

5 March 2018

Market Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

By e-lodgement

ASX Code: WBC

Dear Sir / Madam

**Westpac Banking Corporation (“Westpac”) – issue of AUD130,000,000 Subordinated Instruments (“Tier 2 Subordinated Instruments”)**

**Notice under section 708A(12H)(e) of the Corporations Act 2001 (Cth) (“Act”) as inserted by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71 (“Instrument”)**

1. Westpac will issue the Tier 2 Subordinated Instruments today. Offers of the Tier 2 Subordinated Instruments do not require disclosure to investors under Part 6D.2 of the Act.
2. The terms and conditions of the Tier 2 Subordinated Instruments (“**Conditions**”) are set out on pages 47 to 109 of the Information Memorandum relating to Westpac’s U.S.\$70,000,000,000 Programme for the Issuance of Debt Instruments dated 23 June 2017 (“**Information Memorandum**”), as supplemented by the Pricing Supplement dated 1 March 2018, the form of which is attached to this notice as Annex A (“**Pricing Supplement**”). The Information Memorandum was released to the Australian Securities Exchange (“**ASX**”) on 26 June 2017 and may be viewed on [www.asx.com.au](http://www.asx.com.au).
3. The Tier 2 Subordinated Instruments are expected to be treated as Tier 2 regulatory capital under the Basel III capital adequacy framework as implemented in Australia by the Australian Prudential Regulation Authority (“**APRA**”).
4. If APRA determines that Westpac is or would become non-viable, the Tier 2 Subordinated Instruments may be:
  - (a) Converted into fully paid ordinary shares in the capital of Westpac; or
  - (b) immediately and irrevocably Written-off (and rights attaching to the Tier 2 Subordinated Instruments terminated) if for any reason Conversion does not occur within five ASX Business Days of APRA notifying Westpac of the determination,in accordance with the Conditions.
5. In order to enable ordinary shares in the capital of Westpac issued on Conversion to be sold without disclosure under Chapter 6D of the Act, Westpac has elected to give this notice under section 708A(12H)(e) of the Act as inserted by the Instrument. The Conditions and the information in the attached Schedule are included in, and form part of, this notice.
6. Westpac confirms that:
  - (a) the information in this notice remains current as at today’s date;
  - (b) this notice complies with section 708A of the Act, as notionally modified by the Instrument; and

(c) this notice complies with the content requirements of section 708A(12I) of the Act as inserted by the Instrument.

7. Unless otherwise defined, capitalised expressions used in this notice have the meanings given to them in the Information Memorandum or Pricing Supplement.

Yours faithfully

Timothy Hartin  
Company Secretary  
**Westpac Banking Corporation**

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This market announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction. The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration.

## SCHEDULE

### **A. Effect on Westpac of the offer of the Tier 2 Subordinated Instruments**

The issuance of the Tier 2 Subordinated Instruments is expected to raise Tier 2 regulatory capital to satisfy Westpac's regulatory requirements and maintain the diversity of Westpac's sources and types of capital funding.

The proceeds from the issue of the Tier 2 Subordinated Instruments will be used for general funding purposes. Those proceeds, less the costs of the issue, will be classified as loan capital in the financial statements of Westpac. The issue of the Tier 2 Subordinated Instruments will not have a material impact on Westpac's financial position.

The proceeds of the issue, less the costs of the issue, are expected to increase Westpac's total capital ratio on a Level 2 basis by less than 0.1%.

### **B. Rights and liabilities attaching to the Tier 2 Subordinated Instruments**

The rights and liabilities attaching to the Tier 2 Subordinated Instruments are set out in the Conditions as supplemented by the Pricing Supplement.

### **C. Effect on Westpac of the issue of the ordinary shares if the Tier 2 Subordinated Instruments are required to be Converted<sup>1</sup>**

A key feature of APRA's requirements for Tier 2 regulatory capital instruments is that they absorb losses at the point of non-viability of the issuer. The Conditions include provisions that require the Tier 2 Subordinated Instruments to be Converted into ordinary shares in the capital of Westpac or Written-off on the occurrence of a Non-Viability Trigger Event. A Non-Viability Trigger Event will occur when APRA notifies Westpac in writing that it believes that relevant non-viability circumstances (as described in the definition of "Non-Viability Trigger Event" in the Conditions) subsist, which could occur at any time.

If a Non-Viability Trigger Event occurs and Westpac Converts the Tier 2 Subordinated Instruments and issues ordinary shares to Holders (as required under the Conditions), the effect of Conversion on Westpac would be to reduce loan capital by the principal amount, less any unamortised costs of the issue, of the Tier 2 Subordinated Instruments being converted and increase Westpac's shareholders' equity (ordinary share capital) by a corresponding amount. APRA has not provided guidance as to how it would determine non-viability. Non-viability could be expected to include serious impairment of Westpac's financial position, concerns about its capital, funding or liquidity levels and/or insolvency.

The number of ordinary shares issued on Conversion is variable, but is limited to the Maximum Conversion Number. Limiting the number of ordinary shares which may be issued to the Maximum Conversion Number means that it is likely that Holders will receive a number of ordinary shares that have a market value that is significantly less than the Outstanding Principal Amount of the Tier 2 Subordinated Instruments.

The Maximum Conversion Number is calculated based on a VWAP set to reflect 20% of the Issue Date VWAP. The Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification or pro rata bonus issue, of ordinary shares. However, no adjustment will be made to it on account of other transactions which may affect the price of ordinary shares, including for example, rights issues, returns of capital, buy-backs or special dividends.

The Maximum Conversion Number is 328.4072 Westpac ordinary shares per Tier 2 Subordinated Instrument (with a nominal value of AUD2,000), based on the Issue Date VWAP of AUD30.45. If Conversion of any Tier 2 Subordinated Instruments does not occur for any reason within five ASX Business Days after the occurrence of the Non-Viability Trigger Event, the Tier 2 Subordinated Instruments will be Written-off, and all corresponding rights and claims of Holders under the Conditions (including with respect to payments of interest, the repayment of the Outstanding Principal Amount and upon Conversion, the receipt of ordinary shares) will be immediately and irrevocably written-off and terminated, with effect on and from the Non-

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<sup>1</sup> If, in accordance with the Conditions, Westpac is replaced by an Approved Successor as debtor of the Tier 2 Subordinated Instruments and the issuer of ordinary shares, Tier 2 Subordinated Instruments may be converted into fully paid ordinary shares in the capital of an Approved Successor in accordance with the Conditions. This notice also enables ordinary shares in the capital of an Approved Successor which is a NOHC for the purposes of the *Banking Act 1959 (Cth)* and the ultimate holding company of Westpac issued on Conversion to be sold without disclosure under Chapter 6D of the Act. Refer to the Conditions and the Instrument for further information.

Viability Trigger Event Date in accordance with the Conditions and investors will lose all or some of their investment and will not receive any compensation.

#### **D. Rights and liabilities attaching to the ordinary shares in the capital of Westpac**

Westpac was registered on 23 August 2002 as a public company limited by shares under the Act. Westpac's constitution was most recently amended at the general meeting held on 13 December 2012 ("**Constitution**", as amended from time to time). The ordinary shares in the capital of Westpac are admitted to trading on ASX. The rights attaching to the ordinary shares in the capital of Westpac are set out in the Act and the Constitution.

In addition, the rights and liabilities attaching to the ordinary shares in the capital of Westpac are described on pages 267 to 268 of the 2017 Westpac Group Annual Report and pages 149 to 151 of the Information Memorandum<sup>2</sup>. The Annual Report was released to ASX on 8 November 2017 and may be viewed at [www.asx.com.au](http://www.asx.com.au), and is also available on the Westpac website at [www.westpac.com.au/investorcentre](http://www.westpac.com.au/investorcentre).

#### **E. Additional information**

Information about the Tier 2 Subordinated Instruments is contained in the Information Memorandum and the Pricing Supplement.

Westpac is a disclosing entity for the purposes of the Act and, as a result, is subject to regular reporting and disclosure obligations under the Act and the ASX Listing Rules. In addition, Westpac must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about Westpac that a reasonable person would expect to have a material effect on the price or value of its listed securities, including ordinary shares in the capital of Westpac.

Copies of documents lodged with the Australian Securities and Investments Commission ("**ASIC**") can be obtained from, or inspected at, an ASIC office and Westpac's ASX announcements may be viewed on [www.asx.com.au](http://www.asx.com.au).

Any person has the right to obtain copies of:

- Westpac's half-yearly and annual financial reports; and
- any continuous disclosure notices given by Westpac after the lodgement of the 2017 Westpac Group Annual Report, but before the date of this notice,

from [www.westpac.com.au/investorcentre](http://www.westpac.com.au/investorcentre), or by request made in writing to Westpac at:

Westpac Group Secretariat  
Level 20  
Westpac Place  
275 Kent Street  
Sydney NSW 2000.

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<sup>2</sup> If, in accordance with the Conditions, Westpac is replaced by an Approved Successor as debtor of the Tier 2 Subordinated Instruments and the issuer of ordinary shares, then on Conversion Holders will be issued with fully paid ordinary shares in the capital of the Approved Successor.

**ANNEX A**

**Form of Pricing Supplement dated 1 March 2018**

**MIFID II product governance** – Any distributor subject to Directive 2014/65/EU, as amended (“**MiFID II**”) that is offering, selling or recommending the Subordinated Instruments is responsible for undertaking its own target market assessment in respect of the Subordinated Instruments and determining its own distribution channels for the purposes of the MiFID product governance rules under Commission Delegated Directive (EU) 2017/593, as amended (the “**Delegated Directive**”). Neither the Issuer nor the Lead Managers make any representations or warranties as to a distributor’s compliance with the Delegated Directive.

**PRIIPS REGULATION / PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Subordinated Instruments are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2002/92/EC (the Insurance Mediation Directive), as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “**PRIIPs Regulation**”), for offering or selling the Subordinated Instruments or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Subordinated Instruments or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

THIS PRICING SUPPLEMENT HAS BEEN ISSUED IN RESPECT OF INSTRUMENTS WHICH ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE UK FINANCIAL CONDUCT AUTHORITY OR TO ANY OTHER EUROPEAN ECONOMIC AREA REGULATED MARKET OR OFFERED TO THE PUBLIC IN THE EUROPEAN ECONOMIC AREA FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE. THE PRICING SUPPLEMENT HAS NOT BEEN REVIEWED OR APPROVED BY THE UK LISTING AUTHORITY AND DOES NOT CONSTITUTE A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE.

## **PRICING SUPPLEMENT**

Series No.: 1371

Tranche No.: 1

**WESTPAC BANKING CORPORATION ABN 33 007 457 141**

**Programme for the Issuance of Debt Instruments**

Issue of

**AUD130,000,000**

**Fixed Rate Subordinated Instruments due March 2048**

**by Westpac Banking Corporation**

This document constitutes the Pricing Supplement relating to the issue of Subordinated Instruments described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Terms and Conditions**”) set forth in the Information Memorandum dated 23 June 2017 (the “**Information Memorandum**”). This Pricing Supplement must be read in conjunction with the Information Memorandum.

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

### **Part A: Contractual Terms**

The Subordinated Instruments being purchased have the following terms:

- |   |                                      |   |   |
|---|--------------------------------------|---|---|
| 1 | Issuer                               | : | Westpac Banking Corporation, acting through its head office   |
| 2 | Date of Board Approval of the Issuer | : | Not applicable, save as discussed in Section 2 of the “General Information” section of the Information Memorandum |
| 3 | Status                               | : | Subordinated  |

The primary method of loss absorption is Conversion, subject to possible Write-off in accordance with Condition 5.3.

For the purposes of:

- Condition 6.1, the formula to be used for calculating the Conversion Number, P is 0.99; and
- Condition 6.10(b), the Clearing System Cut-off Date is 10 Business Days prior to the Non-Viability Trigger Event Date.

- |   |   |   |                                     |
|---|---|---|-------------------------------------|
| 4 | Specified Currency:                                 |   |                                     |
|   | (i) of denomination                                 | : | Australian Dollars (“ <b>AUD</b> ”) |
|   | (ii) of payment                                     | : | AUD                                 |
| 5 | Aggregate Principal Amount of Tranche               | : | AUD130,000,000                      |
| 6 | If interchangeable with existing Series, Series No. | : | Not applicable                      |
| 7 | Issue Date  | : | 5 March 2018                        |

8	Interest Commencement Date	:	Issue Date
9	Issue Price	:	100 per cent. of the Aggregate Principal Amount of Tranche
10	Maturity Date	:	2 March 2048, subject to adjustment in accordance with the Business Day Convention specified at paragraph 17(viii)
11	Total Expenses related to admission to trading	:	AUD5,000 in respect of admission to trading
12	Form of Subordinated Instruments:	:	Bearer
	(i) Initially represented by a Temporary Global Instrument or Permanent Global Instrument	:	Temporary Global Instrument
	(ii) Temporary Global Instrument exchangeable for a Permanent Global Instrument or for Definitive Instruments	:	Yes. The Exchange Date shall be no earlier than 40 days after the Issue Date
	(iii) Permanent Global Instrument exchangeable at the option of the bearer for Definitive Instruments	:	No. Permanent Global Instruments are only exchangeable for Definitive Instruments in the limited circumstances set out in Condition 2.5(a) and (b)
	(iv) Talons for future Coupons to be attached to Definitive Instruments	:	Yes. As the Subordinated Instruments have more than 28 Coupons, Talons will be attached
13	Denomination	:	AUD200,000 and integral multiples of AUD2,000 in excess thereof
14	Calculation Amount		AUD2,000
15	Type of Subordinated Instrument(s)	:	Fixed Rate Subordinated Instruments
16	Interest	:	5.00 per cent. per annum Fixed Rate
17	Fixed Rate Subordinated Instruments	:	Applicable



- (i) Fixed Coupon Amount : AUD100 per Calculation Amount, other than in respect of the short first Interest Period (as to which see paragraph 17(vii) below)
- (N.B. The Fixed Coupon Amount will not apply if the Outstanding Principal Amount of each Subordinated Instrument has been adjusted in accordance with paragraph (c) of the definition of Outstanding Principal Amount and the amount of interest payable in respect of each Subordinated Instrument for such Interest Accrual Period shall be calculated in accordance with Condition 7.2(d))*
- (ii) Interest Rate : 5.00 per cent. per annum payable annually in arrear
- (iii) Interest Commencement Date (if not Issue Date) : Issue Date
- (iv) Interest Payment Date(s) : 2 March of each year commencing on 2 March 2019 up to and including the Maturity Date, subject to adjustment in accordance with the Business Day Convention specified at paragraph 17(viii) below
- There shall be a short first Interest Period from and including the Issue Date to but excluding the Interest Payment Date falling on 2 March 2019
- (v) Interest Period End Date(s) : 2 March of each year commencing on 2 March 2019 up to and including 2 March 2048
- (vi) Day Count Fraction : Actual/Actual (ICMA)
- (vii) Broken Amount : AUD99.178 per Calculation Amount, payable on the Interest Payment Date falling on 2 March 2019
- (N.B. The Broken Amount will not apply if the Outstanding Principal Amount of each Subordinated Instrument has been adjusted in accordance with paragraph (c) of the definition of Outstanding Principal Amount and the amount of interest payable in respect of each Subordinated Instrument for such Interest Accrual Period shall be calculated in accordance with Condition 7.2(d))*
- (viii) Applicable Business Day Convention :
- for Interest Payment Dates: Following Business Day Convention
  - for Interest Period End Dates: No adjustment
  - for Maturity Date: Following Business Day Convention

	- any other date:	No adjustment
	(ix) Additional Business Centre(s)	: London and Sydney
18	Floating Rate Subordinated Instruments	: Not applicable
19	Final Redemption Amount of each Subordinated Instrument	: AUD2,000 per Calculation Amount
20	Early Redemption at the option of the Issuer (Call)	: Not applicable
21	Early Redemption (Adverse Tax Event)	Condition 8.4 is applicable
	(i) Early Redemption Amount (Adverse Tax Event) of each Subordinated Instrument	: AUD2,000 per Calculation Amount
	(ii) Series redeemable in part	: Not applicable
	(iii) Notice period(s)	: As set out in Condition 8.7
	(iv) Specify any additional conditions to exercise of option	: Not applicable
22	Early Redemption (Regulatory Event)	Condition 8.5 is applicable
	(i) Early Redemption Amount (Regulatory Event) of each Subordinated Instrument	: AUD2,000 per Calculation Amount
	(ii) Series redeemable in part	: Not applicable
	(iii) Notice period(s)	: As set out in Condition 8.7
	(iv) Specify any additional conditions to exercise of option	: Not applicable
23	Early Termination (Event of Default)	: Condition 11 is applicable
	Early Termination Amount	: AUD2,000 per Calculation Amount
24	Taxation	: Condition 10.1 is applicable
25	Other terms and conditions	: Not applicable
26	Lead Manager	: Morgan Stanley & Co. International plc
27	Relevant Dealer	: Lead Manager
28	Paying Agent(s)	: As set out in the Information Memorandum

- 29 Calculation Agent : Fiscal Agent
- 30 Notices : Condition 16 applies
- 31 U.S. selling restrictions : Regulation S Category 2 restrictions apply to the Subordinated Instruments
- Not Rule 144A eligible
- TEFRA D Rules apply to the Subordinated Instruments

## Part B: Other Information

1. **Listing** : Application will be made for official quotation of the Subordinated Instruments on the Australian Securities Exchange's wholesale Interest Rate Securities Market
2. **Ratings** : [•]
3. **Interests of natural and legal persons involved in the issue** : Save as discussed in the "Subscription and Sale" section of the Information Memorandum, so far as the Issuer is aware, no person involved in the offer of the Subordinated Instruments has an interest material to the offer.
4. **Operational Information**
  - (i) ISIN : XS1787296166
  - (ii) Common Code : 178729616
  - (iii) Common Depository/Lodging Agent : The Bank of New York Mellon
  - (iv) Any Clearing System other than Euroclear and Clearstream : Not applicable
  - (v) CMU Service Instrument Number: Not applicable
  - (vi) Settlement procedures Customary medium term note settlement and payment procedures apply
5. **Other**
  - (i) Distribution of Information Memorandum : See pages 1 to 4 and the "Subscription and Sale" section of the Information Memorandum
  - (ii) Other selling restrictions : See the "Subscription and Sale" section of the Information Memorandum
  - (iii) Stabilisation Manager : Not applicable
  - (iv) Other amendments : Not applicable
  - (v) Additional disclosure : Yes. See paragraph (vi) below.
  - (vi) Documents incorporated by reference : The initial paragraph on page 46 ("Documents incorporated by reference") of the Information Memorandum be deemed amended as follows:  
  
"The consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes

thereto) appearing on pages 39 to 64 (inclusive), pages 117 to 237 (inclusive) and pages 239 to 246 (inclusive) of the Issuer's 2016 Annual Report in respect of the year ended 30 September 2016 and the:

- consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes thereto) appearing on pages 40 to 65 (inclusive), pages 121 to 241 (inclusive) and pages 243 to 250 (inclusive);
- "Information on Westpac – Competition", "Information on Westpac – Outlook", "Information on Westpac – Significant developments" (subject to the inclusion of the additional information below), "Information on Westpac – Supervision and regulation", "Information on Westpac – Anti-money laundering regulation and related requirements" and "Information on Westpac – Legal proceedings" sections appearing on pages 15 to 24 (inclusive);
- "Directors' report – 1. Directors" section appearing on pages 26 to 29 (inclusive);
- "Risk and risk management – Risk factors" section appearing on pages 97 to 105 (inclusive)

of the Issuer's 2017 Annual Report in respect of the year ended 30 September 2017, shall be deemed to be incorporated in, and to form part of, this Information Memorandum."

The following information shall be included before the first paragraph under the heading "Information on Westpac – Significant developments" on page 17 of the Issuer's 2017 Annual Report in respect of the year ended 30 September 2017:

"On 30 November, 2017, the Prime Minister and Treasurer announced that the Australian Government will establish a Royal Commission into the alleged misconduct of Australia's banks

and other financial services entities. The Prime Minister and Treasurer stated that the “Inquiry will consider the conduct of banks, insurers, financial services providers and superannuation funds (not including self-managed superannuation funds). It will also consider how well equipped regulators are to identify and address misconduct. It will not inquire into other matters such as financial stability or the resilience of our banks.”

Copies of the documents incorporated by reference shall be available for inspection in physical form during normal business hours at the office of the Fiscal Agent (or the other specified office(s) of the Paying Agent(s) in the United Kingdom) specified on page 173 of the Information Memorandum and at the registered head office of the Issuer.