8 17.4</p> <p>Operating expenses to operating income ratio (per cent.) 44.0 43.8 43.9</p> <p>Net interest margin (per cent.) 2.16 2.19 2.21</p>
	Statement of no Material Adverse Change since Last Audited Financial Statements:	Since 30 September 2012, 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 2012, 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:	<p>The Issuer is the ultimate parent of the Westpac Group. The Westpac Group is one of four major banking organisations in Australia and, through its New Zealand operations, 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 retail, commercial and institutional banking and wealth management services.</p> <p>Westpac has three key customer-facing divisions. These divisions are Australian Financial Services (AFS), Westpac Institutional Bank (WIB) and Westpac New Zealand.</p> <p>Australian Financial Services is responsible for Westpac's Australian retail banking, business banking and wealth operations. It incorporates the operations of Westpac Retail & Business Banking ("Westpac RBB"), St.George Banking Group ("St.George") and BT Financial Group Australia ("BTFG").</p> <ul style="list-style-type: none"> • Westpac RBB is responsible for sales and service for consumer, small to medium enterprise customers and commercial customers (typically with turnover of up to A\$100 million) in Australia under the Westpac brand. • St.George is responsible for sales and service for consumer, business and corporate customers in Australia under the St.George, BankSA, Bank of Melbourne and RAMS brands. RAMS is a financial services group specialising in mortgages. • BTFG is Westpac's Australian wealth management division. BTFG's funds management operations include the manufacturing and distribution of investment, superannuation and retirement products, investment platforms such as Wrap and master trusts and private banking and financial planning. <p>AFS also includes the product and risk responsibilities for Australian banking.</p>

		<p>WIB delivers a broad range of financial services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand.</p> <p>Westpac New Zealand is responsible for the sales and service of banking, wealth and insurance products for consumers, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks in New Zealand: Westpac New Zealand Limited, which is incorporated in New Zealand, and Westpac Banking Corporation (NZ Division), a branch of Westpac, which is incorporated in Australia.</p> <p>Other business divisions include:</p> <ul style="list-style-type: none"> • Pacific Banking - which provides banking services for retail and business customers in seven Pacific Island nations; • Group Services - which encompasses technology, banking operations, legal and property services; • Treasury - which is primarily focused on the management of the Group's interest rate risk and funding requirements; and • Core Support - which comprises those functions performed centrally, including finance, risk and human resources.
B.16	Control of the Issuer:	Not applicable. The Issuer's shares are listed on the Australian Securities Exchange and, to the extent known to the Issuer, the Issuer is not directly or indirectly controlled by any person.
B.17	Credit Ratings Assigned to the Issuer or its Debt Securities at the Request of or in Cooperation with the Issuer:	<p>Standard and Poor's (Australia) Pty Limited has assigned Westpac a senior unsecured credit rating of AA-. The outlook for the rating is stable. The short-term credit rating assigned by Standard and Poor's (Australia) Pty Limited to Westpac is A-1+.</p> <p>Moody's Investors Service Pty Limited has assigned Westpac a senior unsecured credit rating of Aa2. The outlook for the rating is stable. The short-term credit rating assigned by Moody's Investors Service Pty Limited to Westpac is P-1.</p> <p><i>Issue specific summary</i></p> <p>[[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]]:</p> <p>[Standard and Poor's (Australia) Pty Limited: [•]]</p> <p>[Moody's Investors Service Pty Limited: [•]]</p>

Section C – Instruments:		
C.1	Description of the Type and Class of Securities:	<p>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.</p> <p>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</p>

		<p>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, société anonyme (“Clearstream, Luxembourg”) and/or any other relevant clearing system or (ii) lodged on or before the relevant issue date thereof with a sub-custodian in Hong Kong for the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (“CMU Service”). Each temporary global Instrument will be exchangeable 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.</p> <p><i>Issue specific summary</i></p> <p>Series Number: [•]</p> <p>Tranche Number: [•]</p> <p>[Bearer Instruments:]</p> <p>[Initially represented by a Temporary Global Instrument or Permanent Global Instrument]</p> <p>[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]</p> <p>[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]</p> <p>[Registered Instruments:]</p> <p>[Name and specified office of Registrar:]</p> <p>Form of Instruments: [•]</p> <p>Aggregate Nominal Amount: [•]</p> <p>ISIN: [•]</p> <p>Common Code: [•]</p>
C.2	Currency:	<p>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</p>

		<p>in and/or linked to, any currency or currencies other than the currency in which such Instruments are denominated.</p> <p><i>Issue specific summary</i></p> <p>The Specified Currency or Currencies of the Instruments [is/are] [•].</p>
C.5	A Description of any Restriction on the Free Transferability of Securities:	<p>There is no such restriction on free transferability of the Instruments.</p> <p>The offering of the Instruments by the Dealers and any authorised Offeror 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 European Economic Area, the United Kingdom, Australia, Hong Kong, Japan, The Republic of France, Italy, The Netherlands, New Zealand, Taiwan and Singapore.</p>
C.8	A Description of the Rights Attaching to the Securities, Including Ranking and any Limitation on those Rights:	<p>Payments</p> <p>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.</p> <p>Withholding Tax</p> <p>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.</p> <p>Limitation on rights</p> <p>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.</p> <p>Tax redemption</p> <p>Early redemption of the Instruments for tax reasons is permitted.</p> <p>Events of Default</p> <p>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.</p> <p>Meetings of Holders of Instruments</p> <p>Meetings of Holders of Instruments may be called to consider matters affecting their interests generally. The provisions</p>

		<p>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.</p> <p>Governing law</p> <p>English law with the exception of the subordination provisions of Subordinated Instruments, which shall be governed by the law of New South Wales, Australia.</p> <p><i>Issue specific summary</i></p> <p>Ranking</p> <p>[The Instruments are issued on an unsubordinated basis and rank at least <i>pari passu</i> with all unsecured and unsubordinated obligations of the Issuer (other than those mandatorily preferred by Australian law).]</p> <p>[The Instruments are [Term Subordinated Instruments/Undated Subordinated Instruments] issued on a subordinated basis and rank as follows: [•]]</p> <p>[No set off</p> <p>Neither the Issuer nor any Holder of Subordinated Instruments shall be entitled to set off or otherwise apply or reduce in any way (through merger, lien, combination of accounts or exercise of any rights of counterclaim or otherwise) any amounts due in respect of the Subordinated Instruments held by a Holder against, or with respect to, any amount of any nature owed by the Holder to the Issuer (whether prior to, or following, any Winding-Up).]</p> <p>[Redemption for loss of deductibility reasons</p> <p>The Subordinated Instruments may be subject to redemption for loss of deductibility reasons where the Issuer determines (supported by an opinion from tax advisers of recognised standing in Australia) that interest payable on the Subordinated Instruments may not be allowed as a deduction for Australian income tax purposes. The Issuer’s right to exercise any option to repay, purchase or otherwise redeem Subordinated Instruments (prior to the stated maturity thereof, if any) is subject to the prior written approval of the Australian Prudential Regulation Authority (“APRA”), and Holders should not assume that such approval will be given.]</p> <p>[Redemption for regulatory reasons</p> <p>Subordinated Instruments may be subject to redemption for regulatory reasons. The Issuer’s right to exercise any option to repay, purchase or otherwise redeem Subordinated Instruments (prior to the stated maturity thereof, if any) is subject to the prior written approval of APRA, and Holders should not assume that such approval will be given.]</p>
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:	<p>Interest periods and interest rates</p> <p>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.</p>

		<p>Fixed Rate Instruments: Fixed interest will be payable in arrear on the specified date or dates in each year. <i>Issue specific summary:</i> [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: [•] <i>Accrual Feature:</i> Applicable/Not applicable</p> <p>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. <i>Issue specific summary:</i> Indication of yield: [•]</p> <p>Floating Rate Instruments: Floating Rate Instruments will bear interest determined separately for each Series. <i>Issue specific summary:</i> [Floating Rate Instruments are not being issued] <i>Rates of Interest:</i> [•] 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: [•] <i>(Not applicable unless different from Interest Payment Dates)</i> Manner in which the Rate(s) of Interest is/are to be determined: [•] Business Day Convention: [•] <i>Accrual Feature:</i> Applicable/Not applicable</p> <p>Zero Coupon Instruments: Zero Coupon Instruments may be issued at their nominal amount or at a discount to it and will not bear interest. <i>Issue specific summary:</i> [Zero Coupon Instruments are not being issued] [Amortisation Yield: [•] per cent. per annum]</p>
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C.10	Derivative Component in Interest Payments:	<p><i>Issue specific summary:</i></p> <p>[Not applicable. There is not a derivative component in the interest payment.]/[•]</p>
C.11, C.21	Whether Securities are or will be Object of Application for Admission to Trading:	<p>Each Series 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 and/or listed on the Singapore Exchange and/or admitted to listing and/or trading on or by any other competent listing authority and/or stock exchange as agreed between the Issuer and the relevant Dealer or may be issued on the basis that they will not be admitted to listing and/or trading by any listing authority and/or stock exchange.</p>

Section D – Risks:		
D.2	Key Information on Issuer Specific Risks:	<p>The following is a summary of the key risks relating to the Issuer:</p> <p>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.</p> <p>Funding risk Westpac relies on credit and capital markets to fund its business and for liquidity. Adverse credit and capital market conditions may significantly affect Westpac’s ability to meet funding and liquidity needs and may increase its cost of funding.</p> <p>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.</p> <p>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 financial performance or financial position.</p> <p>Asset market risk A decline in asset prices could negatively impact the earnings of Westpac’s wealth management business and could also 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.</p> <p>Customer and counterparty default risk Credit risk is a significant risk and arises primarily from Westpac’s lending activities. The risk arises from the possibility that some customers and counterparties will be unable to honour their obligations to Westpac.</p> <p>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.</p>

D.3	Key Information on Securities Specific Risks:	<p>The following is a summary of the key risks relating to the Instruments:</p> <p>Change of law</p> <p>The Terms and Conditions of the Instruments are governed by the laws of England in effect as at the date of this Base Prospectus, except that, in the case of Subordinated Instruments, the subordination provisions of such Instruments are governed by the laws of New South Wales, Australia 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 Australia, as the case may be, or administrative practice after the date of this Base Prospectus.</p> <p>The secondary market generally</p> <p>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.</p> <p>Exchange rate risks and exchange controls</p> <p>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.</p> <p><i>Issue specific summary:</i></p> <p>Instruments subject to redemption for tax reasons</p> <p>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.</p> <p>Instruments subject to optional redemption by the Issuer</p> <p>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 also may be true prior to any redemption period.</p>
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		<p>Instruments subject to redemption for regulatory reasons</p> <p>The Instruments include a call right allowing the Issuer (subject to the prior written approval of APRA) to redeem the Subordinated Instruments early where the Issuer determines that the Subordinated Instruments have ceased or will cease to qualify as Tier 2 capital under the standards and guidelines published by APRA. Exercise of the call right will trigger repayment of outstanding principal and interest.</p> <p>Fixed/Floating Rate Instruments</p> <p>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.</p> <p>Instruments denominated in Renminbi are subject to additional risks</p> <p>The Renminbi is not freely convertible and there are significant restrictions on remittance of Renminbi into and outside the People's Republic of China 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.</p>
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Section E – Offer:		
E.2b	Reasons for Offer and Use of Proceeds:	The net proceeds of the issue of the Instruments will be used by the Issuer for [general funding purposes/specify any other particular identified use of proceeds].
E.3	A Description of the Terms and Conditions of the Offer:	<p>[Not Applicable]/</p> <p>[[Offer price] [Issue Price][specify] [Conditions to which offer is subject] [Not Applicable/give details]</p> <p>[Total amount of the offer and, if the amount is not fixed, description of the arrangement and time for announcing to the public the definitive amount of the offer] [Not Applicable/give details]</p> <p>[Description of the application] [Not Applicable/give details]</p> <p>[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants] [Not Applicable/give details]</p>

		<p>[Details of the minimum and/or maximum amount of application] [Not Applicable/give details]</p> <p>[Details of the method and time limits for paying up and delivering the Instruments] [Not Applicable/give details]</p> <p>[Manner in and date on which results of the offer are to be made public] [Not Applicable/give details]</p> <p>[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised] [Not Applicable/give details]</p> <p>Whether tranches have been reserved for certain countries Not Applicable/give details]</p> <p>[Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made] [Not Applicable/give details]</p> <p>[Amount of any expenses and taxes specifically charged to the subscriber or purchaser] [Not Applicable/give details]</p> <p>[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place] [Not Applicable/give details]]</p>
E.4	A Description of any Interest that is Material to the Issue/Offer, including Conflicting Interests:	<p><i>[Issue specific summary:</i></p> <p>[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.]</p>
E.7	Expenses Charged to the Investor by the Issuer or the Offeror:	<p><i>Issue specific summary:</i></p> <p>[No expenses will be charged by the Issuer to investors in the Instruments.]</p> <p>[The Issuer/Offeror [is expected to/will] charge the investor in the Instruments the following expenses: [•]]</p> <p>[Commissions: [•]]</p> <p>[Management expenses: [•]]</p> <p>[In respect of any Public Offer of Instruments made by an authorised Offeror, it is estimated that the amount of expenses that may be charged to an investor by any such authorised Offeror in connection with such Public Offer is between [•] per cent. and [•] per cent. of the principal amount of the Instruments purchased by that investor.]</p>

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 consider all the factors described below before making any decision to invest in the Instruments and should not base their decision solely on the key risk factors contained at Element D.2 and D.3 of Section D 'Risk' of the summary contained in this Base Prospectus.

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 it could be adversely affected by failing to comply with existing laws and regulations or by changes in laws and regulations and regulatory policy

As a financial institution, Westpac is subject to detailed laws and regulations in each of the jurisdictions in which it operates or obtains funding, including Australia, New Zealand and the United States. Westpac is also supervised by a number of different regulatory authorities which have broad administrative power over its businesses. In Australia, the relevant regulatory authorities include the Australian Prudential Regulation Authority ("APRA"), Reserve Bank of Australia ("RBA"), Australian Securities and Investments Commission ("ASIC"), Australian Securities Exchange ("ASX"), Australian Competition and Consumer Commission ("ACCC") and Australian Transaction Reports and Analysis Centre ("AUSTRAC"). The Reserve Bank of New Zealand ("RBNZ") has supervisory oversight of Westpac's New Zealand operations. In the United States Westpac is subject to supervision and regulation by the US Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System and the U.S. Securities and Exchange Commission ("SEC").

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

Compliance risk arises from these legal and regulatory requirements. If Westpac fails to comply with applicable laws and regulations, Westpac may be subject to fines, penalties or restrictions on its ability to do business. An example of the broad administrative power available to regulatory authorities is the power available to APRA under the Banking Act in certain circumstances to investigate Westpac's affairs and/or issue a direction to it (such as a direction to comply with a prudential requirement, to conduct an audit, to remove a director, executive officer or employee or not to undertake transactions). Any such costs and restrictions could adversely affect Westpac's business, reputation, prospects, financial performance or financial condition.

As with other financial services providers, Westpac continues to face increased supervision and regulation in most of the jurisdictions in which it operates or obtains funding, particularly in the areas of funding, liquidity, capital adequacy and prudential regulation. For example in December 2010 the Basel Committee on Banking Supervision (the "BCBS") announced a revised global regulatory framework known as Basel III. Basel III will, among other things, increase the required quality and quantity of capital held by banks and introduce new minimum standards for the management of liquidity risk. APRA has announced that it supports the Basel III framework and it will incorporate the framework into its prudential standards. The Basel III framework comes into effect from 1 January 2013, subject to various transitional arrangements.

During the year ended 30 September 2012 there has also been a series of other regulatory releases from authorities in the various jurisdictions in which Westpac operates or obtains funding proposing significant regulatory change for financial institutions. These include global OTC derivatives reform and recovery and resolution planning requirements proposed by the FSB, as well as other components of the US Dodd-Frank legislation (including the Volcker Rule) which is designed to reform the entire system for the supervision and regulation of financial firms that operate in or have a connection with the US, including foreign banks like Westpac. Other areas of potential change that could impact Westpac include changes to accounting and

reporting requirements, tax legislation, regulation relating to remuneration, consumer protection and competition legislation and bribery, anti-money laundering and counter-terrorism financing laws. In addition, further changes may occur driven by policy, prudential or political factors.

Regulation is becoming increasingly extensive and complex. Some areas of potential regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach. Such an approach may not appropriately respond to the specific requirements of the jurisdictions in which Westpac operates and, in addition, such changes may be inconsistently introduced across jurisdictions.

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

Regulatory changes and the timing of their introduction continue to evolve and Westpac currently manages its businesses in the context of regulatory uncertainty. The nature and impact of future changes are not predictable and are beyond Westpac's control. Regulatory compliance and the management of regulatory change is an increasingly important part of Westpac's strategic planning. Westpac expect 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 and procedures to comply with the new regulations.

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

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

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

Global credit and capital markets have experienced extreme volatility, disruption and decreased liquidity in recent years. While there have been periods of stability in these markets, the environment has become more volatile and unpredictable. This has been exacerbated by the potential for sovereign debt defaults and/or banking failures in Europe which has contributed to volatility in stock prices and credit spreads. Adding to the uncertainty has been a slowing in the economic outlook for a number of countries, including China and the uncertain recovery of the US economy. Westpac's direct exposure to the affected European countries is immaterial, with the main risks it faces being damage to market confidence, changes to the access and cost of funding and a slowing in global activity or through other impacts on entities with whom it does business.

As of 30 September 2012, approximately 35 per cent. of our total net funding originated from domestic and international wholesale markets; of this around 59 per cent. was sourced outside Australia and New Zealand.

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

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

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

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

Westpac enters into collateralised derivative positions, which may require Westpac to post additional collateral based on adverse movements in market rates, which would adversely affect Westpac's liquidity.

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

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

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

For example, Standard & Poor's has changed its methodology for determining bank ratings and published new criteria on 9 November 2011. On 1 December 2011 Standard & Poor's announced the updated ratings for certain banks across the Asia-Pacific region under the revised approach and Westpac, along with the other major Australian Banks, was issued a long-term, senior unsecured credit rating of AA- down from AA.

On 24 February 2012, following its review of the debt ratings of the four major Australian banks, Fitch announced that Westpac had been issued a long-term senior unsecured issuer default rating of AA- down from AA, and in line with the other major Australian banks.

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

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

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

As outlined above, the financial services industry and capital markets have been, and may continue to be, adversely affected by continuing market volatility and the negative outlook for global economic conditions. During the first half of 2012, there was an increased focus on the potential for sovereign debt defaults and/or significant bank failures in the 17 countries comprising the Eurozone which exacerbated these conditions. There can be no assurance that the market disruptions in the Eurozone, including the increased cost of funding for certain Eurozone governments, will not spread, nor can there be any assurance that future assistance packages will be available or sufficiently robust to address any further market contagion in the Eurozone or elsewhere. If the situation in the Eurozone worsens, there could be serious implications for the European Union and the euro, which, if destabilised, could result in currency fluctuations and operational disruptions that negatively impact the Group.

Any such market and economic disruptions could adversely affect financial institutions such as Westpac because consumer and business spending may decrease, unemployment may rise and demand for the products and services it provides may decline, thereby reducing Westpac's earnings. These conditions may also affect the ability of Westpac's borrowers to repay their loans or Westpac's counterparties to meet their obligations, causing Westpac to incur higher credit losses. These events could also result in the undermining of confidence in the financial system, reducing liquidity and 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 guarantee 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 impact Westpac's wealth management business and other asset holdings. Earnings in Westpac's wealth management business are, in part, dependent on asset values because it 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 Westpac holds against loans and derivatives which may impact its ability to recover amounts owing to it if customers or counterparties were to default. It may also affect Westpac's level of provisioning which in turn impacts profitability.

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

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

Westpac currently 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 the Australian and New Zealand housing markets or property valuations could adversely impact Westpac's home lending activities because the ability of its borrowers to repay their loans or counterparties to honour their obligations may be affected, causing Westpac to incur higher credit losses, or the demand for its home lending products may decline.

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

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

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

Credit risk also arises from certain derivative contracts Westpac enters into and from Westpac's dealings with, and holdings of, debt securities issued by other banks, financial institutions, companies, governments and government bodies the financial conditions of which may be impacted to varying degrees by economic conditions in global financial markets.

Westpac holds collective and individually assessed provisions for its credit exposures. 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.

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.

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's results of operations by diverting business to its competitors or creating pressure to lower margins.

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

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

Westpac could suffer losses due to market volatility

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

Westpac could suffer losses due to technology failures

The reliability and security of Westpac's information and technology infrastructure and its customer databases are crucial in maintaining its banking applications and processes. There is a risk that these information and technology systems might fail to operate properly or become disabled as a result of events that are wholly or partially beyond Westpac's control or that Westpac's security measures may prove inadequate or ineffective. Any failure of these systems could result in business interruption, loss of customers, theft of intellectual property and customer data, reputational damage and claims for compensation and regulatory investigations and penalties, which could adversely affect Westpac's business, prospects, financial performance or financial condition.

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

Westpac could suffer losses due to operational risks

Operational risk is the risk of loss resulting from technology failure, inadequate or failed internal processes, people and systems or from external events. As a financial services organisation Westpac is exposed to a variety of operational risks.

Westpac's operations rely on the secure processing, storage and transmission of confidential and other information on its computer systems and networks, and the systems and networks of external suppliers. Although Westpac implements significant measures to protect the security and confidentiality of its information, there is a risk that the computer systems, software and networks on which Westpac relies may be subject to security breaches, unauthorised access, computer viruses, external attacks or internal breaches that could have an adverse security impact and compromise Westpac's confidential information or that of its customers and counterparts. Any such security breach could result in regulatory enforcement actions, reputational damage and reduced operational effectiveness. Such events could subsequently adversely affect Westpac's business, prospects, financial performance or financial condition.

Westpac is also highly dependent on the conduct of its employees. Westpac could, for example, be adversely affected in the event of human error, inadequate or failed processes or if an employee engages in fraudulent conduct. While Westpac has policies and processes to minimise the risk of human error and employee misconduct, these policies and processes may not always be effective.

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

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

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

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

Westpac could suffer losses due to failures in risk management strategies

Westpac has implemented risk management strategies and internal controls involving processes and procedures intended to identify, monitor and mitigate the risks to which it is subject, including liquidity risk, credit risk, market risk (including interest rate and foreign exchange risk) and operational risk.

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

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

Westpac could suffer losses due to environmental factors

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

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

Reputational damage could harm Westpac's business and prospects

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

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

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

Westpac could suffer losses 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 market volatility.

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

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

Risks related to the market generally***The secondary market generally***

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 that the relevant Series of the Instruments was issued 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 that the relevant Series of the Instruments was issued or incurs any other cost in excess of that applicable under New Zealand law on the date that the relevant Series of Instruments was issued.

US Foreign Account Tax Compliance Act ("FATCA")

Legislation incorporating provisions referred to as FATCA was passed in the US on 18 March 2010. This description is based on guidance issued to date by the US Internal Revenue Service ("**IRS**") including recently issued proposed 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 IRS or under applicable law (i) to request certain information from Holders or beneficial owners of Instruments, and any such information may be provided to the IRS, and (ii) to withhold US tax on some portion of payments made after 31 December 2016 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 IRS (and are not otherwise required to comply with the FATCA regime under applicable law).

If the Issuer or any other person is required to withhold amounts in connection with FATCA from any payments made in respect of the Instruments, the Holders and beneficial owners of the Instruments will not be entitled to receive any gross up or additional amounts under Condition 8 (*Taxation*) of the Instruments to compensate them for such withholding.

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, except that, in the case of Instruments described in the Final Terms as being subordinated, the provisions of Condition 4 (*Status of the Instruments*) as it applies to such Instruments shall be governed by and construed in accordance with the laws of New South Wales, Australia 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 Australia, as the case may be, or administrative practice after the date of this Base Prospectus.

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 also may 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.

Unsubordinated Instruments

Unsubordinated 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.

Term Subordinated Instruments

Term Subordinated Instruments constitute direct and unsecured subordinated obligations of the Issuer. Prior to the commencement of a Winding-Up of the Issuer, the obligations of the Issuer to make payments of interest or additional amounts under Condition 8 under the Term Subordinated Instruments are conditional upon the Issuer being Solvent at the time and no payments of interest or additional amounts under Condition 8 payable under the Term Subordinated Instruments shall, be made except to the extent that the Issuer may make such payment and still be Solvent immediately afterwards.

In a Winding-Up, it will be required to pay the Senior Creditors and the secured creditors (if any) in full and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of subordinated debt) before it can make any payments on the Term Subordinated Instruments. If this occurs, the Issuer may not have enough assets remaining after these payments to pay amounts due under the Term Subordinated Instruments.

Undated Subordinated Instruments

The Issuer can also issue Undated Subordinated Instruments, which are subordinated and have no fixed date for redemption. The Issuer shall only be obliged to make payments of interest accrued on Undated Subordinated Instruments or additional amounts if, (i) the Issuer is Solvent at the time the payment is due and would be Solvent immediately after the payment was made; and (ii) during the 12 month period preceding the due date of payment, any dividend has been declared or paid on any class of share capital of the Issuer. In a Winding-Up, the claims of the Holders of the Undated Subordinated Instruments are subordinated to the claims of the Senior Creditors, the secured creditors (if any) and the Holders of the Term Subordinated Instruments. The Issuer may not have enough assets remaining after these payments to pay amounts due under the Undated Subordinated Instruments.

Instruments subject to redemption for loss of deductibility reasons

The Issuer may issue Subordinated Instruments which include a call right allowing the Issuer (subject to the prior written approval of APRA) to redeem the Subordinated Instruments early where the Issuer determines (supported by an opinion from tax advisers of recognised standing in Australia) that interest payable on the Subordinated Instruments may not be allowed as a deduction for Australian income tax purposes. Exercise of the call right will result in repayment of outstanding principal and interest in accordance with the provisions of the relevant Final Terms.

Instruments subject to redemption for regulatory reasons

The Issuer may issue Subordinated Instruments which may include a call right allowing the Issuer (subject to the prior written approval of APRA) to redeem the Subordinated Instruments early where the Issuer determines (supported by an opinion from advisers of recognised standing in Australia) that the Subordinated Instruments have ceased or will cease to qualify as Tier 2 capital under the standards and guidelines published by APRA.

Exercise of the call right will result in repayment of outstanding principal and interest in accordance with the provisions of the relevant Final Terms.

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

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

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

On 25 February 2011, the Ministry of Commerce of the PRC ("**MOFCOM**") promulgated the Circular on Issues concerning Foreign Investment Management (the "**MOFCOM Circular**"). The MOFCOM Circular states that if a foreign investor intends to make investments in the PRC (whether by way of establishing a new enterprise, increasing the registered capital of an existing enterprise, acquiring an onshore enterprise or providing loan facilities) with Renminbi that it has generated from cross-border trade settlement or that is lawfully obtained by it outside the PRC, MOFCOM's prior written consent is required. In April 2011, the State Administration of Foreign Exchange ("**SAFE**") promulgated the Circular on Issues Concerning the Capital Account Items in connection with Cross-Border Renminbi (the "**SAFE Circular**"), which provides that borrowing by an onshore entity of Renminbi loans from an offshore entity shall in principle follow the current regulations on borrowing foreign debts. On 3 June 2011, the People's Bank of China (the "**PBOC**") issued the Notice on Clarification of Issues regarding Cross-border Renminbi Activities (the "**PBOC Notice**"), which provides that the pilot programme of foreign direct investment in Renminbi will be launched on a case by case basis, and approval by the PBOC is required for foreign direct investment in Renminbi. For industries under restrictions or strictly regulated by the PRC government, foreign direct investment in Renminbi is prohibited.

On 12 October 2011, MOFCOM promulgated the Circular on Issues in relation to Cross-border Renminbi Foreign Direct Investment (the "**MOFCOM Renminbi FDI Circular**"). Pursuant to the MOFCOM Renminbi FDI Circular, MOFCOM's prior written consent, which was previously required under the MOFCOM Circular, is no longer required for Renminbi foreign direct investments ("**Renminbi FDI**"), and MOFCOM and its local counterparts are authorised to approve Renminbi FDI in accordance with existing PRC laws and regulations regarding foreign investment, with certain exceptions which require the preliminary approval by the provincial counterpart of MOFCOM and the consent of MOFCOM as described under "PRC Currency Controls – Capital Account Items". The MOFCOM Renminbi FDI Circular also requires that the proceeds of Renminbi FDI may not be used towards investment in securities, financial derivatives or entrustment loans in the PRC, except for investments in PRC domestic listed companies through private placements or share transfers by agreement. 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 FDI administration system, which covers almost all aspects of Renminbi FDI, including capital injection, payment of purchase price in the acquisition of PRC domestic enterprises, repatriation of dividends and distribution, as well as Renminbi denominated cross-border loans. Under the PBOC Renminbi FDI Measures, special approval for Renminbi FDI and shareholder loans from the PBOC which was previously required by the PBOC Notice is no longer necessary. As new regulations, the MOFCOM Circular, the SAFE Circular, the PBOC Notice, the MOFCOM Renminbi FDI Circular and the PBOC Renminbi FDI Measures will be subject to interpretation and application by the relevant PRC authorities.

Subject to the prior receipt of all necessary governmental approvals, the Issuer may remit the net proceeds from the offering of the CNY Instruments into the PRC. There is no assurance that such approvals will be granted and, if granted, will not be revoked or amended in the future. There is no assurance that the PRC government will continue to gradually liberalise the control over cross-border Renminbi remittances in the future or that new PRC regulations will not be promulgated in the future which would have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. The Issuer may need to source Renminbi offshore to finance its obligations under the CNY Instruments, and its ability to do so will be subject to the overall availability of Renminbi outside the PRC.

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

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

However, the current size of Renminbi-denominated financial assets outside China is limited. According to statistics published by the Hong Kong Monetary Authority ("**HKMA**"), as of 30 September 2012, the total amount of Renminbi deposits held by institutions authorised to engage in Renminbi banking business in Hong Kong amounted to approximately CNY545.7 billion¹. In addition, participating banks are also required by the HKMA to maintain a Renminbi liquidity ratio of no less than 25 per cent. of their Renminbi deposits (computed on the same basis as the statutory liquidity ratio), which further limits the availability of Renminbi that participating banks can utilise for conversion services for their customers. Renminbi business participating banks do not have direct Renminbi liquidity support from PBOC. The Renminbi Clearing Bank will only have access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporates in relation to cross-border trade settlement and for personal customers of up to CNY20,000 per person per day. The Renminbi Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services and the participating banks will need to source Renminbi from the offshore market to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreement will not be terminated or amended in the future, which will have the effect of restricting availability of Renminbi offshore. The limited availability of Renminbi outside the PRC may affect the liquidity of the CNY Instruments. To the extent that the Issuer is required to source Renminbi in the offshore market to service the CNY Instruments, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all. If the Renminbi is not available in certain circumstances as described under "Terms and Conditions – Payments – Inconvertibility, Non-transferability or Illiquidity", the Issuer can make payments under the CNY Instruments in a currency other than Renminbi.

Investment in the CNY Instruments is subject to exchange rate risks

The value of the Renminbi against the U.S. dollar, the Hong Kong dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. 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

¹ The information contained in the sentence to which this is a footnote has been accurately reproduced from information published by the HKMA and as far as the Issuer is aware and is able to ascertain from information published by the HKMA no facts have been omitted which would render the reproduced information inaccurate or misleading.

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 (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 “**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 including Beijing, Shanghai, Tianjin, Chongqing, Guangdong, Jiangsu, Zhejiang, Liaoning, Shandong and Sichuan, and (iii) the restriction on designated offshore jurisdictions was lifted. Accordingly, any enterprises in the designated pilot districts and offshore enterprises are entitled to use Renminbi to settle any current account items between them (except in the case of payments for exports of goods from the PRC, such Renminbi remittance may only be effected by approved pilot enterprises in designated pilot districts in the PRC). In particular, any foreign invested enterprises located in the designated pilot districts may remit all lawful dividends and distribution payments in Renminbi to its foreign investors outside the PRC. The pilot scheme was further extended in August 2011 to cover all provinces in the PRC and to make Renminbi trade and other current account settlement available in all countries worldwide.

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

Capital Account Items

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

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

foreign invested enterprise may also be required to complete registration and verification process with the relevant PRC authorities before such Renminbi remittances.

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

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

DOCUMENTS INCORPORATED BY REFERENCE

The consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes thereto) appearing on pages 53 to 71 (inclusive), pages 117 to 279 (inclusive) and pages 281 to 282 (inclusive) of the Issuer's 2012 Annual Report in respect of the year ended 30 September 2012 and the consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes thereto) appearing on pages 53 to 73 (inclusive), pages 123 to 284 (inclusive) and pages 286 to 287 (inclusive) of the Issuer's 2011 Annual Report in respect of the year ended 30 September 2011, shall be deemed to be incorporated in, and to form part of, this Base Prospectus.

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, 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, 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, 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, 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, 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, and the "Terms and Conditions" section on pages 20 to 53 (inclusive) of the base prospectus dated 16 November 2011 shall be deemed to be incorporated in, and to 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.

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 127 of this Base Prospectus and from the registered head office of Westpac Banking Corporation.

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 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 16 November 2012 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 enforced 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

1.1 *Definitions:* In these 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;

“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;

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

“Broken Amount” has the meaning given in the relevant Final Terms;

“Business Day” means:

- (i) for the purposes of Condition 7A.6 (*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” 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 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:

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

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

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

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

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

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

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y^2 - Y^1)] + [30 \times (M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

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

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

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

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

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

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

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y^2 - Y^1)] + [30 \times (M^2 - M^1)] + (D^2 - D^1)}{360}$$

where:

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

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

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

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

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

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

“Denomination” has the meaning given in the relevant Final Terms;

“Early Redemption Amount (Loss of Deductibility)” means, in respect of any Instrument, its principal amount or such other amount as may be specified in the relevant Final Terms;

“Early Redemption Amount (Regulatory Reasons)” means, in respect of any Instrument, its principal amount or such other amount as may be specified 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”, for the purposes of the Terms and Conditions, means sections 1471 to 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements or intergovernmental agreements entered into or non-US 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 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;

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

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

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

“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 Early Redemption Amount (Loss of Deductibility), the Early Redemption Amount (Regulatory Reasons), the Early Redemption Amount (Automatic), 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” 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;

“Senior Creditors” means all depositors and other creditors (present and future) of the Issuer: (i) whose claims are admitted in a Winding-Up; and (ii) who are not the holders of indebtedness, the right to repayment of which by its terms is, or is expressed to be, subordinated in a Winding-Up to the claims by all unsubordinated creditors of the Issuer;

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

“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;

“Subordinated Indebtedness” means any indebtedness (present and future) of the Issuer which by its terms is, or is expressed to be, subordinated in a Winding-Up to the claims of its Senior Creditors;

“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:

- (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, whether brought or instigated by a Holder or any other person but, in all cases, 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.

1.2 Interpretation: In these 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;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*), any premium payable in respect of an Instrument and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 8 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Instruments being “outstanding” shall be construed in accordance with the Issue and Paying Agency Agreement; and
- (vii) 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.

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, *société anonyme* (“**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.
- 2.8A 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.
- 2.8B 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

- 2.9 Registered Instruments are in the minimum denomination specified in the Final Terms or integral multiples thereof.
- 2.9A 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.
- 2.9B 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

- 2.10 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

- 2.11 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 two 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

4A. Status — Unsubordinated Instruments

4A.1 This Condition 4A is applicable in relation to Instruments specified in the Final Terms as being unsubordinated or not specified as being subordinated (“**Unsubordinated Instruments**”).

4A.2 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 and Section 86 of the Reserve Bank Act 1959 of Australia).

4B. Status and Subordination — Term Subordinated Instruments

4B.1 This Condition 4B is applicable in relation to Instruments which are specified in the Final Terms as being subordinated and having a specified Maturity Date (“**Term Subordinated Instruments**”).

Each Holder of a Term Subordinated Instrument, by its purchase or holding of the Term Subordinated Instrument is taken to acknowledge that the Issuer’s obligations in respect of the Term Subordinated Instrument are subordinated in the manner provided in this Condition 4B.

4B.2 Term Subordinated Instruments constitute direct and unsecured subordinated 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 unsecured Subordinated Indebtedness of the Issuer having a fixed Maturity Date (save for certain mandatory exceptions provided by law including, but not limited to, Sections 13A and 16 of the Banking Act 1959 of Australia and Section 86 of the Reserve Bank Act 1959 of Australia).

Term Subordinated Instruments will not constitute protected accounts or deposit liabilities of the Issuer in Australia for the purposes of the Banking Act 1959 of Australia. See Condition 4F (*General*).

4B.3 The rights and claims of Holders of the Term Subordinated Instruments are, in a Winding-Up, subordinated to the claims of Senior Creditors of the Issuer and prior to the commencement of a Winding-Up:

- (i) the obligations of the Issuer to make payments of interest or additional amounts under Condition 8 (*Taxation*) in respect of the Term Subordinated Instruments shall be conditional upon the Issuer being Solvent at the time the payments and other amounts owing fall due; and
- (ii) no payment of interest or additional amounts shall be made in respect of the Term Subordinated Instruments except to the extent that the Issuer may make such payment and still be Solvent immediately thereafter.

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

For the avoidance of any doubt, any amount not paid as a consequence of this Condition 4B.3 accumulates with compounding and remains a debt owing to the Holder by the Issuer until it is paid and shall be payable on the first date on which paragraphs (i) and (ii) of this Condition 4B.3 would allow payment of that amount (whether or not such date is otherwise a payment date).

The obligation of the Issuer prior to the commencement of a Winding-Up to make payments of interest or additional amounts under Condition 8 (Taxation) when due is conditional upon the Issuer being Solvent immediately before and after payment by the Issuer.

4C. Status and Subordination — Undated Subordinated Instruments

4C.1 This Condition 4C is applicable in relation to Instruments specified in the Final Terms as being subordinated and having no fixed date for redemption (“**Undated Subordinated Instruments**” and, together with Term Subordinated Instruments, “**Subordinated Instruments**”).

Each Holder of an Undated Subordinated Instrument by its purchase or holding of the Undated Subordinated Instrument is taken to acknowledge that the Issuer’s obligations in respect of the Undated Subordinated Instrument are subordinated in the manner provided in this Condition 4C.

4C.2 The Undated Subordinated Instruments constitute direct and unsecured subordinated 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 unsecured Subordinated Indebtedness of the Issuer having no fixed date for

redemption (save for certain mandatory exceptions provided by law including, but not limited to, Sections 13A and 16 of the Banking Act 1959 of Australia and Section 86 of the Reserve Bank Act 1959 of Australia).

Undated Subordinated Instruments will not constitute protected accounts or deposit liabilities in Australia of the Issuer for the purposes of the Banking Act 1959 of Australia. See Condition 4F (*General*).

4C.3 The rights and claims of Holders of the Undated Subordinated Instruments are, in a Winding-Up, subordinated to the claims of Senior Creditors of the Issuer and of subordinated creditors of the Issuer in respect of Subordinated Indebtedness having a fixed maturity and prior to the commencement of a Winding-Up:

- (i) the obligations of the Issuer to make payments of interest or additional amounts under Condition 8 (*Taxation*) in respect of the Undated Subordinated Instruments shall be conditional upon the Issuer being Solvent at the time the payments and other amounts owing fall due; and
- (ii) no payment of interest or additional amounts shall be made in respect of the Undated Subordinated Instruments except to the extent that the Issuer may make such payment and still be Solvent immediately thereafter.

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

For the avoidance of any doubt, and subject to Condition 4C.4, any amount not paid as a consequence of this Condition 4C.3 accumulates with compounding and remains a debt owing to the Holder by the Issuer until it is paid and shall be payable on the first date on which paragraphs (i) and (ii) of this Condition 4C.3 would allow payment of that amount (whether or not such date is otherwise a payment date).

The obligation of the Issuer prior to the commencement of a Winding-Up to make payments of interest or additional amounts under Condition 8 (Taxation) when due is conditional upon the Issuer being Solvent immediately before and after payment by the Issuer. If this Condition 4C.3 does not allow payment, any amounts which might otherwise have been allocated in or towards payment of principal, redemption amount, interest or other amounts in respect of the Undated Subordinated Instruments may be used to absorb losses without the Issuer being obliged to cease trading.

4C.4 Without prejudice to the provisions of Condition 4C.3, the Issuer shall only be obliged to make payment of interest accrued on Undated Subordinated Instruments in respect of any period on the due date for payment thereof if, during the 12 month period immediately preceding that date, any dividend (whether interim or final) has been declared or paid on any class of share capital of the Issuer (a “**Compulsory Interest Payment Date**” and any Interest Payment Date which is not a Compulsory Interest Payment Date shall be referred to herein as an “**Optional Interest Payment Date**”).

On any Optional Interest Payment Date there may be paid (if the Issuer so elects), but subject to Condition 4C.3 and the Issuer having received prior written approval from APRA to pay interest on any such date in accordance with Condition 7 (*Payments*), the interest accrued in the Interest Period ending on the day immediately preceding such date but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. Any interest not paid on an Optional or Compulsory Interest Payment Date shall accumulate with compounding and so long as any part of the interest or compounded amounts remains unpaid that part shall constitute “**Arrears of Interest**”. Arrears of Interest may at the option of the Issuer be paid in whole or in part at any time upon the expiration of not less than seven days’ notice to such effect to the Holders of Undated Subordinated Instruments in accordance with Condition 14 (*Notices*) but all Arrears of Interest on all Undated Subordinated Instruments outstanding shall (subject to Condition 4C.3) become due in full on whichever is the earliest of:

- (i) the date upon which a dividend is next paid on any class of share capital of the Issuer;
- (ii) the date set for any repayment of principal pursuant to Conditions 6 (*Redemption and Purchase*) and 7 (*Payments*); or
- (iii) the date of commencement of a Winding-Up.

If notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall, subject to Condition 4C.3 and having received prior written approval from APRA, be obliged to do so upon the expiration of such notice. If there is outstanding more than one Series of Undated

Subordinated Instruments, then the Issuer may not pay all or any part of the Arrears of Interest unless it pays all or (as near as practicable) an equivalent proportion of the Arrears of Interest in respect of each other Series of Undated Subordinated Instruments then outstanding.

4D. *Status – Subordinated Instruments – Winding-Up Contingency*

4D.1 In a Winding-Up, the rights of the Holders of Term Subordinated Instruments against the Issuer to recover any sums payable in respect of such Term Subordinated Instruments:

- (a) shall be subordinate and junior in right of payment to the obligations of the Issuer to Senior Creditors, to the extent that all such obligations to Senior Creditors shall be entitled to be paid in full before any payment shall be paid on account of any sums payable in respect of such Term Subordinated Instruments; and
- (b) shall rank *pari passu* and rateably (as to its due proportion only) with other subordinated creditors of the Issuer in respect of Subordinated Indebtedness having a fixed maturity.

Until the Senior Creditors have been paid in full, the Holders of Term Subordinated Instruments must not claim in the Winding-Up in competition with the Senior Creditors so as to diminish any distribution, dividend or payment which, but for that claim, the Senior Creditors would have been entitled to receive.

4D.2 In a Winding-Up, the rights of the Holders of Undated Subordinated Instruments against the Issuer to recover any sum payable in respect of such Undated Subordinated Instruments:

- (a) shall be subordinate and junior in right of payment to the obligations of the Issuer to Senior Creditors, and to the Holders of Term Subordinated Instruments, to the extent that all such obligations to Senior Creditors and to the Holders of Term Subordinated Instruments shall be entitled to be paid in full before any payment shall be paid on account of any sums payable in respect of such Undated Subordinated Instruments; and
- (b) shall rank *pari passu* and rateably (as to its due proportion only) with other subordinated creditors of the Issuer in respect of Subordinated Indebtedness having no fixed maturity.

Until the Senior Creditors and Holders of Term Subordinated Instruments have been paid in full, the Holders of Undated Subordinated Instruments must not claim in the Winding-Up in competition with the Senior Creditors or the Holders of Term Subordinated Instruments so as to diminish any distribution, dividend or payment which, but for that claim, the Senior Creditors or the Holders of Term Subordinated Instruments would have been entitled to receive.

4D.3 *Winding-Up – Subordinated Instruments in general*

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

4D.4 *No Set-Off*

Neither the Issuer nor any Holder shall be entitled to set off or otherwise apply or reduce in any way (through merger, lien, combination of accounts or exercise of any rights of counterclaim or otherwise) any amounts due in respect of the Subordinated Instruments held by a Holder against or with respect to any amount of any nature owed by the Holder to the Issuer (whether prior to, or following, any Winding-Up).

4D.5 *Clawback*

Each Holder of a Subordinated Instrument by its purchase or holding of the Subordinated Instrument irrevocably acknowledges and agrees that it must pay or deliver to the Liquidator any payment or asset, whether voluntary or in any other circumstances, received by the Holder from or on account of the Issuer (including by way of credit, set-off or otherwise howsoever) or from any Liquidator (or any provisional or other liquidator, receiver, manager or statutory manager of the Issuer in breach of this Condition 4 or Condition 9B (*Events of Default – Subordinated Instruments*)).

4E. *Other provisions*

Each Holder of a Subordinated Instrument by its purchase or holding of the Subordinated Instrument irrevocably acknowledges and agrees that:

- (a) Conditions 4B (*Status and Subordination – Term Subordinated Instruments*) or 4C (*Status and Subordination – Undated Subordinated Instruments*) and 4D (*Status – Subordinated Instruments*)

- *Winding-Up Contingency*) constitute a debt subordination for the purposes of Section 563C of the Corporations Act 2001 of Australia;
- (b) it shall not exercise its voting rights as an unsecured creditor in a Winding-Up to defeat the subordination in Conditions 4B (*Status and Subordination – Term Subordinated Instruments*) or 4C (*Status and Subordination – Undated Subordinated Instruments*) and 4D (*Status – Subordinated Instruments – Winding-Up Contingency*);
- (c) the debt subordination effected by Conditions 4B (*Status and Subordination – Term Subordinated Instruments*) or 4C (*Status and Subordination – Undated Subordinated Instruments*) and 4D (*Status – Subordinated Instruments – Winding-Up Contingency*) is not affected by any act or omission of the Issuer or a Senior Creditor (or, in the case of a Holder of Undated Subordinated Instruments, a Holder of Term Subordinated Instruments) which might otherwise affect it at law or in equity.

No consent of any Senior Creditor shall be required to any amendment of Conditions 4B (*Status and Subordination – Term Subordinated Instruments*) or 4C (*Status and Subordination – Undated Subordinated Instruments*) and 4D (*Status – Subordinated Instruments – Winding-Up Contingency*) in relation to any outstanding Subordinated Instruments.

4F. *General*

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

Section 13A(3) of the Banking Act 1959 of Australia 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 and certain other debts to APRA.

A "protected account" is either (a) an account where the ADI is required to pay the accountholder, on demand or at an agreed time, the net credit balance of the account, or (b) another account or financial product prescribed by regulation.

Under Section 16(2) of the Banking Act 1959 of Australia, certain other debts of the ADI due to APRA, shall in a winding-up of the ADI have, subject to Section 13A(3) of the Banking Act 1959 of Australia, priority over all other unsecured debts of that ADI. Further, Section 86 of the Reserve Bank Act 1959 of Australia provides that in a winding-up of the ADI, debts due by the ADI to the Reserve Bank of Australia shall, subject to Section 13A(3) of the Banking Act 1959 of Australia, have priority over all other debts of the ADI.

The Instruments are not protected accounts for the purposes of the Banking Act 1959 of Australia. Unless expressly stated 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 1959 of Australia.

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

- 4G. No amendment to the terms and conditions of an Instrument which will affect the treatment by APRA of a Term Subordinated Instrument as Lower Tier 2 capital or an Undated Subordinated Instrument as Upper Tier 2 capital shall be effective unless and until APRA consents in writing to such amendment.

5. **Interest**

5.1 *Interest*

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*).

5.2 Fixed Rate Instrument Provisions

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, the Day Count Fraction and any applicable Determination Date.

- (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). The foregoing applies to Subordinated Instruments except that Subordinated Instruments will not cease to bear interest on the due date for redemption if payment is not made on that date because of Condition 4B.3(i) or (ii).
- (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.

5.3 Floating Rate Instrument Provisions

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). The foregoing applies to Subordinated Instruments except that Subordinated Instruments will not cease to bear interest on the due date for redemption if payment is not made on that date because of Condition 4B.3(i) or (ii).

- (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.

5.4 Zero Coupon Instrument Provisions

- (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).

5.5 Dual Currency Instrument Provisions

- (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:

$$IA = \text{Calculation Amount} \times \text{Dual Currency Rate} \times [FX1/FX0] \times \text{Day Count Fraction}$$

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 in 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.

5.6 *Coupon Switch Option Provisions*

- (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 (but in the case of Subordinated Instruments, subject to prior written approval thereof having been obtained from APRA) 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 nor 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 Issue Date 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 Issue Date,

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 (A) 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 (B) 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 as a result of a change or amendment referred to in this Condition 6.2. Upon the expiry of any such notice as is referred to in this Condition 6.2, the Issuer shall be bound to redeem the Instruments in accordance with this Condition 6.2.

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 6.6 (*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.*

In the case of Subordinated Instruments, the Issuer must obtain the prior written approval of APRA before exercising the call option in this Condition 6.3.

- 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 (but, in the case of Subordinated Instruments, subject to the prior written approval thereof having been obtained from APRA) 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 nor 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 6.6 (*Redemption at the option of Holders*).

Redemption for loss of deductibility reasons

In the case of Subordinated Instruments, the Issuer must obtain the prior written approval of APRA before exercising the call option in this Condition 6.4.

- 6.4 If, prior to the first Optional Redemption Date (Call), in respect of the Subordinated Instruments of any Series, the Issuer determines (supported by an opinion as to such determination, from tax advisers of recognised standing in Australia) that interest payable on the Subordinated Instruments is not or may not be allowed as a deduction for the purposes of Australian income tax, then the Issuer (subject to the prior written approval thereof having been obtained from APRA) may give not more than 60 nor less than 30 days' notice to the Fiscal Agent and the Holders of the Subordinated Instruments in accordance with Condition 14 (*Notices*) that it wishes to redeem the Subordinated Instruments of the specified Series, and upon expiry of such notice shall redeem all (but not some only) of the Subordinated Instruments at the Early Redemption Amount (Loss of Deductibility) plus accrued interest (if any) to the date fixed for redemption (as specified in the Final Terms).

The notice referred to above shall specify the Series number of the Subordinated Instruments subject to redemption, the due date for redemption and the Early Redemption Amount (Loss of Deductibility) as calculated by the Calculation Agent.

Partial redemption

- 6.5 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 6.6 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 6.6 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.

- 6.6 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 6.6, 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.7 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 6.6, 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 6.6 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 6.6, 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*).

- 6.7 [Intentionally left blank]

Redemption for regulatory reasons

In the case of Subordinated Instruments, the Issuer must obtain the prior written approval of APRA before exercising the call option in this Condition 6.8.

- 6.8 If Redemption for regulatory reasons (Call) is specified in the relevant Final Terms as being applicable and if, prior to the first Optional Redemption Date (Call), in respect of the Subordinated Instruments of any Series, the Issuer determines (supported by an opinion as to such determination from advisers of recognised standing in Australia) that the Subordinated Instruments have ceased, or will cease, to qualify as Tier 2 capital under the standards and guidelines published by APRA, then (subject to the prior written approval having been obtained from APRA) the Issuer may give not more than 60 nor less than 30 days' notice to the Fiscal Agent and the Holders of the Subordinated Instruments in accordance with Condition 14 (*Notices*) (as amended by the relevant Final Terms) that it wishes to redeem the Subordinated Instruments of the specified Series, and upon expiry of such notice shall redeem all (but not some only) of the Subordinated Instruments at the Early Redemption Amount (Regulatory Reasons) plus accrued interest (if any) to the date fixed for redemption (as specified in the Final Terms).

The notice referred to above shall specify the Series number of the Subordinated Instruments subject to redemption, the due date for redemption and the Early Redemption Amount (Regulatory Reasons) as calculated by the Calculation Agent.

No other redemption

- 6.9 The Issuer shall not be entitled to redeem the Instruments otherwise than as provided in Conditions 6.1 to 6.8 above.

Early redemption of Zero Coupon Instruments

6.10 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 6.10 or, if none is so specified, a Day Count Fraction of 30/360.

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

Purchase

6.11 The Issuer or any of its Subsidiaries may (but, in the case of Subordinated Instruments, subject to the prior written approval thereto having been obtained from APRA) 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

6.12 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.

No Fixed Maturity

6.13 This Condition 6.13 is applicable to Undated Subordinated Instruments. There is no fixed redemption date for such Instruments and the Issuer shall (subject to the provisions of Condition 4D.3 (*Winding-Up – Subordinated Instruments in general*)), if such Condition is applicable, and without prejudice to the provisions of Conditions 9A (*Events of Default – Unsubordinated Instruments*) and 9B (*Events of Default – Subordinated Instruments*)) only have the right to repay such Instruments in accordance with such provisions of this Condition 6 as are specified in the relevant Final Terms as being applicable to such Undated Subordinated Instruments.

In relation to any Instrument specified in the relevant Final Terms as being subordinated and which constitutes Tier 2 capital in accordance with the Capital Adequacy requirements of APRA, no redemption or purchase of any such Instrument pursuant to this Condition 6 may be made without the prior written approval of APRA. Holders of such Instruments should not anticipate that such approval will be automatic. Tier 2 Instruments which are Undated Subordinated Instruments may not be issued on terms that they are redeemable at the option of the Holders thereof pursuant to Condition 6.6 (Redemption at the option of Holders) or able to be purchased by the Issuer pursuant to Condition 6.11 (Purchase) or be redeemed by the Issuer pursuant to Condition 6.3 (Redemption at the option of the Issuer).

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.8 (*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.

7A.5 [Intentionally left blank]

Payments on business days

7A.6 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.7 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.7 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.7 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 unmaturing 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 unmaturing 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.7 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 unmaturing 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 unmaturing 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 unmaturing Coupons relating to a Definitive Instrument to become void, the relevant Paying Agent shall determine which unmaturing 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.8 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 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.9 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.10 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.

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

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

In such event, payment of the U.S. Dollar Equivalent of the relevant amounts due under the 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 of the PRC or Hong Kong (including the HKMA);

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

“Inconvertibility” means the occurrence of any event that makes it impossible (and where it had been previously possible) or impracticable for the Issuer to convert any amount due in respect of the Instruments, the Receipts or the Coupons in the general Renminbi exchange market in Hong Kong, other than where such impossibility or impracticability is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the date on which agreement is reached to issue the first Tranche of Instruments and it is impossible for the Issuer due to an event beyond its control, to comply with such law, rule or regulation);

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

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

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

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

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

“Spot Rate”, for a Rate Calculation Date, means the spot rate between Renminbi and U.S. dollars as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on such date in good faith and in a reasonable commercial manner; and if a spot rate is not readily available, the Calculation Agent may determine the rate taking into consideration all available information which the Calculation

Agent deems relevant, including pricing information obtained from the Renminbi non-deliverable exchange market in Hong Kong or elsewhere and the PRC domestic foreign exchange market.

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 such taxes, duties, assessments or governmental charges 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(6) 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, 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 “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) where such withholding or deduction is imposed on a payment to an individual or certain residual entities and is made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26 and 27 November 2000 on the

taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such directive, or any agreement entered into by a Member State of the European Union with (a) any other state or (b) any relevant dependent or associated territory of any Member State of the European Union providing for measures equivalent to, or the same as those provided for by, any such directive; or

- (ix) where any tax or similar amount is required to be withheld or deducted from a payment pursuant to laws enacted by Switzerland providing for the taxation of payments according to principles similar to those laid down in the draft legislation proposed by the Swiss Federal Council on 22 December 2010, in particular the principle to have a person other than the Issuer withhold or deduct tax, in particular, without limitation, any paying agent; or
- (x) presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant Instrument, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (xi) 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 resident withholding tax ("**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, New Zealand or the jurisdiction, country or territory in which the branch specified in the relevant Final Terms is located, references in Condition 6.2 (*Redemption for tax reasons*) and this Condition 8 shall be read and construed as including references to such other taxing jurisdiction(s).

9. Events of Default

9A. Events of Default — Unsubordinated Instruments

The following provisions are applicable to Unsubordinated Instruments.

9A.1 The following events or circumstances (each an “**Event of Default**”) shall be acceleration events in relation to the Unsubordinated Instruments of any Series, namely:

- (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.

9A.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 6.10 (*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.

9B. Events of Default — Subordinated Instruments

The following provisions are applicable to Subordinated Instruments.

9B.1 The following events or circumstances (each an “**Event of Default**”) shall be events giving rise to the limited remedies set out in Condition 9B.2 below:

- (i) (a) the Issuer fails to pay any amount of principal in respect of the Instruments of the relevant Series or any of them due within seven days of the Maturity Date; or
- (b) the Issuer 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, unless the failure is the result of (A) prior to the commencement of a Winding-Up, the Issuer not being Solvent

at the time of that payment, or if the Issuer would not be Solvent as a result of that payment or (B) the application of Condition 4C.4; or

(ii) a Winding-Up.

9B.2 (i) In the event of the occurrence of either of the Events of Default set out above at Condition 9B.1(i)(a) or (b), the Holder of any Instruments of the relevant Series may bring proceedings:

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

(ii) In the event of the occurrence of the Event of Default set out above at Condition 9B.1(ii):

- (a) the Instruments of the relevant Series will, subject to Condition 9B.2(ii)(b), without further action, become due and payable and the Holder of any Instruments of the relevant Series may institute proceedings for a Winding-Up or, subject to Condition 4D (*Status – Subordinated Instruments – Winding-Up Contingency*), for proving or claiming in any Winding-Up; and
- (b) no remedy against the Issuer (including, without limitation, any right to sue for a sum of damages which has the same economic effect of an acceleration of the Issuer's payment obligations), other than the institution of proceedings for the Winding-Up or, subject to Condition 4D (*Status – Subordinated Instruments – Winding-Up Contingency*), for proving or claiming in any Winding-Up, shall be available to the Holders of any Instruments for the recovery of amounts owing in respect of the Instruments or in respect of any breach by the Issuer of any obligation, condition or provision binding on it under the terms of the Instruments.

(iii) Neither the Issuer nor any Holder shall be entitled to set-off or otherwise apply or reduce in any way (through merger, lien, combination of accounts or exercise of any rights of counterclaim or otherwise) any amounts due in respect of the Instruments held by a Holder against, or with respect to, any amount of any nature owed by the Holder to the Issuer (whether prior to or following, any Winding-Up); and

(iv) Any amount not paid due to (i) prior to the commencement of a Winding-Up, the application of Condition 4B.3 or Condition 4C.3, (ii) the application of Condition 4C.4, or (iii) this Condition 9B, remains a debt owing to the Holder of the Subordinated Instrument by the Issuer until it is paid and will be payable on the first date on which the relevant conditions allow payment of that debt.

9B.3 If any Instrument becomes due and repayable pursuant to this Condition 9B, it shall be repaid at its early termination amount (the "**Early Termination Amount**") (which shall be its principal amount or such other Early Termination Amount as may be specified in or determined in accordance with the relevant Final Terms) less, in the case of any Instalment Instrument, the aggregate amount of all instalments that shall have become due and payable in respect of such Instrument under any other Condition prior to the date fixed for redemption (which amount is, and to the extent not then paid remains, due and payable), together with all interest (if any) accrued thereon.

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.8 (*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), (vii) a Paying Agent (which, for the avoidance of doubt, may be one of the Paying Agents referred to in (iii) or (iv) above) in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced to conform to, any such directive, or any agreement entered into by a Member State of the European Union with (a) any other state or (b) any relevant dependent or associated territory of any Member State of the European Union providing for measures equivalent to, or the same as, those provided for by such directive, provided that the Issuer shall not, under any circumstances, be obliged to maintain a Paying Agent with a specified office in such Member State of the European Union unless at least one Member State of the European Union does not require a Paying Agent making payments through a specified office in that Member State of the European Union so to withhold or deduct tax, whether pursuant to European Council Directive 2003/48/EC, under the law of that Member State of the European Union or otherwise, (viii) 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, and (ix) so long as any Instruments are listed on the Singapore Exchange and the rules of the Singapore Exchange so require, a Paying Agent in Singapore. 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

This Condition 16 does not apply to Subordinated Instruments.

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 Subject as provided in Condition 19.2, 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 In the case of Instruments described in the Final Terms as being subordinated, the provisions of Condition 4 (*Status of the Instruments*) as it applies to such Instruments shall be governed by and construed in accordance with the laws of New South Wales, Australia.

19.3 Subject as provided in Condition 19.5, the courts of England and Wales have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising from or connected with the Instruments.

19.4 The Issuer agrees that the courts of England and Wales are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

19.5 Condition 19.3 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.

19.6 The Issuer agrees that if at any time it ceases to be registered under Part 34 of the Companies Act 2006 it will appoint a person with a registered office in London as its agent to accept service of process in the United Kingdom on its behalf in respect of any Proceedings.

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. Text in this section appearing in italics does not form part of the form of the Final Terms but is included as directions for completing the Final Terms.

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 Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Instruments in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC, as amended) (each a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Instruments. Accordingly, any person making or intending to make an offer of the Instruments may only do so:

- (i) 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; or
- (ii) in those Public Offer Jurisdictions mentioned in paragraph 41 of Part A below, provided such person is one of the persons mentioned or a person of a kind specified in paragraph 41 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Instruments in any other circumstances.]¹

[The Prospectus 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) (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Instruments. Accordingly, any person making or intending to make an offer in that Relevant Member State of the 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 they authorise, the making of any offer of Instruments in any other circumstances.]²

[or]

[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 16 November 2012 [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 (the “**Prospectus Directive**”). This document constitutes the Final Terms for the

¹ Include this legend where a non-exempt offer of Instruments is anticipated.

² Include this legend where only an exempt offer of Instruments is anticipated.

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 16 November 2012 [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. However, a summary of the issue of the Instruments (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus is available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom, and at www.londonstockexchange.com and copies may be obtained from the Specified Offices of the Paying Agents.]

[or]

[This document constitutes the Final Terms relating to the issue of Instruments described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Base Prospectus dated 16 November 2012 [and the supplement to the Base Prospectus dated [•]] ([together,] the “**Base Prospectus**”). These Final Terms must be read in conjunction with the Base Prospectus [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 16 November 2012 [as so supplemented]. However, a summary of the issue of the Instruments (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus [and the supplements to the Base Prospectus] are available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom, and at www.londonstockexchange.com and copies may be obtained from the Specified Offices of the Paying Agents.]

[or]

[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 [•]. These Final Terms of the Instruments must be read in conjunction with the Base Prospectus dated 16 November 2012 [and the supplement to the Base Prospectus dated [•]] ([together,] the “**Base Prospectus**”), save in respect of the Conditions which are extracted from the Base Prospectus dated [•] [and the supplement to the Base Prospectus dated [•]] and are attached hereto.

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 16 November 2012 [as so supplemented]. However, a summary of the issue of the Instruments (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus [and the supplements to the Base Prospectus] are available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom, and at www.londonstockexchange.com and copies may be obtained from the Specified Offices of the Paying Agents.]

[or]

[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 [•]. These Final Terms of the Instruments must be read in conjunction with the Base Prospectus dated 16 November 2012 [and the supplement to the Base Prospectus dated [•]] ([together,] the “**Base Prospectus**”), save in respect of the Conditions which are extracted from the Base Prospectus dated [•] [and the supplement to the Base Prospectus dated [•]] and are attached hereto.

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 16 November 2012 [as so supplemented]. However, a summary of the issue of the Instruments (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus [and the supplements to the Base Prospectus] are available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom, and at www.londonstockexchange.com 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] |
| [2. | If not syndicated, Relevant Dealer/Lead Manager: | [Name [and address/Not Applicable]] |
| [3. | Syndicated: | [Applicable/Not Applicable] |
| | (i) If syndicated, names of Dealers [and underwriting commitments]: | [Not Applicable/[•]] |
| | (ii) Date of Subscription Agreement: | [•] |
| 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: | [Unsubordinated/Subordinated]
[Condition 4A/4B/4C will apply] |
| 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 [20(iv), 21(iv) or 23(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 28 Coupons, Talons will be attached]
- (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 depository 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 depository 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. 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: [•]]
18. If issued in registered form:
Registrar: [•]
19. Interest: [[•] per cent. Fixed Rate]
[[•] month
[LIBOR/EURIBOR/[•] +/- [•]] per cent. Floating Rate]
[Zero Coupon]
20. 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 20(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) Determination Date:	[•] in each year
(viii) Broken Amount(s):	[•] per Calculation Amount, payable on the Interest Payment Date falling [in/on][•]
(ix) 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	[•]
(x) Additional Business Centre(s):	[Not Applicable/[•]]
21. 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 21(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] [•]
22. 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/[•]]
23. 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/[•]]
24. Dates for payment of Instalment Amounts (Instalment Instruments): [•]
25. Final Redemption Amount of each Instrument: [•] per Calculation Amount
26. Instalment Amounts: [•]
27. 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]
28. Coupon Switch Option: [Applicable/Not Applicable]
29. Coupon Switch Option Date: [•]
30. 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: [•]
31. Redemption for loss of deductibility reasons (Call): [Applicable/Not Applicable]
- (i) Early Redemption Amount (Loss of Deductibility) of each Instrument: [•] per Calculation Amount
 - (ii) Notice period: [•]
32. Redemption for regulatory reasons (Call): [Applicable/Not Applicable]
- (i) Early Redemption Amount (Regulatory Reasons) of each Instrument: [•] per Calculation Amount
 - (ii) Notice period: [•]

33. Partial redemption (Call): [Applicable/Not Applicable]
- (a) Minimum Redemption Amount: [•] per Calculation Amount
- (b) Maximum Redemption Amount: [•] per Calculation Amount
- (c) Notice period: [•]
34. 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: [•]
35. Events of Default:
- Early Termination Amount: [•]
36. Payments:
- Unmatured Coupons missing upon Early Redemption: [Condition 7A.7 (i) applies]/[Condition 7A.7 (ii) applies]
37. Replacement of Instruments: [•]
38. Calculation Agent: [•]/[Not Applicable]
39. Notices: Condition 14 applies
40. 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 [•]]
41. Public Offer: [Not Applicable]
- (a) Name and address of financial intermediaries authorised to offer the Instruments: [•]
- (b) Country(ies) where the Public Offer may take place: [•] (the “Public Offer Jurisdictions”)
- (c) Further conditions attached to the consent to use: [Not Applicable]/[•]

WESTPAC BANKING CORPORATION

By: _____

Name: _____

Date: _____

PART B: Other information

1. Listing

- (i) Listing: [Yes, on [•]/No]
- (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: [Standard and Poor's (Australia) Pty Limited: [•]]
[Moody's Investors Service Pty Limited: [•]]

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 Société Anonyme 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): [•]

9. Terms and conditions of the offer

- Offer price: [Issue Price]
- Conditions to which offer is subject: [Not Applicable]/[•]
- Total amount of the offer and, if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer [Not Applicable]/[•]
- The time period, including any possible amendments, during which the offer

will be open and a description of the application:	[Not Applicable]/[•]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable]/[•]
Details of minimum and/or maximum amount of application:	[Not Applicable]/[•]
Details of the method and time limits for paying up and delivering the Instruments:	[Not Applicable]/[•]
Manner in and date on which results of the offer are to be made public:	[Not Applicable]/[•]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable]/[•]
Whether tranche(s) have been reserved for certain countries:	[Not Applicable]/[•]
Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made:	[Not Applicable]/[•]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable]/[•]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[None]/[•]

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. Text in this section appearing in italics does not form part of the form of the Final Terms but is included as directions for completing the Final Terms.

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 16 November 2012 [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 (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 16 November 2012 [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 16 November 2012 [as so supplemented]. However, a summary of the issue of the Instruments (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus is available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom, and at www.londonstockexchange.com and copies may be obtained from the Specified Offices of the Paying Agents.]

[or]

[This document constitutes the Final Terms relating to the issue of Instruments described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Base Prospectus dated 16 November 2012 [and the supplement to the Base Prospectus dated [•]] ([together,] the “**Base Prospectus**”). These Final Terms must be read in conjunction with the Base Prospectus [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 16 November 2012 [as so supplemented]. However, a summary of the issue of the Instruments (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus [and the supplements to the Base Prospectus] are available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom, and at www.londonstockexchange.com and copies may be obtained from the Specified Offices of the Paying Agents.]

[or]

[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 [•]. These Final Terms of the Instruments must be read in conjunction with the Base Prospectus dated 16 November 2012 [and the supplement to the Base Prospectus dated [•]] ([together,] the “**Base Prospectus**”), save in respect of the Conditions which are

extracted from the Base Prospectus dated [•] [and the supplement to the Base Prospectus dated [•]] and are attached hereto.

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 16 November 2012 [as so supplemented]. However, a summary of the issue of the Instruments (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus [and the supplements to the Base Prospectus] are available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom, and at www.londonstockexchange.com and copies may be obtained from the Specified Offices of the Paying Agents.]

[or]

[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 [•]. These Final Terms of the Instruments must be read in conjunction with the Base Prospectus dated 16 November 2012 [and the supplement to the Base Prospectus dated [•]] ([together,] the “**Base Prospectus**”), save in respect of the Conditions which are extracted from the Base Prospectus dated [•] [and the supplement to the Base Prospectus dated [•]] and are attached hereto.

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 16 November 2012 [as so supplemented]. However, a summary of the issue of the Instruments (which comprises the summary in the Base Prospectus as amended to reflect the provisions of these Final Terms) is annexed to these Final Terms. The Base Prospectus [and the supplements to the Base Prospectus] are available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom, and at www.londonstockexchange.com 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] |
| 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: | [Unsubordinated/Subordinated]
[Condition 4A/4B/4C will apply] |
| 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 [18(iv), 19(iv) or 21(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 28 Coupons, Talons will be attached] |

- (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 depository 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 depository 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. 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: [•]
16. If issued in registered form: Registrar: [•]
17. Interest: [[•] per cent. Fixed Rate]
[[•] month
[LIBOR/EURIBOR/[•]]+/- [•]per cent. Floating Rate]
[Zero Coupon]
18. 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 18(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) Determination Date:	[•] in each year
(viii) Broken Amount(s):	[•] per Calculation Amount payable on the Interest Payment Date falling [in/on][•]
(ix) 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	[•]
(x) Additional Business Centre(s):	[Not Applicable/[•]]
19. 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 19(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] [•]
20.	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/[•]]
21.	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/[•]]
22. Dates for payment of Instalment Amounts (Instalment Instruments):	[•]
23. Final Redemption Amount of each Instrument:	[•] per Calculation Amount
24. Instalment Amounts:	[•]
25. 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]
26. Coupon Switch Option:	[Applicable/Not Applicable]
27. Coupon Switch Option Date:	[•]
28. 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:	[•]
29. Redemption for loss of deductibility reasons (Call):	[Applicable/Not Applicable]
(i) Early Redemption Amount (Loss of Deductibility) of each Instrument:	[•] per Calculation Amount
(ii) Notice period:	[•]
30. Redemption for regulatory reasons (Call):	[Applicable/Not Applicable]
(i) Early Redemption Amount (Regulatory Reasons) of each Instrument:	[•] per Calculation Amount
(ii) Notice period:	[•]
31. Partial redemption (Call):	[Applicable/Not Applicable]
(i) Minimum Redemption Amount:	[•] per Calculation Amount
(ii) Maximum Redemption Amount:	[•] per Calculation Amount
(iii) Notice period:	[•]

32. 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: [•]
33. Events of Default:
- Early Termination Amount [•]
34. Payments:
- Unmatured Coupons missing upon Early Redemption: [Condition 7A.7 (i) applies]/[Condition 7A.7 (ii) applies]
35. Replacement of Instruments: [•]
36. Calculation Agent: [•]/[Not Applicable]
37. Notices: Condition 14 applies
38. 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 [•]]

WESTPAC BANKING CORPORATION

By: _____

Name: _____

Date: _____

PART B: Other information

1. Listing

- (i) Listing: [Yes, on [•]/No]
- (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: [Standard and Poor's (Australia) Pty Limited: [•]]
[Moody's Investors Service, Pty Limited: [•]]]

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. Estimated total expenses

Estimated total expenses: [•]

5. Yield

Indication of yield: [•]

6. Operational information

ISIN: [•]

Common Code: [•]

Common Depository/Lodging Agent: [•]

Any clearing system(s) other than Euroclear [Not Applicable]/[•]

Bank SA/NV, Clearstream Banking Société Anonyme and the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority:

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.]/[•]

ANNEX – FORM OF ISSUE SPECIFIC SUMMARY

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

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Instruments will be used by the Issuer for general funding purposes.

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 retail, business and institutional banking and wealth management services.

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

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

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

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

As at 30 September 2012, Westpac’s market capitalisation was A\$76.5 billion² and it had total assets of A\$675 billion.

Westpac’s operations comprise the following key customer-facing divisions operating under multiple brands, serving around 12 million customers³:

- Australian Financial Services, which we refer to as AFS, is responsible for Westpac’s Australian retail banking, business banking and wealth operations and incorporates the operations of Westpac Retail & Business Banking, St.George Banking Group and BT Financial Group Australia.
 - Westpac Retail & Business Banking, which we refer to as Westpac RBB, is responsible for sales and service for consumer, small to medium enterprise customers and commercial customers (typically with turnover of up to A\$100 million) in Australia under the Westpac brand. Activities are conducted through Westpac RBB’s network of branches, business banking centres and specialised consumer and business relationship managers, with the support of cash flow, financial markets and wealth specialists, customer service centres, ATMs and internet channels.
 - St.George Banking Group, which we refer to as St.George, is responsible for sales and service for consumer, business and corporate customers in Australia under the St.George, BankSA, Bank of Melbourne and RAMS brands. RAMS is a financial service group specialising in mortgages. Consumer activities are conducted through a network of branches, third-party distributors, call centres, ATMs, electronic funds transfer at point of sale (EFTPOS) terminals and internet banking services. Business and corporate customers (businesses with facilities typically up to A\$150 million) are provided with a wide range of banking and financial products and services including specialist advice for cash flow finance, trade finance, automotive and equipment finance, property finance, transaction banking and treasury services. Sales and service activities for business and corporate customers are conducted by relationship managers via business banking centres, internet and customer service centre channels.
 - BT Financial Group Australia, which we refer to as BTFG, is Westpac’s Australian wealth division. BTFG’s funds management operations include the manufacturing and distribution of investment, superannuation and retirement products, investment platforms such as Wrap and master trusts, and private banking, and financial planning. BTFG’s insurance solutions cover the manufacturing and distribution of life, general and lenders mortgage insurance. BTFG’s brands include Advance Asset Management, Ascalon, Asgard, BT, BT Investment Management (64.5 per cent. owned by the Westpac Group and consolidated in BTFG’s Funds Management business), BT Select, Licensee Select, Magnitude, Securitor, and the advice, private banking and insurance operations of Bank of Melbourne, BankSA, St.George and Westpac.

¹ Refer to note 38 of Westpac’s 2012 audited consolidated financial statements (which are incorporated by reference in this Base Prospectus) for a list of Westpac’s controlled entities as at 30 September 2012.

² Market capitalisation is based on the closing share price of Westpac’s ordinary shares on the ASX as at 28 September 2012.

³ All customers, primary and secondary, with an active relationship (excludes channel only and potential relationships) as at 30 September 2012.

AFS also includes the product and risk responsibilities for Australian banking.

- Westpac Institutional Bank, which we refer to as WIB, delivers a broad range of financial 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 through branches and subsidiaries located in Australia, New Zealand, the US, the UK and Asia.
- Westpac New Zealand is responsible for the sales and service of banking, wealth and insurance products for consumers, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks in New Zealand: Westpac New Zealand Limited, which is incorporated in New Zealand and Westpac Banking Corporation (NZ Division), a branch of Westpac, which is incorporated in Australia. The division operates via an extensive network of branches and ATMs across both the North and South Islands. Business and institutional customers are also served through relationship and specialist product teams. Banking products are provided under the Westpac and Westpac Institutional Bank brands while insurance and wealth products are provided under Westpac Life and BT brands, respectively.

Other business divisions include:

- Pacific Banking, which provides banking services for retail and business customers in seven Pacific Island nations;
- Group Services, which encompasses technology, banking operations, legal and property services;
- Treasury, which is primarily focused on the management of the Group's interest rate risk and funding requirements; and
- Core Support, which comprises those functions performed centrally, including finance, risk and human resources.

Trends¹

Australian economic indicators have, in aggregate, remained relatively robust throughout much of 2012 with moderate growth, low unemployment and benign inflation. Despite these strengths, the experience across sectors has been diverse, business and consumer confidence remained soft, and a loss of momentum emerged as the year progressed. The mining sector has continued to be the growth driver of the economy, with other sectors experiencing more challenging conditions given consumer caution and ongoing strains from the high Australian dollar.

Conditions globally have also remained challenging. World growth lost momentum in 2012. Europe is in recession, US growth is moderate and China's economy has cooled as a result of past policy tightening. Policy makers in the major economies are now responding to these developments with more aggressive stimulus measures. This is likely to lead to a gradual strengthening of activity. However, the outlook remains uncertain. Europe may continue to contract and the pace of recovery elsewhere in the developed world will be constrained by fiscal consolidation, excessive household debt and weak financial systems. Prospects for the developing economies are likely to improve as those regions have ample scope for effective policy stimulus.

The Reserve Bank of Australia (RBA) has resumed the monetary policy easing cycle in response to global and domestic developments and given the scope provided by a benign inflation environment. The stance of monetary policy is now expansionary, with additional policy easing widely expected.

Given this backdrop, in 2013 Westpac expects Australia's economic fundamentals to remain stronger and more stable than other developed nations. GDP growth is forecast to be around 3 per cent. for 2013, inflation is likely to remain benign and unemployment, while edging higher, is forecast to remain below 6 per cent. Economic growth is likely to become more broadly based as the lower interest rate environment supports conditions in the broader economy. The mining investment boom is set to transition to a mining export upswing over the next two to three years as additional capacity comes on stream and given likely strong demand for commodities from the Asian region, boosted by a cyclical recovery in China.

For banking, Westpac expects that demand for credit will improve a little, but growth is likely to remain modest, while Westpac expects deposits to expand at a relatively strong rate.

¹ All data and opinions under 'Trends' are generated by Westpac's internal economists and management.

With a solid operating performance across all divisions in Full Year 2012, combined with a further strengthening of the balance sheet, Westpac believes it is well positioned to respond to this challenging operating environment. Particular areas of focus will include:

- continuing to improve productivity, including completion of the new supplier arrangements commenced in early 2012;
- continued strengthening of the balance sheet with a particular focus on improving the asset/liability mix; and
- responding pro-actively and in a disciplined way to the increased regulatory agenda.

The Group will also continue to invest in the year ahead with its approach remaining highly targeted to areas where the greatest opportunities exist. These include the build-out of Bank of Melbourne, and commencing the development of a new wealth platform. The Group will also continue to build its capacity and capability in Asia via an increased network and by further building relationships with strategic partners. Westpac's SIPs investment programme is also a key element of investment that it expects to continue to enhance and strengthen its technology infrastructure, particularly in online and mobile banking.

Given Westpac's strong starting position, and the momentum it carried into the final part of the 2012 financial year, Westpac believes that it is well placed to continue delivering sound, high quality returns for shareholders.

Recent Developments

Retirement of Director

On 2 November 2012, Westpac announced that Peter Wilson would be retiring from the Board with effect from 13 December 2012.

Commencement of new Chairman

On 14 December 2011, Lindsay Maxsted became Chairman of Westpac Banking Corporation following the retirement of Ted Evans AC. Mr Maxsted joined the Board in 2008 as an independent Director and Chairman of the Audit Committee.

New organisational structure

On 24 November 2011 Westpac announced a new organisational structure for the Westpac Group creating two new divisions:

- AFS which encompasses Westpac RBB, St.George, BTFG, and banking products and risk management; and
- Group Services encompassing technology, banking operations, property services and legal.

Consolidation of office space in Sydney and Melbourne

On 22 June 2012 Westpac announced that it had committed to a long-term lease at Sydney's Barangaroo development, which is expected to be completed in 2015. Westpac will lease approximately 60,000 square metres at Barangaroo. The developer, Lend Lease, has also agreed to purchase two Westpac-owned buildings at 182 George Street and 33 35 Pitt Street. Once completed, it is expected that the new site will enable the Group to consolidate into two locations in the Sydney central business district (CBD) – its existing head office at 275 Kent Street and Barangaroo.

On 9 December 2011 Westpac announced that it had committed to consolidate its Melbourne city office space from 360 and 367 Collins Street to a new building at 150 Collins Street, a joint development by APN Property Group and Grocon.

Liquidity

On 16 December 2010, the BCBS released the final text of the Basel III liquidity framework. The framework introduces two new liquidity measures; the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR).

The LCR requires banks to hold sufficient high quality liquid assets, as defined, to withstand 30 days under an acute stress scenario. Since there are insufficient Government bonds available in the Australian marketplace to allow institutions to meet the LCR, the Reserve Bank of Australia (RBA) has announced, jointly with the Australian Prudential Regulation Authority (APRA), that it will make available to Australian institutions a committed secured liquidity facility that can be used to meet the LCR requirement.

The timetable for implementing the liquidity standard schedules the LCR to be introduced from 1 January 2015 and the NSFR from 1 January 2018. Both liquidity measures are subject to an observation and review period prior to implementation and as such are potentially subject to modification.

In November 2011, APRA released for consultation a discussion paper outlining its proposed implementation of the Basel III liquidity reforms in Australia. However, until the final Australian standards are released, the full extent of the impact on the Westpac Group is uncertain. Notwithstanding the uncertain requirements, Westpac expects to increase its holding of liquid assets.

Capital

On 16 December 2010, the BCBS released the final text of the Basel III capital framework. The framework was revised in June 2011 and incorporates higher global minimum capital requirements and the introduction of two new capital buffers. The framework includes:

- an increase in the minimum common equity requirement from 2.0 per cent. to 4.5 per cent.;
- an increase in the minimum Tier 1 capital requirement from 4.0 per cent. to 6.0 per cent.;
- a capital conservation buffer at 2.5 per cent., to be met with common equity; and
- a countercyclical buffer of between 0 per cent. to 2.5 per cent. to be met with common equity or other fully loss absorbing capital (subject to further BCBS guidance). The buffer is intended to be applied during times of excess credit growth.

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

On 28 September 2012, APRA released the four final revised capital adequacy standards that will govern the implementation of the Basel III capital framework in Australia. APRA is requiring Australian ADIs to meet the new minimum capital requirements from 1 January 2013 and has proposed that the capital conservation buffer applies in full from its introduction date of 1 January 2016. Westpac believes it is well placed to meet the new capital requirements within the timeframes proposed.

Westpac Convertible Preference Shares

On 23 March 2012, Westpac issued approximately A\$1.19 billion of new Tier 1 hybrid securities known as Westpac Convertible Preference Shares (Westpac CPS), which qualify as Non-innovative Residual Tier 1 capital of Westpac for regulatory capital purposes. Westpac CPS will also be eligible for transitional treatment as Additional Tier 1 capital under APRA's Basel III capital adequacy framework.

Credit ratings

On 1 December 2011, Standard & Poor's announced that, following changes to its criteria for assessing bank credit ratings globally, the ratings of the major Australian banks, including Westpac, were lowered by one notch. As a result, Westpac's long-term, senior unsecured credit rating was assessed as AA- down from AA. The outlook for the rating is stable. Westpac's short-term credit rating was affirmed at A1+.

Systemically Important Financial Institutions (SIFIs)

In November 2011, the BCBS published 'Global systemically important banks: Assessment methodology and the additional loss absorbency requirement'. This document announced the final methodology for determining Global Systemically Important Banks (G-SIBs), and the Financial Stability Board (FSB) named 29 G-SIBs that would be subject to higher capital requirements and greater oversight. No Australian bank has been named as a G-SIB based on the current methodology and data.

The G20 also directed the FSB to consider how to extend the framework to a broader set of SIFIs, including Domestic Systemically Important Banks (D-SIBs), and to make recommendations to the G20. On 12 October 2012, the BCBS issued the paper 'A framework for dealing with domestic systemically important banks'. The paper sets out a principles-based framework for regulating D-SIBs. However, until APRA develops the rules for implementing the framework in Australia, any impact on Westpac cannot be determined.

Recovery and resolution planning

In November 2011, the FSB finalised a comprehensive package of policy measures to improve the capacity of authorities to resolve failing SIFIs, without systemic disruption and without exposing taxpayers to risk of loss. As part of the package, a Recovery and Resolution Plan is required for any firm deemed by its home authority to have systemic importance to the domestic economy. In addition, SIFIs will be subject to resolvability assessments to ensure they may be resolved without severe systemic disruption and taxpayer loss while at the same time protecting systemically important functions. APRA has undertaken a pilot Recovery Planning project applying to Australia's largest banks, with final plans delivered to APRA in mid-2012. APRA has indicated that it intends to extend its recovery planning program once the results of the pilot program have been analysed. The final form of any resulting requirements, the implications, and the timing for Westpac are at this stage unknown.

OTC derivatives reform

The over-the-counter (OTC) derivatives market is undergoing significant regulatory reform globally. The reforms aim to improve transparency, mitigate systemic risk and protect against market abuse in the OTC derivatives market by encouraging clearing through central counterparties; reporting to trade repositories; exchange trading where appropriate; and imposing higher capital requirements on non-cleared contracts.

Locally, the Council of Financial Regulators (APRA, ASIC, RBA and the Australian Treasury) issued a report on OTC Derivatives Market Reform Considerations in March 2012, which was followed by the release of a joint report on the Australian OTC Derivatives Market by APRA, ASIC and the RBA in October 2012. In addition, the Australian Government has introduced into Parliament the Corporations Legislation Amendment (Derivatives Transactions) Bill 2012, which creates a framework to allow the Minister for Financial Services and Superannuation to determine that mandatory obligations should apply to certain classes of OTC derivatives, requiring those classes to be reported, centrally cleared, and traded on suitable trading platforms.

Westpac is closely monitoring the local and international OTC derivatives reforms including regulatory changes being implemented by the US Commodity Futures Trading Commission under the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) and is actively engaging with regulators, trade associations, banks and clearing houses. Westpac is developing clearing, reporting and trade processing solutions to ensure that it is compliant with applicable global regulations within the required timeframes, including any foreign registration obligations. As both the international and local reforms are yet to be finalised, the full extent of the impact on the Westpac Group's operations remains unclear.

Exception fees class action

On 16 December 2011 a class action was commenced against Westpac in the Federal Court of Australia on behalf of certain customers of Westpac. A second class action against Westpac, brought on behalf of certain customers of St.George Bank and BankSA, was commenced on 1 February 2012. The claims in both class actions allege that certain exception fees charged by Westpac prior to October 2009 were unlawful. The claims against Westpac form part of a series of class actions against a number of Australian banks initiated by the litigation funding company IMF (Australia) Ltd. Westpac intends to defend the proceedings. By agreement between the parties, the proceedings against Westpac are on hold until at least December 2012, pending developments in a related class action against another Australian bank.

Bell litigation

Westpac was one of 20 defendant banks named in proceedings concerning the Bell Group of companies. The proceedings were brought by the liquidators of several Bell Group companies who challenged the defendant banks' entitlement to receive the proceeds of realisation of Bell Group assets in the early 1990s. Judgment was delivered on 28 October 2008 and final orders were handed down on 30 April 2009.

Westpac, along with the other defendant banks, was found liable to repay its share of the moneys received from the Bell Group plus interest. The defendant banks appealed the decision. Judgment was handed down by the Court of Appeal of the Supreme Court of Western Australia on 17 August 2012. By a majority decision, the defendant banks were unsuccessful in the appeal and the amount of interest payable was increased. The defendant banks have applied for special leave to appeal to the High Court of Australia.

Tax developments

Following the Tax Forum conducted by the Australian Federal Government in Canberra on 4 and 5 October 2011 to discuss tax reform following the report from Australia's Future Tax System Review (the Henry Review), the Deputy Prime Minister and Treasurer announced the appointment of a business tax working group to look at how the Australian tax system could be improved. Measures considered by this working group include the carry back of tax losses and the possible reduction of the corporate tax rate where it is funded by the business tax base broadening. The working group released a draft final report on 24 October 2012. The working group concluded that while there could be benefits associated with a cut in the company tax rate, they declined to make a recommendation as to how such a cut could be undertaken in a revenue-neutral manner. This was based on a conclusion by the working group that there was a lack of agreement in the business community as to how to fund such a reduction in the corporate tax rate.

On 30 March 2011, the Assistant Treasurer announced a review of the tax consolidation provisions dealing with rights to future income and the residual tax cost setting rules. The consideration was whether these rules needed to be amended, and, if so, whether any amendments will take effect retrospectively. The residual tax cost setting rules are the provisions under which amounts were allocated to the St.George in the money derivatives in the tax consolidation process (and from which deductions are claimed by Westpac under the general taxing provisions).

In June 2012, the Government passed new legislation (*Tax Laws Amendment (2012 Measures No.2) Act*) that introduced a number of changes to the income tax law as it applied to the Taxation of Financial Arrangements (TOFA) and tax consolidated groups. The new legislation:

- confirmed the tax treatment adopted by Westpac for the derivative assets and liabilities consolidated as part of the St.George Bank merger. This gave rise to a reduction in income tax expense of approximately A\$685 million for the 2010 financial year and approximately A\$1,110 million for the 2011 financial year, as previously announced in October 2010 and March 2011; and
- applied retrospective amendments to TOFA that applied to certain liabilities consolidated as part of the St.George Bank merger. This gave rise to an additional income tax expense of approximately A\$165 million for the 2012 financial year, as reported on 27 June 2012.

Changes to accounting standards

In continuing response to the global financial crisis, governments, regulators and accounting standard setters are working to revise certain accounting standards. The objective is to achieve convergence towards a single set of high quality, global and independent accounting standards. The specific areas that have been targeted include accounting for financial instruments, provisioning for loan impairment charges, off-balance sheet exposures and the impairment and valuation of financial assets and lease accounting. The Westpac Group expects that there will be a number of new standards issued in the next three years that will require changes to its current accounting approaches.

United States

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

Dodd-Frank Act

In response to the global financial crisis, legislation designed to reform the system for supervision and regulation of financial firms in the US was signed into law on 21 July 2010. The Dodd-Frank Act contains a wide range of provisions that will affect financial institutions operating in the US, including foreign banks like Westpac. Included among its provisions are reforms designed to reduce systemic risk presented by very large financial institutions, promote enhanced supervision, regulation, and prudential standards for financial institutions, establish comprehensive supervision of financial markets, impose new limitations on permissible financial institution activities and investments, expand regulation of the derivatives markets, protect consumers and investors from financial abuse, and provide the US Government with the tools needed to manage a financial crisis. Many of the provisions of the Dodd-Frank Act require extensive rulemaking by US regulatory agencies before the provisions become effective. The issuance of final rules under the Dodd-Frank Act remains far from complete, with the process continuing. Aside from the observations regarding OTC derivatives reform above, until there is greater clarity regarding the final forms of the rules and their extra-territorial application, it is not possible to assess the full impact of the law and the regulations on Westpac's operations. However, in the event that some of the rules are implemented in or close to the current draft, significant investment in compliance and reporting programs and changes to business activities are likely to be required.

Foreign Account Tax Compliance Act (FATCA)

Legislation incorporating provisions referred to as FATCA was passed in the US on 18 March 2010. The legislation and subsequent guidance require Foreign Financial Institutions (FFIs) such as Westpac to enter into an FFI agreement under which they agree to identify and provide the US Internal Revenue Service (IRS) with information on accounts held by US persons and US owned foreign entities, or otherwise face 30 per cent. withholding tax on certain payments made to the FFI. In addition, FFIs that have entered into an FFI agreement will be required to withhold on certain payments made to FFIs that have not entered into an FFI agreement and account holders who do not respond to requests to confirm their US person status and/or do not agree to the FFI reporting certain account related information to the IRS (recalcitrant account holders). This description is based on guidance issued to date by the IRS, including proposed regulations. Future guidance may affect the application of FATCA to Westpac. Given Westpac's expectation that the FATCA provisions will be implemented in or near to their current form, substantial investment will be required to ensure that Westpac will be able to adhere to the FATCA requirements from a compliance and reporting perspective across all jurisdictions in which Westpac operates.

The IRS has published a Model Intergovernmental Agreement (the Model IGA) in connection with the implementation of FATCA. The Australian Government is currently exploring the feasibility of entering into such an Intergovernmental Agreement (IGA) with the US. If the Australian Government does enter into an IGA with the US, based on the Model IGA, Westpac would likely be able to report the required information relating to its Australian branches to the Australian Taxation Office (ATO), which would provide such

information to the IRS under existing Exchange of Information protocols. Further, Westpac's Australian branches/affiliates would be relieved of the requirements to enter into an FFI Agreement with the IRS and to withhold from payments to, or close the accounts of, recalcitrant account holders at such branches/affiliates but will still be required to identify certain US accounts. While it is anticipated that such an IGA would reduce the compliance costs and operational burdens of FATCA for Westpac, there is no certainty that Australia will enter into an IGA with the US. Moreover, even if such an IGA is entered into, Westpac currently expects that it will enter into an FFI agreement, as described above, with respect to its branches and affiliated FFIs not located in Australia or another country that has entered into an IGA.

New Zealand

Regulatory reforms and significant developments in New Zealand include:

Transfer of additional banking operations to Westpac New Zealand Limited on 1 November 2011

Until 1 November 2006, Westpac conducted its banking operations within New Zealand through a branch structure. On that date, and after extensive consultation with the Reserve Bank of New Zealand (RBNZ), Westpac adopted a dual registration operating model comprised of a locally incorporated subsidiary, WNZL, to conduct its consumer and business banking operations in New Zealand, and a branch, Westpac's NZ Branch (NZ Branch), to conduct its institutional and financial markets operations.

Following an independent review of the structure of the operating model of Westpac's business in New Zealand, the RBNZ, WNZL and Westpac reached agreement on changes to the operating model. As a result, and pursuant to the Westpac New Zealand Act 2011, the following assets and liabilities associated with certain business activities and associated employees were transferred from the NZ Branch to WNZL on 1 November 2011:

- institutional customer deposits;
- institutional customer transactional banking;
- institutional customer lending other than trade financing activities;
- debt capital markets activities carried out in assisting corporates to obtain funding, such as customer loan syndication and securitisation arrangements, but excluding the debt securities team activities, such as arrangement of commercial paper and bond programmes;
- corporate advisory; and
- institutional customer foreign currency accounts.

The NZ Branch has retained its financial markets operations for external customers, including sales and trading of capital markets products and foreign exchange for corporate and institutional customers, pricing and risk management for interest rate, foreign exchange and commodity products for retail, business and institutional customers of WNZL and trading of capital markets products and foreign exchange as principal. In addition, the NZ Branch has retained its global intra-group financing functions, correspondent bank relationships, debt securities team activities, such as arrangement of commercial paper and bond programmes, and international business (including trade finance activities but excluding customer foreign currency accounts).

Open Bank Resolution (OBR)

The RBNZ released a consultation paper on OBR in March 2011. OBR contemplates a bank being open for business on the next business day following an insolvency event or event that triggered putting it under statutory management. The RBNZ's consultation paper recommended that all locally incorporated banks with retail funding over NZ\$1 billion participate in a pre-positioning process and therefore the policy will apply to WNZL. In the event of failure, a bank must be able to achieve certain outcomes which include being able to freeze accounts and process pending payments, determine customers' account balances on a per account basis, set aside a proportion of account balances that have been frozen, and resume customers' access to their transaction and other accounts on the next business day following the bank's closure. Banks were required to submit detailed implementation plans to the RBNZ by 29 February 2012 and the RBNZ is requiring that they be fully pre-positioned for OBR by 30 June 2013. A new condition of registration to formally impose the OBR requirements is expected to be in place by the end of the calendar year and take effect from 1 July 2013.

Basel III

The RBNZ is adopting the core Basel III capital measures relating to new capital ratios, including the conservation buffer, and most of the recommendations relating to the definition of capital. Total Tier 1 capital will increase to 6.0 per cent. plus the conservation buffer of 2.5 per cent. Tier 1 capital will need to include

common equity of 7.0 per cent. (Tier 1 ratio of 4.5 per cent. and the conservation buffer). The countercyclical capital buffer is also being adopted and will be imposed when the RBNZ judges that excess private sector credit growth or rapid growth in asset prices is leading to a build-up of system-wide risk. The RBNZ is not specifying any upper limit on the countercyclical buffer. The leverage ratio is not being adopted. The RBNZ is implementing Basel III ahead of the BCBS's and APRA's timetable. The new capital ratios will come into effect on 1 January 2013. The conservation buffer will be implemented in full from 1 January 2014, in contrast to the BCBS's framework which proposes that the buffer be implemented over a three-year period (from 2016). The countercyclical capital buffer will be able to be deployed from 1 January 2014.

Financial Markets Conduct Bill (FMCB)

The FMCB was introduced into the New Zealand Parliament in October 2011 and was reported back from Select Committee in early September 2012. It is expected to be passed in the first half of 2013. The FMCB represents an overhaul of the existing securities law regime in New Zealand and will impact various aspects of the wider Westpac New Zealand business. It introduces changes to product disclosure and governance, and introduces new licensing and registration requirements. The new regime will do away with the existing prospectus/investment statement dual disclosure model and introduce a single product disclosure statement, supported by an online register of other material documentation. Much of the detail from the Bill has been left to be prescribed in regulations.

Credit law reform/responsible lending

The New Zealand Government is proposing to amend the Credit Contracts and Consumer Finance Act 2003 (CCCFA) by introducing a duty to lend responsibly. An exposure draft of the amendment Bill was released in April 2012. The Bill will provide for a regulatory responsible lending code and will strengthen existing consumer protections by changing current CCCFA provisions on disclosure, fees, hardship and 'oppressive contracts'.

Reserve Bank of New Zealand (Covered Bonds) Amendment Bill

A bill that provides a legislative framework for the issuance of covered bonds by New Zealand registered banks was introduced into Parliament in May 2012 and is expected to be passed this year. New Zealand registered banks are currently permitted by the RBNZ to issue covered bonds and have conditions of registration which impose a limit on this issuance of 10 per cent. of total assets. However, the legislation will provide certainty for investors that the cover pool assets will be disgorged from statutory management and liquidation regimes. The Bill will require the registration of covered bond programmes and provides for a transition period for the registration of existing covered bond programmes.

Other significant developments

The Australian Federal Government has embarked on a programme of regulatory reform, which will affect Westpac. This includes:

- Credit law reform – as part of the second phase of the credit law reforms, since 1 January 2012, credit providers have been required to produce Key Facts Sheets for standard home loans. Further reforms relating to credit cards commenced on 1 July 2012. These reforms include a credit card Key Facts Sheet, a minimum repayment warning on statements, a mandatory order of application of payments, over the limit notifications and a requirement for consent before sending written credit limit increase invitations. In addition, through the Consumer Credit and Corporations Legislation Amendment (Enhancements) Act 2012, amendments have been introduced to the regulation of reverse mortgages, hardship applications under the National Credit Code, short term and small amount loans, consumer leases and other 'enhancements', most of which will commence 1 March 2013.
- Superannuation changes – the Government's response to the Super System (Cooper) Review will require introduction of a new 'MySuper' product from 1 July 2013. MySuper is a low cost, simple superannuation product. A MySuper product will be the default investment option where investment choice is not elected by the member. Other legislative changes include enhanced trustee and director obligations as well as 'SuperStream', a measure to improve the efficiency of processing superannuation transactions through the use of technology. All legislation to execute this reform agenda should be in force by the end of 2012. A project team has been created to assess the impact of these changes to Westpac's existing superannuation products and to ensure compliance with the new requirements.
- Financial advice changes – on 27 June 2012 the Government's Future of Financial Advice (FOFA) reforms became law. Regulations were registered on 12 July 2012 and 2 October 2012, and further regulations are still expected. The FOFA reforms are aimed at improving consumer trust and confidence in, and the quality of, financial advice. The FOFA reforms include a ban on certain conflicted payments and soft dollar benefits, a ban on volume-based shelf space fees, a ban on the charging of asset-based fees on borrowed funds, a statutory best interests duty so that financial advisers must act in the best interests of their clients, and an 'adviser charging regime' where the investor will be required to opt-in every two

years to receive ongoing advice and where advisers will be required to give annual disclosure of ongoing fees and services to investors. The majority of the proposed reforms will commence for the Westpac Group on 1 July 2013. Certain aspects of the reforms, including an anti-avoidance provision and increased ASIC powers, commenced on 1 July 2012.

- Privacy law reform – the Privacy Act, first introduced in Australia in 1988, regulates how personal information is collected, used, disclosed and maintained by organisations. It also grants rights to individuals to access and request the correction of their personal information. The Privacy Amendment (Enhancing Privacy Protection) Bill 2012 has been passed by the House of Representatives and is currently before the Senate. This Bill contains new Australian Privacy Principles to replace the current National Privacy Principles and amends, among other things, how credit reporting is conducted.
- Proposed amendments to the Insurance Contracts Act – on 21 March 2012, the Insurance Contracts Amendment Bill 2011 was passed by the Australian Parliament, introducing a standardised definition of ‘flood’ for home and contents insurance policies and establishing additional mandatory disclosure requirements for home and contents insurance policies. In addition to those changes, the Government is currently reviewing the availability and affordability of flood insurance, while amendments to the Insurance Contracts Act 1984 (Cth) and related legislation may result in insurance contracts being subject to the ‘unfair contracts’ regime; updated duties of disclosure being imposed upon insureds; and the option of providing notices and documents under the Act electronically.
- The introduction of a new regulatory framework for personal property securities – on 30 January 2012 the Personal Property Securities Act (PPSA) commenced. The PPSA is a national personal property securities regime involving a single register and a uniform set of rules that replaces a wide range of complex State and Territory-based legislation and registers. The PPSA regime has introduced fundamental changes to the treatment of security interests in personal property in Australia.
- Changes to APRA’s crisis management powers – on 12 September 2012 the Australian Federal Treasury released for public consultation a paper entitled Strengthening APRA’s Crisis Management Powers which seeks comments on a series of reform proposals directed at strengthening APRA’s crisis management powers. Proposals under consideration include providing APRA with the ability, in times of financial distress, to direct regulated entities (including Westpac) in relation to disclosure requirements and broadening APRA’s powers to issue other directions to regulated entities. If implemented, these proposals could impact on the regulatory framework applying to Westpac and its controlled entities. However, until final proposals are published and implemented, the full extent of the impact on Westpac is uncertain.
- Covered bonds – on 13 October 2011, the Australian Parliament passed an amendment to the Banking Act 1959 permitting ADIs to issue covered bonds. Among other things, this legislation caps at 8 per cent. the value of an ADI’s assets in Australia that can be included in a cover pool supporting covered bonds.

Westpac continues to review these developments, engage with Government, regulators and industry bodies as appropriate, and amend its systems, processes and operations to align with regulatory changes as they occur.

Competition

The Westpac Group operates in a highly competitive environment across the regions in which it does business.

The Westpac Group serves the banking and wealth needs of customer segments from small businesses to large corporate and institutional clients in its business segments and across all consumer segments. The Westpac Group competes with other industry players for customers covering their needs of transacting, saving, investing, protecting and borrowing with a wide set of products and services. Its competitors range from large global organisations with broad offerings to entities more focused on specific regions or products. Its competitors include financial services and advisory companies such as banks, investment banks, credit unions, building societies, mortgage originators, credit card issuers, brokerage firms, fund and asset management companies, insurance companies and internet-based financial services providers.

Westpac’s competitive position across customer segments, products and geographies is determined by a variety of factors. These factors include:

- the type of customer served;
- customer service quality and convenience;
- the effectiveness of, and access to, distribution channels;
- brand reputation and preference;

- the quality, range, innovation and pricing of products and services offered;
- technology solutions; and
- the talent and experience of Westpac's employees.

In Australia, Westpac has seen intense competition for deposits continue driven by clearer global regulatory requirements for liquidity management and balance sheet composition. Banks and other financial institutions also seek to achieve a higher proportion of deposit funding as credit rating agencies and debt investors look for strong balance sheet positions in their assessment of quality institutions.

Westpac expects competition for lending to also remain high with slower credit growth compared to the significant credit expansion Australia experienced over the majority of the last two decades. Businesses and consumers are cautious about the global outlook and are trimming back debt. In mortgages, this lower growth and the desire of some players to maintain or expand their market share using price has seen strong competition over the last year. This is expected to continue, particularly if lending growth remains modest. Serving business customers' transaction and trade financing needs has been at the centre of competitive activity as customer expectations increase dealing with larger volumes and evolving technology.

In its wealth business, Westpac expects competition to increase as financial institutions and industry funds move to capture a greater share of this fast growing market, particularly in superannuation (or pensions) and financial advice as the market responds to regulatory changes.

The New Zealand market is experiencing strong competition as banks vie for new customers. The home lending market is particularly competitive on price and switching incentives.

Majority Shareholders and Share Capital

As at 30 September 2012, the number of Westpac ordinary shares on issue was 3,080,192,894. Westpac has no partly paid share capital.

Westpac is not directly or indirectly owned or controlled by any other corporation(s) or by any foreign government.

There is no provision in Westpac's constitution that requires a shareholder to disclose the extent of their ownership of Westpac's ordinary shares.

Under the Australian Corporations Act 2001, any person who begins to have or ceases to have a substantial holding of Westpac's shares, or if any person already has a substantial holding and there is a movement of at least 1 per cent. in their holding, is required to give a notice to Westpac and the ASX Limited within two business days after they become aware of this information. The notice must provide certain prescribed information, including the person's name and address and details of their relevant interests in Westpac's voting shares. A person will have a substantial holding of Westpac's shares if the voting rights attaching to Westpac's shares in which that person and their associates have relevant interests is 5 per cent. of more of the total number of votes attached to all of Westpac's shares.

Westpac has a statutory right under the Australian Corporations Act 2001 to trace the beneficial ownership of shares held by any shareholder, by giving a direction to that shareholder requiring disclosure to Westpac of, among other things, the name and address of each other person who has a relevant interest in those shares, the nature and extent of that interest and the circumstances that gave rise to that other person's interest. Such disclosure must, except in certain limited circumstances, be provided within two business days after the direction is received.

The Board of Directors

The Board Charter outlines the roles and responsibilities of the Board. Key responsibilities in summary are:

- approving the strategic direction of the Westpac Group;
- evaluating Board performance and determining Board size and composition;
- considering and approving the Westpac Board Renewal Policy;
- appointing and determining the duration, remuneration and other terms of appointment of the Chief Executive Officer (“**CEO**”) and Chief Financial Officer (“**CFO**”);
- evaluating the performance of the CEO, and monitoring the performance of other senior executives;
- succession planning for the Board, CEO and Group Executives;
- approving the appointment of Group Executives, General Manager Group Assurance and Group General Counsel and monitoring the performance of senior management;
- approving the annual targets and financial statements and monitoring performance against forecast and prior periods;
- determining Westpac’s dividend policy;
- determining Westpac’s capital structure;
- approving Westpac’s risk management strategy and frameworks and monitoring their effectiveness;
- considering the social, ethical and environmental impact of Westpac’s activities and monitoring compliance with Westpac’s sustainability policies and practices;
- monitoring Workplace Health and Safety (“**WH&S**”) issues in the Westpac Group and considering appropriate WH&S reports and information;
- maintaining an ongoing dialogue with Westpac’s auditors and, where appropriate, principal regulators; and
- internal governance, including delegated authorities, policies for appointments to Westpac’s controlled entity boards and monitoring resources available to senior executives.

Directors

The Directors of Westpac, the business address of each of whom should be regarded for the purposes of this 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 58. Director since March 2008 and Chairman since December 2011. Lindsay was the CEO of KPMG from January 2001 to December 2007 and was a partner of KPMG from July 1984 to February 2008. Lindsay's principal area of practice prior to his becoming CEO was in the Corporate Recovery field managing a number of Australia's largest insolvency/workout/ turnaround engagements. At the request of the Victorian State Government, Lindsay was appointed to the Board of the Public Transport Corporation in December 1995 and was its Chairman from 1997 to 2001. He is a director and Chairman of Transurban Group, Managing Director of Align Capital Pty Ltd and Director of BHP Billiton Limited, BHP Billiton Plc and Baker IDI Heart & Diabetes Institute Holdings Limited.

Gail Kelly, HigherDipEd, BA, MBA with Distinction, HonDBus. Age 56. Appointed Managing Director and Chief Executive Officer in February 2008. Gail began her banking career in 1980, and by 2001 she had held various senior management roles in a broad range of areas including retail and commercial banking, strategy, marketing and human resources. Gail has spent the last ten years as Chief Executive Officer of two Australian banks, St. George Bank from 2002 to 2007 and Westpac from 1 February 2008 to date. Gail holds a Bachelor of Arts degree and Higher Diploma of Education from Cape Town University, an MBA with Distinction from the University of Witwatersrand, and an Honorary Doctorate of Business from Charles Sturt University. Gail is a non-executive director of the Business Council of Australia, the Australian Bankers' Association and the Financial Markets Foundation for Children. She sits on the Global Board of Advisers at the US Council on Foreign Relations and is a member of the Sydney Cricket and Sports Ground Trust. Gail is also Care Australia's Ambassador for Women's Empowerment.

John Curtis, AM, BA, LLB (Hons.). Age 62. Director and Deputy Chairman since December 2008. For the past 25 years, John has been a professional company director and has been chairman and director of a wide variety of public companies, government entities and foreign corporations. In more recent times he has been largely involved in the financial services sector and is currently the chairman of Allianz Australia Limited. John's former appointments include Merrill Lynch, Perpetual Limited and First Data Corporation in Australia. Prior to 1987, John was a director of Wormald International Limited and was responsible for its operations in Australia, Europe, Asia and the Americas. During part of that time he was Chairman of the National Building and Construction Council, the peak industry body.

Elizabeth Bryan, BA (Econ.), MA (Econ.). Age 66. Director since November 2006. Elizabeth has over 32 years' experience in the financial services industry, government policy and administration and on the boards of companies and statutory organisations. Prior to becoming a professional director, she served for six years as Managing Director of Deutsche Asset Management and its predecessor organisation, NSW State Superannuation Investment and Management Corporation. She is Chairman of Caltex Australia Limited.

Gordon Cairns, MA (Hons.). Age 62. Director since July 2004. Gordon has extensive Australian and international experience as a senior executive, most recently as Chief Executive Officer of Lion Nathan Limited. He has also held a wide range of senior management positions in marketing and finance with PepsiCo, Cadbury Schweppes and Nestlé (Spillers). He is a director of Origin Energy Limited, World Education Australia Limited, Chairman of Origin Foundation and Executive Chairman of Quick Service Restaurant Group Pty Limited. He is a senior advisor to each of McKinsey & Company and Greenhill Australia (formerly Greenhill Caliburn).

Robert Elstone, BA (Hons.), MA (Econ.), MCom. Age 59. 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. Most recently from 2006 to 2011, Robert was Managing Director and CEO of the Sydney Futures Exchange from 2000 to 2006 and, before that, Finance Director of Pioneer International from 1995 to 2000. Robert was a Non-executive Director of the National Australian Bank from 2004 to 2006, an inaugural member of the Board of Guardians of the Future Fund and was Chairman of the Financial Sector Advisory Council to the Federal Treasurer between 2007 and 2009.

Peter Hawkins, BCA (Hons.) SF Fin, FAIM, ACA (NZ), FAICD. Age 58. Director since December 2008. Peter's career in the banking and financial services industry spans over 41 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, and was also a Director of BHP (NZ) Steel Limited from 1990 to 1991, ING Australia Limited from 2002 to 2005 and Esanda Finance Corporation from 2002 to 2005. He is a Director of Mirvac Limited Group, Liberty Financial Pty Limited, Treasury Corporation of Victoria, Murray Goulburn Co-operative Co. Limited and Clayton Utz.

Ann Pickard, BA, MA. Age 57. Director since December 2011. Ann has 25 years of international experience as a senior manager in large organisations, with responsibility for major corporate transformations, maximising return on assets in challenging environments, complex negotiations, large-scale development projects and strategic planning. In March 2010, she became the Executive Vice President of Royal Dutch Shell's upstream business in Australia. In August 2010, her role was expanded to Country Chair of Shell in Australia. Before her current role, Ann was Shell's Regional Executive Vice President for Sub Sahara Africa, overseeing the company's exploration and production, gas and LNG activities in the region. She has also held the position of Director – Global Businesses and Strategy and been a member of the Shell Gas & Power Executive Committee with responsibility for Global LNG, Power and Gas & Power Strategy. She is on the Board of Shell Energy Holdings Australia Limited, Arrow Energy Holdings Pty Limited and the Energy & Minerals Institute, University of Western Australia.

Peter Wilson, CA. Age 71. Director since October 2003. Peter is a chartered accountant and formerly a partner with Ernst & Young, with extensive experience in banking, business establishment, problem resolution, asset sale and management of change functions. Peter was a Director and, from 1991, the Chairman of Trust Bank New Zealand Limited, which Westpac acquired in 1996. He is Chairman of Augusta Capital Limited (formerly Kermadec Property Fund Limited) and a Director of PF Olsen Limited and Farmlands Trading Society Limited. Peter is Deputy Chairman of Meridian Energy Limited, and a member of the New Zealand Markets Disciplinary Tribunal and Chairman of the Special Division of that Tribunal. Peter is also Chairman of Westpac New Zealand. He will retire from the Westpac Board at the conclusion of the Annual General Meeting on 13 December 2012.

Director Independence and avoidance of conflicts of interest by a Director

The Board assesses the independence of its Directors on appointment and annually.

Directors are considered to be independent if they are independent of management and free from any business or other relationship that could materially interfere with, or could 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 which he or she has directly or as a partner, shareholder or officer of a company or other entity that has an interest, with Westpac or a related entity. The Board considers information about any such interests or relationships, including any related financial or other details, when it assesses the Director's independence.

In assessing independence, the Board will have regard to whether the Director or an immediate family member has any of the following relationships:

- a substantial shareholder (as defined in Section 9 of the Australian Corporations Act 2001) of Westpac or an officer of, or otherwise associated directly with, a substantial shareholder of Westpac;
- within the last five years, employment in an executive capacity by Westpac or another Westpac Group member, or been a director of Westpac after ceasing employment with Westpac;
- within the last five years, been a principal of a material professional adviser or a material consultant to Westpac or another Westpac Group member, or an employee materially associated with the service provided;
- within the last five years, a present or former affiliation with or employment by a present or former external auditor of Westpac or another Westpac Group member who has worked on the Westpac (or Westpac Group member) audit;
- within the last five years, employment by any entity while that entity had an executive officer of Westpac or another Westpac Group member on its compensation committee;
- a material supplier or customer of Westpac or another Westpac Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer of Westpac or any other Westpac Group member;
- a material contractual relationship with Westpac or another Westpac Group member other than as a Director or Committee member of Westpac or another Westpac Group member;
- has served on the Board of Westpac or of another Westpac Group member for a period in excess of 12 years or which having regard to all the circumstances could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Westpac; or
- has an interest or a business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of Westpac.

All eight Non-executive Directors are considered to be independent. Each Director provides an annual attestation of his or her interests and independence.

The Board is conscious of its obligations to ensure that Directors avoid conflicts of interest (both real and apparent) between their duty to Westpac and their own interests. All Directors are required to disclose any actual or potential conflict of interest upon appointment and are required to keep these disclosures to the Board up-to-date.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and, unless the Board determines otherwise, they may not be present in boardroom discussions or vote on matters on which they face a conflict.

As at the date of this 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 Australian Corporations Act 2001 and other principles referred to above such that it does not expect that any actual conflicts of interest would arise.

Westpac's Corporate Governance

Framework and approach

Westpac's approach to corporate governance is based on a set of values and behaviours that underpin day to day activities, provide transparency and fair dealing, and seek to protect stakeholder interests.

This approach includes a commitment to excellence in governance standards which Westpac sees as fundamental to the sustainability of its business and performance. This includes monitoring local and global developments in corporate governance and assessing their implications.

In Australia, Westpac complies with the Australian Corporations Act 2001 and 'Corporate Governance Principles and Recommendations' ("**ASXCGC Recommendations**") published by the ASX Corporate Governance Council ("**ASXGC**"). As an ADI Westpac must also comply with governance requirements prescribed by APRA under Prudential Standard CPS 510 Governance.

In the international arena, Westpac responds to a range of relevant corporate governance principles in developing its corporate governance framework.

Compliance with ASXCGC Principles and Recommendations

The ASX Listing Rules require listed entities (such as Westpac) to include a statement in their annual report disclosing the extent to which they have followed the ASXCGC Recommendations during the reporting period, identifying any recommendations that have not been followed and providing reasons for that variance.

Westpac believes that its governance practices complied with the ASXCGC Principles and Recommendations over the past financial year.

Westpac's Board Audit Committee

Role of the Board Audit Committee

Westpac's Board delegates oversight responsibility for risk management between the Board Audit Committee and the Board Risk Management Committee.

The Board Audit Committee has oversight of:

- the integrity of the financial statements and financial reporting systems;
- the external auditor's qualifications, performance, independence and fees;
- performance of the internal audit function;
- financial reporting and regulatory compliance with reference to the Board Risk Management 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 accounting controls or auditing matters and the confidential reporting by employees of concerns regarding accounting or auditing matters.

The Board Audit Committee reviews and assesses:

- any significant estimates and judgments in financial reports and monitors the methods used to account for unusual transactions;
- the processes used to monitor and comply with laws, regulations and other requirements relating to external reporting of financial and non-financial information;
- the major financial risk exposures; and
- the process surrounding the disclosures made by the CEO and CFO in connection with their personal certifications of the annual financial statements.

The Board Audit Committee conducts regular discussions with:

- the Board Risk Management Committee, CFO, Chief Risk Officer ("**CRO**"), Group Assurance (Westpac's internal audit function), management and the external auditor, about Westpac's major financial risk exposures and the steps management has taken to monitor and control such exposures;
- the external auditor concerning their audit and any significant findings and the adequacy of management's responses;
- management and the external auditor concerning the half-year and annual financial statements;
- management and the external auditor regarding any correspondence with regulators or government agencies and reports that raise issues of a material nature; and

- the Legal Counsel to the Board and the Group General Counsel regarding any legal matters that may have a material impact on, or require disclosure in, the financial statements.

Periodically, the Board Audit Committee consults with the external auditor without the presence of management.

Financial knowledge of Board Audit Committee members

The Board Audit Committee comprises four independent, Non-executive Directors.

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 rules of the New York Stock Exchange (“**NYSE**”).

The Board has determined that Lindsay Maxsted, member of the Board Audit Committee, is an ‘audit committee financial expert’ and is independent in accordance with U.S. securities law.

The designation of Lindsay Maxsted as an audit committee financial expert does not impose duties, obligations or liability on him that are greater than those imposed on him as a Board Audit Committee member, and does not affect the duties, obligation or liability of any other Board Audit Committee member or Board member. Audit committee financial experts are not deemed as an ‘expert’ for any other purpose.

As at the date of this Base Prospectus, the following Directors are members of the Audit Committee: Peter Wilson (Chair), Robert Elstone, Peter Hawkins and Lindsay Maxsted.

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**”).

The external auditor receives all Board Audit Committee papers, attends all Board Audit Committee meetings and is available to Board Audit Committee members at any time. The external auditor also attends the AGM to answer questions from shareholders regarding the conduct of PwC’s audit, the audit report and financial statements and PwC’s independence.

As our external auditors, PwC is required to confirm their independence and compliance with specified independence standards on a quarterly basis.

The roles of lead audit partner and review audit partner must be rotated every five years and cannot be resumed by the same person for a minimum of five years.

Westpac strictly governs its relationship with the external auditor, including restrictions on employment, business relationships, financial interests and use of its financial products by the external auditor.

Engagement of the External Auditor

To avoid possible independence or conflict issues, the external auditor is not permitted to carry out certain types of non-audit services for Westpac and may be limited as to the extent to which it can perform other non-audit services, as specified in Westpac’s ‘Pre-approval of engagement of PwC for audit and non-audit services’ (the “**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.

Internal audit

Group Assurance is Westpac’s internal audit function providing the Board and Executive Management with an independent and objective evaluation of the adequacy and effectiveness of management’s control over risk. Group Assurance covers the governance, risk management and internal control frameworks of Westpac and its wholly owned subsidiaries. It has access to all Westpac Group entities and conducts audits and reviews following a risk-based planning approach.

Group Assurance provides regular reports to the Board Audit Committee and as deemed appropriate the Board Risk Management Committee, and raises significant issues with those Committees. The General Manager, Group Assurance has a reporting line to the Chairman of the Board Audit Committee.

Other matters***Litigation***

Contingent liabilities exist in respect of actual and potential claims and proceedings. An assessment of the Westpac Group's likely loss has been made on a case-by-case basis for the purpose of the financial statements and specific provisions have been made where appropriate.

Liquidity support

Westpac is a participant in the Interbank Deposit Agreement ("IDA") along with three other Australian banks. In accordance with the IDA, a deposit notice may be served upon the other participants by a bank which is experiencing liquidity problems. The other participants are then required to deposit equal amounts of up to A\$2 billion each for a period of 30 days. At the end of 30 days the deposit holder has the option to repay the deposit in cash or by way of assignment of mortgages to the value of the deposit.

Organisational Structure

Westpac's controlled entities are set out in Note 38 to the 2012 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

Income and Withholding Taxes

The following is a summary of the Australian taxation treatment, at the date of this Base Prospectus, of payments of interest (which for the purposes of this summary includes amounts in the nature of, or in substitution for, interest) on Instruments issued by Westpac Banking Corporation acting through its Australian head office and certain other matters. It is not exhaustive and, in particular, does not deal with the position of certain classes of Holders of an Instrument (such as dealers in securities). Prospective Holders of an Instrument 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. In particular, it does not deal with the treatment Dual Currency Instruments with a term of more than 10 years should they be issued (in which event, their Australian taxation treatment will be summarised in the relevant Final Terms). 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.

Under Australian law as currently in effect the Holder of an Instrument or of any right or interest therein will not incur or become liable for any Australian taxes or duties of whatever nature in respect of principal and premium, if any, or of interest on an Instrument, other than withholding tax on interest, if the Holder is not a resident of Australia and does not carry on business in Australia through a permanent establishment to which the holding of such Instrument or interest therein is attributable or effectively connected (within the meaning of applicable Australian tax legislation and double taxation agreements).

Interest on Instruments issued to non-Australian residents and Australian residents carrying on business at or through a permanent establishment outside Australia will qualify for exemption from Australian withholding tax under Section 128F of the Income Tax Assessment Act 1936 of the Commonwealth of Australia (the “**Tax Act**”) where certain conditions are satisfied. For the exemption in Section 128F of the Tax Act to be available:

- (a) the issuer must be a resident of Australia, or a non-Australian resident carrying on a business at or through a permanent establishment in Australia, when it issues Instruments and when interest is paid on those Instruments;
- (b) a public offer test must be satisfied. The public offer test may be satisfied in one of a number of ways. In summary, the ways of satisfying the public offer test are:
 - (i) offers to 10 or more professional financiers, investors or dealers who are not associates (as defined in section 128F of the Tax Act) of each other;
 - (ii) offers to 100 or more potential investors;
 - (iii) offers of listed Instruments;
 - (iv) offers as a result of negotiations being initiated publicly via electronic means or other market sources;
 - (v) offers to dealers, managers or underwriters who agree to on-sell the Instruments within 30 days by one of the preceding methods; and
 - (vi) the issue of a global bond in a way which complies with one of the five preceding methods.

The exemption under Section 128F of the Tax Act will not be available if:

- (a) at the time of issue, the issuer knew, or had reasonable grounds to suspect, that the Instruments or an interest in the Instruments 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 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 an Australian-registered scheme); or
- (b) the issuer knew or had reasonable grounds to suspect, at the time of payment, that interest in respect of an Instrument was to be paid to 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 an Australian-registered scheme.

“Offshore Associate” means an associate (as defined in Section 128F of the Tax Act) of the issuer that is either a non-resident of the Commonwealth of Australia which does not acquire the Instruments in carrying on a business at or through a permanent establishment in Australia or, alternatively, a resident of Australia that acquires the Instruments in carrying on business at or through a permanent establishment outside of Australia.

The Issuer proposes to issue Instruments in a manner which will satisfy the public offer test and which otherwise meets the requirements of Section 128F of the Tax Act.

If the Issuer should at any time be compelled by law to deduct or withhold an amount in respect of any Withholding Taxes (as defined in Condition 8 (*Taxation*)), it must, subject to certain exceptions set out in Condition 8 (*Taxation*), pay such additional amounts as may be necessary in order to ensure that the net amounts received by the Holder of an Instrument after such deduction or withholding equal the respective amounts which would have been receivable had no such deduction or withholding been required.

The Issuer has been advised that under Australian law as presently in effect:

- (a) assuming the requirements of Section 128F of the Tax Act are satisfied with respect to the Instruments, payment of principal and premium, if any, and interest to a Holder of an Instrument, who is a non-resident of Australia and who, during the taxable year, has not held any Instruments in the course of carrying on trade or business through a permanent establishment within Australia will not be subject to Australian income taxes;
- (b) a Holder of an Instrument who is a non-resident of Australia and who has never held that Instrument in the course of carrying on a trade or business through a permanent establishment within Australia will not be subject to Australian income tax on gains realised on sale or redemption of Instruments, provided such gains do not have an Australian source. A gain arising on the sale of an Instrument by a non-Australian resident Holder to another non-Australian resident where the Instrument is sold outside Australia and all negotiations are conducted and documentation executed outside Australia would not be regarded as having an Australian source;
- (c) 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; and
- (d) no *ad valorem*, stamp, issue, registration or similar taxes are payable in Australia on the issue of any Instruments or the transfer of any Instruments outside Australia.

Section 126 of the Tax Act imposes a type of withholding tax at the rate of 45 per cent. on the payment of interest on bearer Instruments (other than certain zero coupon promissory notes) if the Issuer fails to disclose the names and addresses of the Holders to the Australian Taxation Office. Section 126 does not apply to the payment of interest on Instruments held by non-residents who do not carry on business at or through a permanent establishment in Australia where the issue of those Instruments satisfied the requirements of Section 128F of the Tax Act or interest withholding tax is payable. However, the operation of Section 126 in relation to Instruments held in some circumstances is unclear. Section 126 will not apply in any circumstances if the name and address of the Holder of the relevant Instruments is disclosed to the Australian Taxation Office. In Taxation Determination TD 2001/19, the Commissioner of Taxation of Australia accepted that where interests in Instruments are held by persons through the Euroclear, Clearstream, Luxembourg or CMU Service systems the operators of those systems may be treated as the Holders of the relevant Instruments.

The Commissioner of Taxation of the Commonwealth of Australia may give a direction under Section 255 of the Tax Act or Section 260-5 of the Taxation Administration Act 1953 or any similar provision requiring the Issuer to deduct from any payment to any other party (including any Holder of an Instrument) any amount in respect of tax payable by that other party.

The Income Tax Assessment Act 1997 of the Commonwealth of Australia contains tax-timing rules for certain taxpayers to bring to account gains and losses from “financial” arrangements (the “**TOFA rules**”). The Instruments would be regarded as a “financial arrangement” for the purposes of the TOFA rules. However, the new rules do not apply to certain taxpayers. They should not, for example, generally apply to holders of the Instruments which are individuals and certain other entities (e.g. certain superannuation entities and managed investment schemes) which are under various turnover or asset thresholds, unless they make an election that the TOFA rules apply to all of their “financial arrangements”. The TOFA rules do not affect the provisions relating to the imposition of interest withholding tax. In particular, the TOFA rules do not apply in a manner which overrides the exemption available under Section 128F of the Tax Act.

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.

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 neither a resident of New Zealand for income tax purposes, nor engaged in business in New Zealand through a fixed establishment in New Zealand.

If a Holder or beneficial owner of any Instruments issued by the Issuer acting through its New Zealand branch (including any joint beneficial owner) is a resident of New Zealand for New Zealand 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, then a deduction on account of New Zealand resident withholding tax will be made from the payment of interest to that Holder or beneficial owner under such Instruments 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 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. Prospective Holders of Instruments should be aware that the particular terms of issue of any Series of Instruments as specified in the relevant Final Terms may affect the tax treatment of that and other Series of 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), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Instruments. 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 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.

A.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 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 and the Singapore Exchange are recognised stock exchanges 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.

A.2 All UK Instruments

In addition to the exemption set out in A.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 so long as such payments are made by the Issuer in the ordinary course of its business. In accordance with the published practice of HM Revenue & Customs, such payments will be accepted as being made by the Issuer in the ordinary course of its business unless either:

- (i) the borrowing in question conforms to any of the definitions of Tier 1, 2 or 3 capital adopted by the Financial Services Authority whether or not it actually counts towards Tier 1, 2 or 3 capital for regulatory purposes; or
- (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

A.3 In all cases falling outside the exemptions described in A.1 and A.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 the effect of which is to render such Instruments part of a borrowing with a total term of a year or more.

B. 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. Provision of Information

Holder should note that where any interest on Instruments is paid to them (or to any person acting on their behalf) by any person in the United Kingdom (a “**paying agent**”), or is received by any person in the United Kingdom acting on behalf of the relevant Holder (other than solely by clearing or arranging the clearing of a cheque) (a “**collecting agent**”), then the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HM Revenue & Customs details of the payment and certain details relating to the Holder (including the Holder’s name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Holder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Holder is not so resident, the details provided to HM Revenue & Customs may, in certain cases, be passed by HM Revenue & Customs to the tax authorities of the jurisdiction in which the Holder is resident for taxation purposes.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Instruments where the amount payable on redemption is such that those Instruments are “deeply discounted securities” for the purposes of Section 430 of the Income Tax (Trading and Other Income) Act 2005. However, it should be noted that HM Revenue & Customs published practice indicates that HM Revenue & Customs will not exercise its power to require this information in respect of such amounts to the extent that they are payable on or before 5 April 2013.

D. 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 A above, but may be subject to reporting requirements as outlined in C above.
- (b) Where Instruments are to be, or may fail 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, B and C 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 an 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.

EU Savings Directive (2003/48/EC)

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Savings Directive**”), each Member State of the European Union is required to provide to the tax authorities of another Member State of the European Union details of payments of interest or other similar income made by a person within its jurisdiction to, or collected by such a person for, an individual or certain other types of person resident in that other Member State of the European Union; however, for a transitional period, Austria and Luxembourg may instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive which, if implemented, may amend or broaden the scope of the requirements described above.

SUBSCRIPTION AND SALE

Instruments may be issued from time to time by the Issuer to any one or more of Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities Ltd., Merrill Lynch International, Morgan Stanley & Co. International plc, Nomura International plc, The Hongkong and Shanghai Banking Corporation Limited, The Royal Bank of Scotland plc, UBS Limited and Westpac Banking Corporation (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 16 November 2012 (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 it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Instruments, except with its affiliates or with the prior consent of the Issuer.

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).

European Economic Area:

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Instruments to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Instruments to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Instruments specify that an offer of those Instruments may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Instruments which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Public Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Instruments referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Instruments to the public” in relation to any Instruments in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Instruments, as the same may be varied in that Relevant Member State by any measure implementing the “Prospectus Directive” in that Relevant Member State, the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

United Kingdom:

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (1) *General compliance:* It has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any 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 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 those expressions in Part 6D.2 of the Corporations Act 2001 of Australia (the “**Corporations Act**”))), or it is otherwise an offer or invitation for which by virtue of section 708 of the Corporations Act no disclosure is required to be made under Part 6D.2 of the Corporations Act and is not made to a retail client (as defined in section 761G of the Corporations Act); and

- (ii) has not circulated or issued and will not circulate or issue a disclosure document relating to the Instruments in Australia or received in Australia which requires lodging under Division 5 of Part 6D.2 or under Part 7 of the Corporations Act.

Hong Kong:

In relation to each Tranche of 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 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) and any rules made under that Ordinance; (b) in other circumstances which do not result in the document being a prospectus as defined in the Companies 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 Securities and Futures Ordinance; 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 Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance.

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 registration requirements of, and otherwise in compliance with the FIEL and any other applicable laws and regulations 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.

The Republic of France:

Each of the Dealers 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 the Republic of France, and that offers and sales of Instruments in the Republic of France will be made only to providers of investment services relating to portfolio management for the account of third parties and/or to qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in Articles L.411-2 and D.411-1 to D.411-3 of the French *Code monétaire et financier*, but excluding individuals referred to in Article D.411-1 II 2°.

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 the Republic of France, this Base Prospectus or any other offering material relating to the Instruments other than to investors to whom offers and sales of Instruments in the Republic of France may be made as described above.

The Republic of Ireland:

Each Dealer represents and agrees, 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 - 2012 (as amended) of Ireland (as amended), the Central Bank Acts 1942 - 2011 (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 Base Prospectus 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 Base Prospectus 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 (*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.

Please note that, in accordance with Article 100-bis of Decree No. 58, the subsequent distribution of the Instruments in Italy must be made in compliance with the rules provided under the Decree No. 58 and the 11971 Regulation. Failure to comply with such rules may result in the sale of such Instruments being declared null and void and in the liability of the intermediary transferring the financial Instruments for any damages suffered by the investors.

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 the Wft in The Netherlands.

In addition and without prejudice to the relevant restrictions set out directly above, each Dealer represents, warrants and agrees 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 Notes 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 represents, warrants and agrees, 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 European Economic Area which has implemented the Prospectus Directive and notified to the AFM in accordance with the Prospectus Directive) has been made generally available; or
 - (ii) only to qualified investors as defined in the Prospectus Directive; and
- (b) any advertisement relating to such an offer, and any document in which the prospect of such offer is held out,
 - that:
 - (A) no prospectus approved by the AFM has been or will be made generally available; and
 - (B) such offer is not supervised by the AFM,
 - in such manner as prescribed by the AFM from time to time.

For purposes of this provision the expression Prospectus Directive shall have the meaning set out under the paragraph above headed “European Economic Area”.

New Zealand:

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold and agrees it will not, directly or indirectly, offer, sell or deliver any Instruments, Receipts, Coupons and Talons in New Zealand or distribute any information memorandum (including this Base Prospectus), 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:

- (a) to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money or who in all cases can properly be regarded as having been selected otherwise than as a member of the public; or
- (b) in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand.

Each Dealer has represented and agreed 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 Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Base Prospectus 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 (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; or
- (4) as specified in Section 276(7) of the SFA.

Spain:

Each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent or agree, that the Instruments might be offered or sold in the Kingdom of Spain by means of a public offer as defined under article 30bis of the Spanish Securities Market Law, of 28 July 1988 (*Ley 24/1988, de 28 de Julio, del Mercado de Valores*), as amended and restated, and supplemental rules thereunder, subject to the fulfilment of the requirements and provisions applicable to public offerings in the Kingdom of Spain.

Taiwan:

The 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 Base Prospectus or any Final Terms or any related offering material. Other persons into whose hands this Base Prospectus 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 Base Prospectus 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 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.

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 20 November 2012. 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.

However, Instruments may be issued pursuant to the Programme which will not be admitted to listing and/or trading on the Official List of the UK Listing Authority or any other listing authority and/or stock exchange or which will be admitted to listing and/or trading on such listing authority and/or stock exchange as the Issuer and the relevant Dealer(s) may agree.

2. The update of the Programme was authorised pursuant to a resolution of Westpac Banking Corporation's Directors passed on 31 October 2006 and an approval given on 4 May 2012 by Westpac Banking Corporation's Managing Director and Chief Executive Officer. 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.

$$\text{Issue Price} = \text{Rate of Interest}^* \frac{1 - \left(\frac{1}{(1 + \text{Yield})^n} \right)}{\text{Yield}} + \left[\text{Final Redemption Amount}^* \frac{1}{(1 + \text{Yield})^n} \right]$$

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. The prior specific approval of the Reserve Bank of Australia must be obtained in connection with certain transfers of Australian currency, payments made or sums credited in Australia and transactions involving the sale or purchase of foreign currency by persons in Australia or by Australian residents, in each case which have a prescribed connection with entities designated from time to time by the Reserve Bank of Australia for the purposes of the Banking (Foreign Exchange) Regulations 1959.

In accordance with the Charter of the United Nations Act 1945 and the Charter of the United Nations (Dealings with Assets) Regulations 2008, a person is prohibited from using or dealing with funds, financial assets or economic resources of persons or entities listed as terrorists by the Minister of Foreign Affairs in the Commonwealth of Australia Gazette. It is also a criminal offence to make assets available to such persons or entities.

In addition, regulations in Australia also prohibit payments, transactions and dealings with assets having a prescribed connection with certain countries or named individuals or entities associated with terrorism.

8. 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.”

9. Any person (and each employee, representative, or other agent of such person) may disclose to any and all persons, without limitation of any kind, the United States Federal income tax treatment and the United States Federal income tax structure of the Instrument, Coupon or Talon and all materials of any kind (including opinions or other tax analyses) that are provided to such Holder relating to such tax treatment and tax structure.
10. There are no, nor during the 12 months before the date of this Base Prospectus 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 2012, 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 2012, 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. PricewaterhouseCoopers Australia (“**PwC Australia**”), Chartered Accountants, audited the Issuer’s consolidated financial statements for the periods ended 30 September 2012 and 30 September 2011 in accordance with Australian Auditing Standards. PwC Australia partners are members or affiliate members of the Institute of Chartered Accountants in Australia.
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 The Institute of Chartered Accountants in Australia (NSW) Scheme adopted by The Institute of Chartered Accountants in Australia (“**ICAA**”) and approved by the New South Wales Professional Standards Council pursuant to the Professional Standards Act (the “**NSW Accountants Scheme**” or, in relation to matters occurring on or prior to 7 October 2007, the predecessor scheme). The Professional Standards Act and the NSW Accountants Scheme may limit the liability of PwC Australia for damages with respect to certain civil claims arising in, or governed by the laws of, New South Wales directly or vicariously from anything done or omitted in the performance of its professional services for the Issuer, including, without limitation, its audits of the Issuer’s financial statements, to the lesser of (in the case of audit services) ten times the reasonable charge for the service provided and a maximum liability for audit work of A\$75 million or, in relation to matters occurring on or prior to 7 October 2007, A\$20 million. The limit does not apply to claims for breach of trust, fraud or dishonesty.

In addition, there is equivalent professional standards legislation in place in other states and territories in Australia and amendments have been made to a number of Australian federal statutes to limit liability under those statutes to the same extent as liability is limited under state and territory laws by professional standards legislation.

These limitations of liability may limit recovery upon the enforcement in Australian courts of any judgment under U.S. or other foreign laws rendered against PwC Australia based on or related to its audit report on the Issuer’s financial statements. Substantially all of PwC Australia’s assets are located in Australia. However, the Professional Standards Act and the NSW Accountants Scheme have not been subject to judicial consideration and therefore how the limitation will be applied by the courts and the effect of the limitation on the enforcement of foreign judgments are untested.

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 127 of this Base Prospectus and at the registered head office of the Issuer, namely:
 - (a) the constitutional documents of the Issuer;
 - (b) the Base Prospectus in relation to the Programme, together with any supplements thereto;
 - (c) the Issue and Paying Agency Agreement;

- (d) the Deed of Covenant;
 - (e) the most recently publicly available audited financial statements of the Issuer beginning with such financial statements (including the auditors' report thereon and notes thereto) for the years ended 30 September 2012 and 30 September 2011; and
 - (f) 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. (In the case of any Instruments which are not listed, traded and/or quoted on or by any competent listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by a Holder of or, as the case may be, a Relevant Account Holder (as defined in the Deed of Covenant) in respect of, such Instruments).
16. For so long as any Tranche of 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 Instruments may be presented or surrendered for payment or redemption, in the event that Definitive Instruments are issued. In addition, in the event that Definitive 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 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 U.S.\$200,000 (or its equivalent in another currency).
17. The Issuer may, on or after the date of this Base Prospectus, make applications for one or more further certificates of approval under Article 18 of the Prospectus Directive as implemented in the United Kingdom to be issued by the FSA to the competent authority in any one of the following Member States: Belgium; Germany; Ireland; Luxembourg; Netherlands; Spain; Italy; France; and Austria.
18. The price 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.

REGISTERED AND HEAD OFFICE OF THE ISSUER

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DEALERS

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Citigroup Global Markets Limited

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Deutsche Bank AG, London Branch

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United Kingdom

Goldman Sachs International

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United Kingdom

The Hongkong and Shanghai Banking Corporation Limited

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United Kingdom

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