

26 July 2016

Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam

Westpac Launches NZD Subordinated Notes Offer

Attached please find a copy of an announcement released by Westpac Banking Corporation on the NZX today. Attached to the announcement are modified forms of the following offer-related documents:

1. the product disclosure statement dated 26 July 2016 (**PDS**) and
2. the roadshow presentation.

Please note that the offer of NZD subordinated notes is not open to Australian residents. In addition, certain information in the announcement, the PDS and the roadshow presentation has been redacted to comply with legal requirements.

Yours sincerely,



Tim Hartin
Company Secretary

NZX ANNOUNCEMENT

26 July 2016

WESTPAC LAUNCHES NZD SUBORDINATED NOTES OFFER

Westpac Banking Corporation (ABN 33 007 457 141), acting through its Sydney head office (**Westpac**), today announced that it is making an offer of up to NZ\$250 million of unsecured, subordinated, fixed rate notes (**Notes**) with the ability to accept unlimited oversubscriptions (**Offer**).

The Offer will open on 5 August 2016 and is expected to close on 26 August 2016.

The Offer is only open to investors resident in New Zealand. Investors will only be able to obtain an allocation of Notes through the Joint Lead Managers, the Co-Managers or their financial adviser.

The Notes have a term of 10 years and are scheduled to be repaid on 1 September 2026. However, at Westpac's option and subject to certain conditions, including the prior written approval of the Australian Prudential Regulation Authority (**APRA**), the Notes may be repaid from 1 September 2021 (in 5 years) or earlier in some circumstances.

If Westpac encounters severe financial difficulty, a non-viability trigger event could occur and some or all of the Notes may be converted into Westpac ordinary shares (or written off completely). If any Notes are converted following a non-viability trigger event, it is likely that the maximum conversion number will apply and limit the number of Westpac ordinary shares to be issued. In this case, the value of the Westpac ordinary shares received is likely to be significantly less than the aggregate principal amount of the Notes converted. Please refer to the product disclosure statement (**PDS**) for the Offer for full details.

The Notes will qualify as Tier 2 Capital for Westpac under APRA's Basel III capital adequacy framework.

The Notes will pay a fixed rate of interest, which will be reset on 1 September 2021. The interest rate will be the sum of the New Zealand 5 year swap rate on the rate set date (being 4 August 2016) and the margin. Interest is scheduled to be paid quarterly in arrear subject to Westpac satisfying the solvency condition.

The indicative margin range for the Notes is 2.60% to 2.80% per annum. The margin will be determined by Westpac following the bookbuild and will not change over the term of the Notes. The margin and interest rate will be announced via NZX on or before the opening date for the Offer.

The Notes are expected to be quoted on the NZX Debt Market [REDACTED]

Further Information and Applications

Westpac has appointed Westpac Banking Corporation (acting through its New Zealand branch) as Arranger and a Joint Lead Manager for the Offer. BNZ, Deutsche Craigs, First NZ Capital, Forsyth Barr and Macquarie have been appointed as the other Joint Lead Managers. JBWere and Macquarie Equities have been appointed as Co-Managers.

To obtain a free copy of the PDS for the Offer, interested investors should contact a Joint Lead Manager or Co-Manager (details below) or their financial adviser. A copy of the PDS is also available at www.westpac.com.au/westpacnzdsbnnotes. There are restrictions on offering, issuing or selling the Notes outside New Zealand, as set out in the PDS.

The Notes are complex financial products that are not suitable for many investors. If you do not fully understand how the Notes work or the risks associated with them, then you should not invest in them. You should read the PDS for the Notes in full. You can seek advice from a financial adviser to help you make an investment decision.

- ENDS -

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Joint Lead Managers

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Deutsche Craigs
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www.craigsip.com

First NZ Capital
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Forsyth Barr
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www.forsythbarr.co.nz

Macquarie
Tel: 0800 742 737
www.macquarie.com/nz/corporate

Co-Managers

JBWere
Tel: 0800 555 555
www.jbwere.co.nz

Macquarie Equities
Tel: 0800 742 737
www.macquarie.com/nz/personal-nz

The Notes may only be offered for sale or sold in New Zealand. In particular, the Notes will not be registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act) or the securities law of any state of the United States and may not be offered, sold or delivered or transferred in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act).

Product Disclosure Statement

Offer of Westpac NZD Subordinated Notes

by Westpac Banking Corporation

The date of this document is 26 July 2016

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose.

This investment is riskier than a bank deposit. The Westpac NZD Subordinated Notes are complex financial products that are not suitable for many investors. If you do not fully understand how they work or the risks associated with them, you should not invest in them. You can seek advice from a financial adviser to help you make an investment decision.

Westpac Banking Corporation has prepared this document in accordance with the Financial Markets Conduct Act 2013.

ARRANGER AND ORGANISING PARTICIPANT

Westpac Banking Corporation
(acting through its New Zealand branch)

JOINT LEAD MANAGERS

BNZ
Deutsche Craigs
First NZ Capital
Forsyth Barr
Macquarie
Westpac Banking Corporation
(acting through its New Zealand branch)

CO-MANAGERS

JBWere
Macquarie Equities

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KEY INFORMATION SUMMARY

What is this?

This is an offer (*Offer*) of unsecured, subordinated, convertible, fixed rate notes, Westpac NZD Subordinated Notes (*Notes*). The Notes are debt securities issued by Westpac Banking Corporation (*Westpac*), acting through its head office, Sydney. You give Westpac money, and in return Westpac promises to pay you interest and repay the money at the end of the term, subject to solvency, any conversion or write off.

While this Offer is being made in New Zealand only, it is being made by Westpac Banking Corporation from its head office in Sydney, Australia and NOT by Westpac New Zealand Limited.

The Notes are convertible debt securities. If a Non-Viability Trigger Event occurs, some or all of the Notes may be Converted into ordinary shares issued by Westpac (*Westpac Shares*). A Non-Viability Trigger Event occurs if the Australian Prudential Regulation Authority (*APRA*) notifies Westpac in writing that it believes:

- the Conversion of some or all of the Notes, or conversion, write off or write down of all or some capital instruments of the Westpac Group; or
- a public sector injection of capital or equivalent support,

is, in each case, necessary because, without it, Westpac would become non-viable.

This may occur if Westpac encounters severe financial difficulty. If any of the Notes are Converted into Westpac Shares following a Non-Viability Trigger Event, the value of the Westpac Shares received is likely to be significantly less than the principal amount of the Notes. Following Conversion, there is no certainty as to the future value of the Westpac Shares. If for any reason the Notes are not Converted into Westpac Shares when required following a Non-Viability Trigger Event, then those Notes will be Written Off and you will lose your investment.

Warning

These Notes carry similar risks to shares but do not have the same opportunity for growth as shares. If Westpac experiences financial difficulty, the Notes can be Converted into Westpac Shares (which may be worth less than your investment) or even Written Off completely. This means you could lose all of your investment.

About Westpac and its subsidiaries (the Westpac Group)

Westpac is incorporated in Australia with ABN 33 007 457 141 and AFSL 233714. Westpac is one of the four major banking organisations in Australia and is an Authorised Deposit-taking Institution (*ADI*) in Australia. Westpac, through its New Zealand branch, is a registered bank in New Zealand and, together with its subsidiary Westpac New Zealand Limited (which is also a registered bank in New Zealand), is one of the largest banking organisations in New Zealand. The Westpac Group provides a broad range of banking and financial services in the Australian and New Zealand markets, including retail, business and institutional banking and wealth management services.

Information about Westpac, including its financial statements, is available in Westpac's annual report which relates to Westpac's operations worldwide. Westpac's New Zealand banking group also publishes quarterly disclosure statements as required under the Reserve Bank of New Zealand Act 1989. These relate to Westpac's business in New Zealand, which is only a part of Westpac's overall business that is relevant to this Offer.

Westpac's annual reports, interim financial results and disclosure statements are available at www.westpac.com.au/investorcentre and www.business.govt.nz/disclose.

Purpose of this Offer

Westpac is issuing the Notes to raise Tier 2 regulatory capital which satisfies the requirements of its Australian prudential regulator, APRA. The proceeds received under this Offer will be used by Westpac for general business purposes.

Key terms of the Offer

Issuer	Westpac Banking Corporation, through its head office, Sydney.
Description of the Notes	Unsecured, subordinated, convertible, fixed rate notes. In certain circumstances the Notes may be repaid early or, if a Non-Viability Trigger Event occurs, Converted into Westpac Shares or Written Off.
Offer size	Up to NZ\$250 million. Westpac may accept unlimited oversubscriptions at its discretion.
Term	10 years maturing on 1 September 2026.
Optional early redemption	<p>Westpac may at its option:</p> <ul style="list-style-type: none"> • repay some or all of the Notes on any Interest Payment Date on or after the Interest Payment Date falling on the First Optional Redemption Date (being 1 September 2021); and • repay all (but not some) of the Notes on an Interest Payment Date following the occurrence of a Regulatory Event or Tax Event. <p>Optional early redemption is subject to certain conditions, including APRA's prior written approval (which APRA may not provide) and Westpac satisfying the solvency condition.</p> <p>You have no right to request early redemption, and you should not assume that Westpac will elect to repay the Notes prior to the Maturity Date.</p> <p>See section 5.2, 'Optional early redemption', for further details.</p>
Interest rate	<p>The Notes will pay a fixed rate of interest, which will likely change on the First Optional Redemption Date.</p> <p>The Interest Rate for the period from the Issue Date to (but not including) the First Optional Redemption Date will be the sum of the 5 Year Swap Rate (a benchmark interest rate for a term of 5 years) on the Rate Set Date (4 August 2016) and the Margin.</p> <p>The Interest Rate for the period from (and including) the First Optional Redemption Date to the Maturity Date will be the sum of the 5 Year Swap Rate on the First Optional Redemption Date and the Margin.</p> <p>The Margin will be determined following the Bookbuild and will not change over the term of the Notes.</p>
Interest payments	<p>Interest is scheduled to be paid in arrear:</p> <ul style="list-style-type: none"> • quarterly, on 1 March, 1 June, 1 September and 1 December each year (or if that day is not a Business Day, the next Business Day), to, but not including, the Maturity Date or an earlier Redemption Date or a Conversion Date, starting on 1 December 2016; and • on the Maturity Date or an earlier Redemption Date.
Condition of payment of Interest	The payment of amounts on the Notes is subject to Westpac satisfying the solvency condition on the relevant payment date. Westpac will satisfy the solvency condition if it is Solvent at the time the payment falls due and will remain Solvent immediately after making the payment. Any interest not paid as a consequence of the solvency condition accumulates with compounding.
Quotation	Westpac intends to quote the Notes on the NZX Debt Market.
Opening Date for Offer	5 August 2016.
Closing Date for Offer	26 August 2016.
Further payments, fees or charges	Taxes may be deducted from interest payments on the Notes. See section 7 (Tax) for further details.
When a Conversion occurs	<p>Some or all of the Notes may be Converted into Westpac Shares if a Non-Viability Trigger Event occurs. A Non-Viability Trigger Event occurs if APRA notifies Westpac in writing that it believes:</p> <ul style="list-style-type: none"> • the Conversion of some or all of the Notes, or conversion, write off or write down of all or some capital instruments of the Westpac Group; or • a public sector injection of capital or equivalent support, <p>is, in each case, necessary because, without it, Westpac would become non-viable.</p> <p>This may occur if Westpac encounters severe financial difficulty.</p> <p>See section 5.4, 'Conversion and Write Off following a Non-Viability Trigger Event', for further details.</p>
Terms of the Conversion	<p>If Notes are Converted, Westpac will issue to you the Conversion Number (see below) of Westpac Shares for each Note that you hold that is Converted, subject to the Maximum Conversion Number. The Westpac Shares will be issued in Australian Dollars. If Notes are not Converted when required, they will be Written Off.</p> <p>The Westpac Shares that you receive will have the same rights as existing ordinary shares issued by Westpac, and will rank equally with existing Westpac Shareholders.</p> <p>See section 5.4, 'Conversion and Write Off following a Non-Viability Trigger Event', for further details.</p>

Shares to be issued on a Conversion	<p>The number of Westpac Shares you will receive on Conversion will be equal to the Conversion Number unless the Maximum Conversion Number applies.</p> <p>If any Notes are Converted following a Non-Viability Trigger Event, it is likely that the Maximum Conversion Number will apply and limit the number of Westpac Shares to be issued. In this case, the value of the Westpac Shares received is likely to be significantly less than the aggregate principal amount of those Notes. Following Conversion, there is no certainty as to the future value of the Westpac Shares.</p> <p>You should note that the Australian Dollar may depreciate in value against the New Zealand Dollar by the time of Conversion. In this case, the Maximum Conversion Number is more likely to apply.</p> <p>See section 5.4, 'How many Westpac Shares are issued on Conversion?', for further details.</p>
Write Off	<p>If for any reason the Notes are not Converted into Westpac Shares when required following a Non-Viability Trigger Event, then those Notes will be immediately and irrevocably Written Off. This means you will receive nothing further in relation to those Notes, your rights under them (including rights to payment of interest and principal or to have the Notes converted into Westpac Shares) will be terminated and you will lose all of your investment in them.</p>

No guarantee

No member of the Westpac Group (other than Westpac) has any liability for the Notes and neither Westpac nor any member of the Westpac Group guarantees the Notes.

The Notes are not deposit liabilities or protected accounts of Westpac for the purposes of the Australian Banking Act or the financial claims scheme under the Australian Banking Act and are not subject to the depositor protection provisions of Australian banking legislation (including the Australian Government guarantee of certain bank deposits).

How you can get your money out early

Although the Notes can be sold as described below, you cannot otherwise redeem the Notes before their Maturity Date.

Westpac intends to quote these Notes on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. If you sell your Notes, the price you get will vary depending on factors such as the financial condition of the Westpac Group and movements in the market interest rates. You may receive less than the full amount that you paid for them.

Westpac Shares are currently quoted on ASX and the NZX Main Board. If the Notes are Converted into Westpac Shares, Westpac intends that those Westpac Shares will be quoted on ASX. This means that you may be able to sell any Westpac Shares you receive on Conversion on ASX if those Westpac Shares are quoted on ASX and there are interested buyers.

How the Notes rank for repayment

Ranking if Notes not Converted or Written Off

The Notes are subordinated, and rank equally with certain of Westpac's other subordinated obligations. This means that if a Winding-Up of Westpac occurs (and the Notes have not been redeemed, or following a Non-Viability Trigger Event, Converted or Written Off):

- You will be repaid **before** Westpac Shareholders and any

creditors whose claims rank below the Notes.

- You will be repaid **equally with** holders of all Equal Ranking Instruments (including other holders of the Notes and holders of certain other securities that rank equally with the Notes).
- You will be repaid **after** Senior Creditors (including depositors and holders of Westpac's senior or less subordinated debt).

You should note that, given the terms of the Notes, it is unlikely that, in practice, a Winding-Up of Westpac will occur without a Non-Viability Trigger Event occurring first and the Notes being Converted or Written Off. Accordingly, the ranking of holders after a Conversion or a Write Off of the Notes as described below is likely to be of more relevance to you.

Ranking if Notes Converted

If the Notes are Converted into Westpac Shares, holders will rank equally with existing Westpac Shareholders.

Ranking if Notes Written Off

If Notes are not Converted when required following a Non-Viability Trigger Event, they will be Written Off. All rights in relation to those Notes that are Written Off will be terminated, and holders will not have their capital repaid or receive any outstanding interest, or have the right to have Notes converted into Westpac Shares.

See section 5.7, 'Ranking', for further details.

No security

The Notes are unsecured.

Key risks affecting this investment

If Westpac experiences financial difficulty, the Notes may be Converted into Westpac Shares or Written Off. You will not have any choice as to whether a Conversion or Write Off occurs, and you may not have a chance to sell your Notes before the Conversion or Write Off. The value of the Westpac Shares that you receive if this occurs is likely to be less than the amount you invest in the Notes. If Conversion

is required but is not possible, the Notes will be immediately Written Off in part or in whole and you will lose some or all of your investment.

Interest may not always be paid on the Notes.

Investments in debt securities have risks. A key risk is that Westpac does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of this document (*Risks of investing*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Notes should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the Offer is fair.

Westpac considers that the most significant risk factors are:

- Risks associated with compliance and regulatory change. Westpac could be adversely affected by failing to comply with existing laws and regulations, or by changes in laws and regulations and regulatory policy.
- Risks relating to the availability and cost of funding. Adverse credit and capital market conditions or depositor preferences, or failure to maintain Westpac's credit ratings, may significantly affect Westpac's ability to meet its liquidity and funding needs and the cost of Westpac's funding.
- Risks arising out of financial market volatility. Westpac could be adversely affected by disruptions to global financial markets or other financial market volatility.
- Risks relating to economic conditions, asset values and credit losses. Westpac may incur higher credit losses on lending and counterparty exposures as a result of certain events, including economic disruptions, declines in asset values or declines in commodity prices.

The above significant risk factors either individually or in combination may adversely affect Westpac's revenues, increase its costs or otherwise adversely impact its financial

position and performance and credit rating. This could adversely affect the market price and liquidity of the Notes and impact on Westpac's ability to pay interest on, and/or repay, the Notes. If the impact was severe, it could result in a Non-Viability Trigger Event, resulting in the Notes being Converted into Westpac Shares or Written Off.

This summary does not cover all of the risks of investing in the Notes. You should also read section 5 (*Key features of the Notes*) and section 6 (*Risks of investing*).

What is the Notes' credit rating?

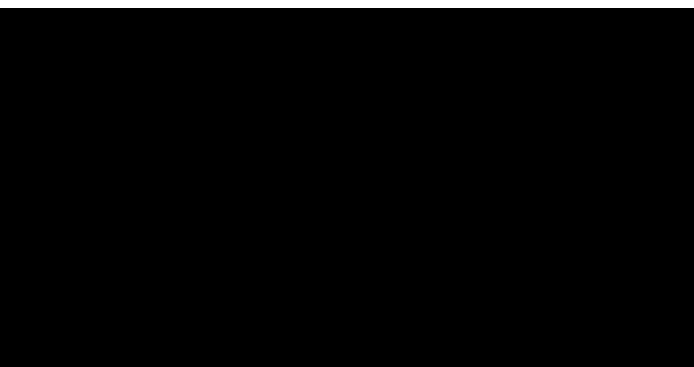
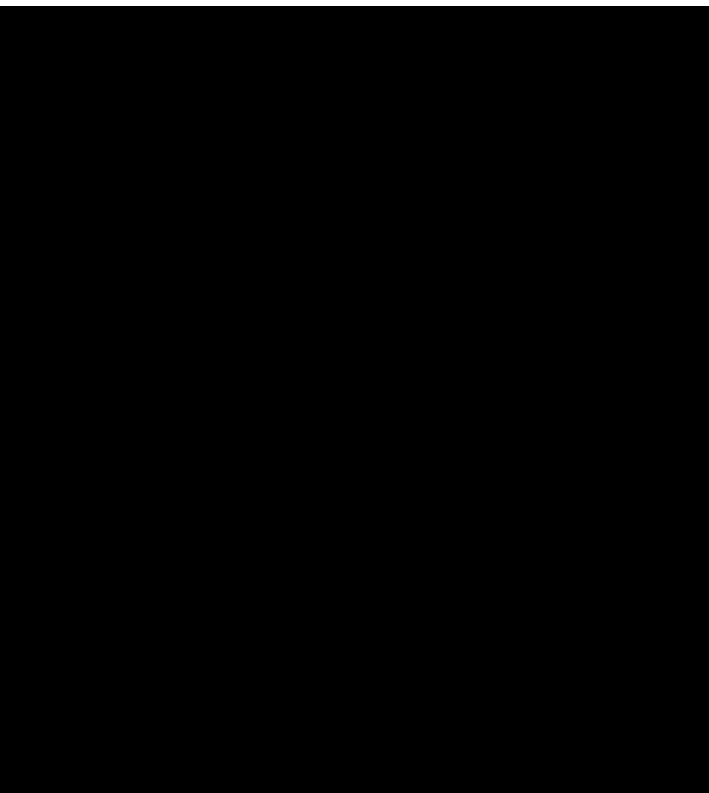


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KEY DATES AND OFFER PROCESS

Rate Set Date	4 August 2016
Opening Date	5 August 2016
Closing Date	26 August 2016
Issue and Allotment Date	1 September 2016
Expected date of initial quotation and trading of the Notes on the NZX Debt Market	2 September 2016
Interest Payment Dates	1 March, 1 June, 1 September and 1 December in each year
First Interest Payment Date	1 December 2016
First Optional Redemption Date	1 September 2021
Maturity Date	1 September 2026

The timetable is indicative only and subject to change. Westpac may, in its absolute discretion and without notice, vary the timetable (including by opening or closing the Offer early, accepting late applications and extending the Closing Date).

If the Closing Date is extended, all subsequent dates may also be extended. Any such changes will not affect the validity of any applications received.

Westpac reserves the right to cancel the Offer prior to the issue of the Notes, in which case all application monies received will be refunded (without interest) as soon as practicable.

If you wish to invest in the Notes you should contact your authorised financial adviser for details as to how you may acquire the Notes.

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TERMS OF THE OFFER

Issuer	Westpac Banking Corporation, through its head office, Sydney.
Description of the Notes	<p>Unsecured, subordinated, convertible, fixed rate notes. In certain circumstances the Notes may be repaid early or, if a Non-Viability Trigger Event occurs, Converted into Westpac Shares or Written Off.</p> <p>The Notes offered under this Offer are designated as Series 1.</p>
Offer size	Up to NZ\$250 million. Westpac may accept unlimited oversubscriptions at its discretion.
Issue price	The issue price of the Notes is NZ\$1.00 per Note, being equal to 100% of their principal amount.
Term	10 years maturing on 1 September 2026.
Optional early redemption	<p>Westpac may at its option:</p> <ul style="list-style-type: none"> • repay some or all of the Notes on any Interest Payment Date on or after the Interest Payment Date falling on the First Optional Redemption Date (being 1 September 2021); and • repay all (but not some) of the Notes on an Interest Payment Date following the occurrence of a Regulatory Event or Tax Event. <p>Optional early redemption is subject to certain conditions, including APRA's prior written approval (which APRA may not provide) and Westpac satisfying the solvency condition (as described below).</p> <p>You have no right to request early redemption, and you should not assume that Westpac will elect to repay the Notes prior to the Maturity Date.</p> <p>See section 5.2, 'Optional early redemption', for further details.</p>
Redemption	<p>The outstanding principal amount of each Note and any accrued interest will, subject to any deductions on account of tax, be payable at maturity unless previously:</p> <ul style="list-style-type: none"> • redeemed pursuant to an Event of Default (see section 5.6, 'Events of Default'); • redeemed pursuant to an optional early redemption (see above and section 5.2, 'Optional early redemption'); or • Converted or Written Off following a Non-Viability Trigger Event (see section 5.4, 'Conversion and Write Off following a Non-Viability Trigger Event').
Interest rate	<p>The Notes will pay a fixed rate of interest, which will likely change on the First Optional Redemption Date.</p> <p>The Interest Rate for the period from the Issue Date to (but not including) the First Optional Redemption Date will be the sum of the 5 Year Swap Rate (a benchmark interest rate for a term of 5 years) (see the Glossary for the full definition) on the Rate Set Date and the Margin.</p> <p>The Margin will be determined by Westpac (in consultation with the Arranger) following the Bookbuild, and the Margin and the Interest Rate will be announced via NZX on or before the Opening Date.</p> <p>The Interest Rate for the period from (and including) the First Optional Redemption Date to the Maturity Date will be the sum of the 5 Year Swap Rate on the First Optional Redemption Date and the Margin. The Interest Rate applying after the First Optional Redemption Date will be announced via NZX on that date.</p>

Interest payments	<p>Interest is scheduled to be paid in arrear:</p> <ul style="list-style-type: none"> • quarterly, on 1 March, 1 June, 1 September and 1 December each year (or if that day is not a Business Day, the next Business Day), to, but not including, the Maturity Date or an earlier Redemption Date or a Conversion Date, starting on 1 December 2016; and • on the Maturity Date or an earlier Redemption Date.
Solvency condition	<p>The payment of amounts of interest and principal on the Notes are subject to Westpac satisfying the solvency condition on the relevant payment date. Westpac will satisfy the solvency condition if it is Solvent at the time the payment falls due and will remain Solvent immediately after making the payment.</p> <p>If Westpac does not pay an amount on the Notes because it has not satisfied the solvency condition, Westpac must pay that amount on the first date on which it is able to make the payment and satisfy the solvency condition. Provided that the Notes have not been Converted or Written Off, interest will accrue on any interest that is not paid when scheduled as a result of Westpac not satisfying the solvency condition on the relevant payment date.</p>
Interest payments and entitlement	<p>Payments on Interest Payment Dates will be of equal quarterly amounts. Any interest on the Notes payable on any other date which is not an Interest Payment Date (including the early bird interest discussed below), will be calculated based on the number of days in the relevant period and a 365-day year.</p> <p>On Interest Payment Dates interest will be paid to the person registered as the holder of the Note as at the record date immediately preceding the relevant Interest Payment Date.</p> <p>The record date for the Interest Payment Dates is 5.00pm on the date that is 10 days before the relevant Interest Payment Date. If the record date falls on a day which is not a Business Day, the relevant interest payment will be made to the person registered as the holder of the Note on the previous Business Day.</p>
Note Deed Poll and Conditions of the Notes	<p>The Notes are constituted and issued under a master deed poll dated 25 July 2016 as supplemented by a supplemental deed poll dated 25 July 2016 (which includes the Conditions), as each are amended from time to time (together being the <i>Note Deed Poll</i>). The Note Deed Poll is a contract binding on both Westpac and holders.</p> <p>You should read the Note Deed Poll (including the Conditions) as it contains further information about the Notes. Copies may be obtained from the Disclose Register at www.business.govt.nz/disclose.</p> <p>You should note that Westpac is not required to issue, and has not issued, the Notes under a trust deed or appointed a licensed supervisor as a trustee in respect of the Notes.</p>
Early bird interest	<p>Westpac will pay interest at 3.25% per annum (less any applicable withholding taxes) on application monies for applications that are accepted. This interest will be paid within 5 Business Days of the Issue Date, and will be calculated for the period from the date on which those application monies are received into the Offer bank account to (but excluding) the Issue Date.</p> <p>If your application is refused or accepted in part only or the Offer is cancelled, no early bird interest will be paid on application monies returned to you.</p>
Scaling	<p>Westpac may scale applications at its discretion, but will not scale any application to below NZ\$5,000.</p>
Refunds	<p>If Westpac does not accept your application (whether because of late receipt or otherwise) or accepts it in part, all or the relevant balance of your application money received but not accepted will be repaid to you within 5 Business Days of the Issue Date.</p> <p>No interest will be paid on refunds.</p>
Minimum application amounts	<p>The minimum subscription is NZ\$5,000 and in multiples of NZ\$1,000 thereafter.</p>

Transfer restrictions	Westpac may decline to accept or register a transfer of the Notes if the transfer would result in the transferor or the transferee holding or continuing to hold Notes with a principal amount of less than NZ\$5,000 (if not zero) or if the transfer is not in multiples of NZ\$1,000.
Who may apply under the Offer?	<p>The Offer will be made in New Zealand and will be open to members of the public and institutional investors who are resident in New Zealand.</p> <p>There will be no public pool for the Notes. All of the Notes offered under the Offer (including any oversubscriptions) have been reserved for subscription by clients of the Joint Lead Managers, Co-Managers and other approved financial advisers invited to participate in the Bookbuild.</p>
How to apply	<p>Application instructions are set out in section 11 (<i>How to apply</i>). An Application Form is attached at the back of this Offer Document.</p> <p>Westpac reserves the right to refuse all or any part of any application for Notes under the Offer without giving a reason.</p>
Opening Date for Offer	5 August 2016.
Closing Date for Offer	26 August 2016.
No underwriting	The Offer is not underwritten.
Governing law	<p>This Offer Document and the contract which is formed when Westpac accepts your application are governed by New Zealand law.</p> <p>The Notes (including the Conditions) are governed by the laws of New Zealand. However, certain terms of the Notes that relate to subordination, non-viability and conversion, general provisions applicable to conversion, amendments to the terms relating to a successor holding company and powers of attorney, are governed by the laws of New South Wales, Australia.</p>
Ranking of Notes	<p>The Notes are unsecured, subordinated, and rank equally with certain of Westpac's other unsecured, subordinated obligations.</p> <p>See section 5.7, 'Ranking', for further details.</p>
Further payments, fees or charges	Taxes may be deducted from interest payments on the Notes. You should read section 7 (<i>Tax</i>) for a description of payments relating to withholding tax, approved issuer levy and tax indemnities.
Brokerage	You are not required to pay brokerage or any other fees or charges to Westpac to purchase the Notes. However, you may have to pay brokerage to the firm from whom you receive an allocation of Notes.
Registrar	Link Market Services Limited.
Quotation	<p>Westpac intends to quote the Notes on the NZX Debt Market. All the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this Offer Document have been duly complied with. However, the Notes have not yet been approved for trading and NZX accepts no responsibility for any statement in this Offer Document. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA.</p> <p>NZX ticker code WBC010 has been reserved for the Notes.</p>
Waivers, rulings, approvals and confirmations from NZX, ASX and ASIC	<p>NZX has provided Westpac with certain waivers of, and rulings and approvals in relation to, certain NZX Listing Rules.</p> <p>In addition:</p> <ul style="list-style-type: none"> • ASX has provided Westpac with waivers of, and confirmations in relation to, certain ASX Listing Rules; and • ASIC has provided Westpac with certain relief under the Corporations Act. <p>See section 9.2 'Waivers, rulings, approvals and confirmations from NZX, ASX and ASIC', for further details.</p>

Conversion following a Non-Viability Trigger Event

Some or all of the Notes may be Converted into Westpac Shares if a Non-Viability Trigger Event occurs. A Non-Viability Trigger Event occurs if APRA notifies Westpac in writing that it believes:

- the Conversion of some or all of the Notes, or conversion, write off or write down of all or some capital instruments of the Westpac Group; or
- a public sector injection of capital or equivalent support,

is, in each case, necessary because, without it, Westpac would become non-viable.

This may occur if Westpac encounters severe financial difficulty.

See section 5.4, 'Conversion and Write Off following a Non-Viability Trigger Event', for further details.

Terms of the Conversion

If Notes are Converted, Westpac will issue to you the Conversion Number (see below) of Westpac Shares for each Note that you hold that is Converted, subject to the Maximum Conversion Number. The Westpac Shares will be issued in Australian Dollars. If Notes are not Converted when required, they will be Written Off.

The Westpac Shares that you receive will have the same rights as existing ordinary shares issued by Westpac, and will rank equally with existing Westpac Shareholders.

See section 5.4, 'Conversion and Write Off following a Non-Viability Trigger Event', for further details.

Shares to be issued on a Conversion

The number of Westpac Shares you will receive on Conversion will be equal to the Conversion Number unless the Maximum Conversion Number applies.

See section 5.4, 'How many Westpac Shares are issued on Conversion?', for further details.

Maximum Conversion Number

The number of Westpac Shares issued on Conversion is limited to a maximum number (the *Maximum Conversion Number*).

If any Notes are Converted following a Non-Viability Trigger Event, it is likely that the Maximum Conversion Number will apply and limit the number of Westpac Shares to be issued. In this case, the value of the Westpac Shares received is likely to be significantly less than the aggregate principal amount of those Notes. Following Conversion, there is no certainty as to the future value of the Westpac Shares.

You should note that the Australian Dollar may depreciate in value against the New Zealand Dollar by the time of Conversion. In this case, the Maximum Conversion Number is more likely to apply.

See section 5.4, 'How many Westpac Shares are issued on Conversion?', for further details.

Write Off

If for any reason the Notes are not Converted into Westpac Shares when required following a Non-Viability Trigger Event, then those Notes will be immediately and irrevocably Written Off. This means you will receive nothing further in relation to those Notes, your rights under them (including rights to payment of interest and principal or to have the Notes converted into Westpac Shares) will be terminated and you will lose all of your investment in them.

Trading your Notes on the NZX Debt Market

Westpac intends to quote the Notes on the NZX Debt Market. To be eligible to trade your Notes on the NZX Debt Market, you must have an account with a Primary Market Participant, a common shareholder number (CSN) and an authorisation code. If you do not have an account with a Primary Market Participant, you should be aware that opening an account can take a number of days depending on the Primary Market Participant's procedures.

If you do not have a CSN, you will be automatically assigned one. If you do not have an authorisation code, it is expected that you will be sent one by the Registrar. If you have an account with a Primary Market Participant and have not

received an authorisation code by the date you want to trade your Notes, your Primary Market Participant can arrange to obtain your authorisation code from the Registrar. Your Primary Market Participant will be charged a fee for requesting your authorisation code from the Registrar and may pass this cost on to you.

You may only transfer your Notes in multiples of NZ\$1,000 and after any transfer you and the transferee must each hold Notes with an aggregate principal amount of at least NZ\$5,000 (or no Notes).

You will likely have to pay brokerage on any transfer of Notes you make through a Primary Market Participant.

04

PURPOSE OF THE OFFER

4.1 Purpose of the Offer and use of the funds raised

Westpac is issuing the Notes to raise regulatory capital which satisfies the requirements of APRA. The Notes will be treated as Tier 2 Capital for the Westpac Group by APRA. The proceeds received under this Offer will be used by Westpac for general business purposes.

The use of the money raised under the Offer is not dependent on the total amount that is raised. The Offer is not underwritten.

4.2 APRA's regulatory capital requirements

This section sets out background information about APRA's regulatory capital requirements and how they apply to Westpac. It also describes briefly Westpac's approach to capital management.

Regulatory capital requirements

APRA is the prudential regulator of the Australian financial services industry. It oversees banks (such as Westpac), credit unions, building societies, general insurance and reinsurance companies, life insurers, friendly societies and most members of the superannuation industry.

APRA's Prudential Standards aim to ensure that ADIs remain adequately capitalised to support the risks associated with their activities and to generally protect Australian depositors.

APRA's risk-based capital adequacy guidelines are generally consistent with the *International Regulatory Framework for Banks*, also known as Basel III, issued by the Basel Committee on Banking Supervision (BCBS), except where APRA has exercised certain discretions. On balance, the application of these discretions acts to reduce capital ratios reported under APRA's Prudential Standards relative to the BCBS approach and to those reported in some other jurisdictions.

APRA measures an ADI's regulatory capital using the following three measures:

- **Common Equity Tier 1 Capital** which comprises the highest quality components of capital consisting of paid-up share capital, retained profits and certain reserves, less certain intangible assets, capitalised expenses and software, and investments and retained profits in insurance and funds management subsidiaries that are not consolidated for capital adequacy purposes.
- **Tier 1 Capital** which is the sum of Common Equity Tier 1 Capital and Additional Tier 1 Capital. Additional Tier 1 Capital comprises high quality components of capital consisting of certain securities not included in Common Equity Tier 1 Capital, but which include loss absorbing characteristics.
- **Total Capital** which is the sum of Tier 1 Capital and Tier 2 Capital. Tier 2 Capital, such as the Notes, includes other components of capital that, to varying degrees, do not meet the criteria for Tier 1 Capital, but nonetheless contribute to the overall strength of an ADI and its capacity to absorb losses.

APRA's Basel III Prudential Standards require Australian banks (including Westpac) to maintain minimum ratios of capital to risk weighted assets of at least 4.5% Common Equity Tier 1 Capital, 6% Tier 1 Capital and 8% Total Capital. APRA also requires ADIs, including Westpac, to meet prudential capital requirements (PCRs) which may be above the minimum capital ratios. APRA does not allow the PCRs to be disclosed.

From 1 January 2016, APRA required Australian banks to hold capital buffers above minimum capital requirements. At 31 March 2016, the capital conservation buffer (CCB) applicable to Westpac equals 3.5% of risk weighted assets, and includes a 2.5% base requirement and 1% surcharge for Domestic Systemically Important Banks (*D-SIB*). The CCB is required to be met wholly by Common Equity Tier 1 Capital.

At APRA's discretion, a further countercyclical buffer of between 0% and 2.5% of risk weighted assets may be applied. This would require Westpac to hold additional

capital. The countercyclical buffer requirement is currently set to zero for Australia and New Zealand.

APRA's website at www.apra.gov.au includes further details of its functions and the Prudential Standards.

Westpac's capital ratios are significantly above APRA minimum capital adequacy requirements (see the table below). Westpac is required to inform APRA immediately of any breach or potential breach of its minimum prudential capital adequacy requirements, including details of remedial action taken or planned to be taken.

	Reported 31 March 2016	Combined APRA minimum capital adequacy requirement and CCB
Capital ratios (Level 2)		
Common Equity Tier 1 Capital Ratio	10.5%	8.0%
Additional Tier 1 Capital Ratio	1.6%	
Tier 1 Capital Ratio	12.1%	9.5%
Tier 2 Capital Ratio	1.9%	
Total Capital Ratio	14.0%	11.5%

Changes to Westpac's capital ratios

The table above sets out Westpac's reported key capital ratios (at Level 2) as at 31 March 2016. Subsequent to 31 March 2016, a number of factors will have an impact on these reported capital ratios in respect of future reporting periods, including:

- the payment of Westpac's interim dividend for the period ending on 31 March 2016 (reducing the Common Equity Tier 1 Capital Ratio by approximately 0.8%);
- a change in the way APRA calculates risk weighted assets for Australian residential mortgages, including new models for assessing mortgages in hardship;
- Westpac's earnings since 31 March 2016; and
- various other impacts (for example, IRRBB, movements in foreign exchange rates).

Westpac's preferred capital range

Westpac's preferred range for its Common Equity Tier 1 Capital Ratio is 8.75% to 9.25%. This preferred range takes into consideration:

- current regulatory minimums;
- the CCB (including Westpac's D-SIB surcharge) which came into effect on 1 January 2016;
- stress testing to calibrate an appropriate buffer against a downturn; and
- quarterly volatility of capital ratios under Basel III due to the half yearly cycle of dividend payments.

05

KEY FEATURES OF THE NOTES

A number of key features of the Notes are described in section 3 (*Terms of the Offer*). The other key features of the Notes are described below.

5.1 Overview comparison of the Notes with certain other Westpac investments or products

The Notes are different from Westpac's other investments and products. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation considerations) before deciding whether to invest in the Notes.

You should note that most of the other investments or products described below for comparison purposes with the Notes are not necessarily available to investors in New Zealand. In particular, you should note that Westpac Capital Notes 3 were not offered in New Zealand, and that the Westpac Savings Account and Westpac Term Deposit described below are offered by Westpac in Australia and may differ from investments or products offered by Westpac New Zealand Limited in New Zealand.

	Westpac Savings Account	Westpac Term Deposit	The Notes	Westpac Capital Notes 3	Westpac Shares
Legal form	Deposit	Deposit	Unsecured, subordinated debt obligation	Unsecured, subordinated debt obligation	Ordinary share
Term	At call (usually)	Seven days to 60 months (usually)	10 years ¹	Perpetual (no fixed maturity date) with the first scheduled conversion date in approximately 7.5 years ²	Perpetual (no fixed maturity date)
Westpac early redemption option	No	No	Yes, on 1 September 2021 and each Interest Payment Date after that date, or on any Interest Payment Date following a Regulatory Event or a Tax Event, subject to APRA's prior written approval (which APRA may not provide) and other conditions	Yes, on 22 March 2021, and in certain specified circumstances, subject to APRA's prior written approval (which APRA may not provide) and other conditions	No
Interest / distribution / dividend rate	Variable (usually)	Fixed (usually)	Fixed, with a reset on the First Optional Redemption Date	Floating	Variable dividends as determined by Westpac

Notes:

1 Subject to possible early redemption by Westpac in certain circumstances with APRA's prior written approval (which APRA may not provide).

2 Subject to possible redemption with APRA's prior written approval (which APRA may not provide), conversion or transfer in certain circumstances.

	Westpac Savings Account	Westpac Term Deposit	The Notes	Westpac Capital Notes 3	Westpac Shares
Interest / distribution/ dividend payment frequency	Monthly (usually)	Either at specific intervals, at the end of term or at account closure	Quarterly	Quarterly	Semi-annually
Are interest/ distribution/ dividends discretionary?	No	No	No – however interest will not be paid if Westpac does not satisfy the solvency condition	Yes	Yes
Transferable	No	No	Yes – expected to be quoted on NZX Debt Market	Yes – quoted on ASX	Yes – quoted on ASX and NZX Main Board
Investor's ability to withdraw or redeem	Yes	Generally yes, subject to conditions	No	No	No
Conversion into Ordinary Shares	No	No	<p>Yes, following a Non-Viability Trigger Event</p> <p>The number of Westpac Shares issued on Conversion is limited to the Maximum Conversion Number</p> <p>If a Non-Viability Trigger Event occurs and Conversion of the Notes does not occur for any reason, all rights in relation to the Notes will be terminated</p>	<p>Yes, on a scheduled conversion date, or by optional conversion, subject to certain conditions</p> <p>In addition, conversion occurs automatically following a capital trigger event, a non-viability trigger event or an acquisition event</p> <p>The number of Westpac Shares issued on conversion is limited to a maximum conversion number</p> <p>However, if a capital trigger event or non-viability trigger event occurs and conversion of Westpac Capital Notes 3 does not occur for any reason, all rights in relation to Westpac Capital Notes 3 will be terminated</p>	N/A
Capital classification	Nil (deposit)	Nil (deposit)	Tier 2 Capital	Additional Tier 1 Capital	Common Equity Tier 1 Capital
Right to vote at a general meeting of Westpac Shareholders	No	No	No (unless Converted to Westpac Shares)	No (unless converted to Westpac Shares)	Yes
Ranking	Higher than the Notes	Higher than the Notes	Lower than Savings Accounts and Term Deposits, and higher than Westpac Capital Notes 3	Lower than Savings Accounts, Term Deposits and the Notes, and higher than Westpac Shares	Lowest ranking behind all

5.2 Interest and Term

Fixed interest rate reset after 5 years

The interest rate payable on the Notes will be fixed for 5 years from the Issue Date to the First Optional Redemption Date when it will be reset for another 5 years. There is a risk that the interest rate that is set on the First Optional Redemption Date will be lower than the interest rate which applies for the first 5 years of the Notes, or lower than the interest rate that applies to other comparable debt or capital instruments with an equivalent term at the First Optional Redemption Date.

Optional early redemption

The Notes have a term of 10 years and are scheduled to be repaid on the Maturity Date (being 1 September 2026). However, Westpac may at its option:

- repay some or all of the Notes on any Interest Payment Date on or after the Interest Payment Date falling on the First Optional Redemption Date (being 1 September 2021); and
- repay all (but not some only) of the Notes on an Interest Payment Date following the occurrence of a Regulatory Event or Tax Event.

Early repayment is subject to certain conditions, including:

- APRA's prior written approval (which APRA may not provide);
- that the Notes are replaced with a capital instrument of the same or better quality for regulatory purposes, or APRA confirms that it is satisfied that the Notes do not have to be replaced;
- Westpac satisfying the solvency condition; and
- Westpac giving the Registrar, holders and NZX at least 15 Business Days' notice (and not more than 45 Business Days' notice).

In general terms:

- a Tax Event will occur if Westpac determines that, as a result of any change in Australian or New Zealand tax legislation which has been or will be effected (including any judicial decisions or official action taken in connection with Australian or New Zealand tax legislation) after the Issue Date (but which Westpac did not expect at the Issue Date), there is a material risk that Westpac would be exposed to an adverse tax consequence in relation to the Notes; and
- a Regulatory Event is an event which results in Westpac not being entitled to treat all of the Notes as Tier 2 Capital under the Prudential Standards, as a consequence of, among other things, any change in law or regulation of Australia or the Prudential Standards that will be introduced (including any judicial decisions or official action) after the Issue Date (but which Westpac did not expect at the Issue Date), or any written confirmation from APRA after the Issue Date.

You have no right to request early redemption, and you should not assume that Westpac will elect to repay the Notes prior to the Maturity Date. Moreover, there is no certainty that APRA would, if requested, provide its approval in respect of any early redemption.

5.3 Payments subject to solvency condition

Prior to a Winding-Up of Westpac, Westpac's obligation to make any payment in respect of the Notes (including any payment of principal or interest) is subject to Westpac satisfying the solvency condition on the relevant payment date. Westpac will satisfy the solvency condition if (i) it is Solvent at the time the payment falls due (that is, it is able to pay its debts as they fall due and its Assets exceed its Liabilities); and (ii) it will remain Solvent immediately after making the payment.

If Westpac does not pay an amount on the Notes because it has not satisfied the solvency condition, Westpac must pay that amount on the first date on which it is able to make the payment and satisfy the solvency condition (which does not need to be an Interest Payment Date).

If Westpac fails to make a payment because it has not satisfied the solvency condition, this will not be an Event of Default (see section 5.6, 'Events of Default', for further information on Events of Default in respect of the Notes).

So long as the Notes have not been Converted or Written Off, interest will continue to accrue on any interest that is not paid when scheduled as a result of Westpac not satisfying the solvency condition on the relevant payment date.

5.4 Conversion and Write Off

Conversion and Write Off following a Non-Viability Trigger Event

If a Non-Viability Trigger Event occurs, some or all of the Notes may be Converted into Westpac Shares.

A Non-Viability Trigger Event occurs if APRA notifies Westpac in writing that it believes:

- the Conversion of some or all of the Notes, or conversion, write off or write down of all or some capital instruments of the Westpac Group; or
- a public sector injection of capital or equivalent support,

is, in each case, necessary because, without it, Westpac would become non-viable.

Whether a Non-Viability Trigger Event will occur is at the discretion of APRA. APRA has not provided guidance on when it will consider an entity to be non-viable and there are currently no Australian precedents for this. However, it is likely that APRA will consider an entity to be non-viable when, for example, the entity is suffering from significant financial stress, is insolvent or cannot raise money in the public or private markets. **You do not have a right to request a Conversion of the Notes to Westpac Shares at any time.**

If any Notes are Converted following a Non-Viability Trigger Event, it is likely that the Maximum Conversion Number will apply and limit the number of Westpac Shares to be issued. In this case, the value of the Westpac Shares received is likely to be significantly less than the aggregate principal amount of those Notes. Following Conversion, there is no certainty as to the future value of the Westpac Shares.

If, for any reason, the Conversion of any Notes required to be Converted does not occur within 5 ASX Business Days after the Non-Viability Trigger Event Date, then your rights in relation to such Notes (including the right to interest (including any accrual interest), the repayment of such Notes and to have the Notes converted into Westpac Shares) are immediately and irrevocably Written Off and are terminated.

In such an event your investment will lose all of its value and you will not receive any compensation.

How many Westpac Shares are issued on Conversion?

If the Notes are Converted, Westpac will issue to you the Conversion Number of Westpac Shares for each Note that you held that is Converted unless the Maximum Conversion Number applies.

Conversion Number

Upon Conversion, you will receive a variable number of Westpac Shares for each Note that you hold calculated using the following formula unless the Maximum Conversion Number applies:

Conversion Date Face Value

$$0.99 \times \text{VWAP}$$

Conversion Date Face Value: the principal amount of each Note (being NZ\$1.00 per Note) converted into Australian Dollars at the spot rate of exchange for the sale of Australian Dollars against the purchase of New Zealand Dollars in the Sydney foreign exchange market as at the time of Conversion

VWAP: the daily volume weighted average sale price (VWAP) of Westpac Shares during the VWAP Period (as adjusted in accordance with the Conditions)

VWAP Period: the period of 5 ASX Business Days on which trading in Westpac Shares took place immediately preceding (but not including) the Non-Viability Trigger Event Date

The Conversion Number formula is intended to operate so that you will receive Westpac Shares worth the Australian Dollar equivalent (based on the spot rate of exchange at the time of Conversion) of approximately NZ\$1.01 for each Note that is Converted³.

³ This includes the benefit of a 1% discount on the VWAP which is intended to assist you in covering the potential transaction costs of selling the Westpac Shares issued to you on Conversion.

Conversion limited to Maximum Conversion Number

However, you will likely receive significantly less than the Australian Dollar equivalent of NZ\$1.01 worth of Westpac Shares when the Notes are Converted because:

- the VWAP of Westpac Shares during the VWAP Period may differ from the Westpac Share price on the Conversion Date;
- the number of Westpac Shares you will receive for each of those Notes on Conversion is limited by the Maximum Conversion Number, which is based on 20% of the Issue Date VWAP (as defined below)⁴. **It is likely that the Maximum Conversion Number will apply if a Non-Viability Trigger Event has occurred and limit the number of Westpac Shares to be issued;** and
- the Australian Dollar may depreciate in value against the New Zealand Dollar by the Conversion Date. In this case, the Maximum Conversion Number is more likely to apply (see *Impact of movements in NZ\$/A\$ exchange rate on Conversion below*).

In addition, if the total number of Westpac Shares to be issued to you following a Non-Viability Trigger Event includes a fraction of a Westpac Share, that fraction will be disregarded.

The Maximum Conversion Number is calculated using the following formula:

Issue Date Face Value

$$0.20 \times \text{Issue Date VWAP}$$

Issue Date Face Value: the principal amount of each Note (being NZ\$1.00 per Note) converted into Australian Dollars at the spot rate of exchange for the sale of Australian Dollars against the purchase of New Zealand Dollars in the Sydney foreign exchange market as at the time of the issue of the Notes

Issue Date VWAP: the VWAP of Westpac Shares for the 20 ASX Business Days on which trading in Westpac Shares took place immediately preceding, but not including, the Issue Date (as adjusted in accordance with the Conditions)

Adjustments

The Maximum Conversion Number may be adjusted up or down to reflect transactions affecting the capital of Westpac, including bonus issues, share splits, consolidations or other similar transactions not involving any cash payment to or by Westpac Shareholders. However, it does not include other transactions which may affect the price of Westpac Shares, including, for example, rights issues, returns of capital, buy-backs or special dividends.

⁴ Indicatively, a fall in the price of Westpac Shares of approximately 80% (or more) would be likely to result in the number of Westpac Shares you would receive on Conversion being limited to the Maximum Conversion Number if the A\$/NZ\$ exchange rate was the same as at the time of issue. However, depending on the A\$/NZ\$ exchange rate at the time of Conversion, a fall in the price of Westpac Shares of less than 80% may also result in the Maximum Conversion Number applying.

Example: where the Maximum Conversion Number limits the number of Westpac Shares issued

The example below assumes the following:

- an Issue Date VWAP of A\$30.00;
- a holding of 10,000 Notes with an aggregate principal amount of NZ\$10,000;
- a Non-Viability Trigger Event occurs resulting in Conversion;
- a VWAP at the time of Conversion of A\$2.00, meaning that the VWAP has fallen by approximately 93%;
- an exchange rate of NZ\$1 = A\$0.90 at the time of issue and at Conversion (i.e., unchanged), so that the Australian Dollar equivalent of the principal amount of each Note at the time of issue and on Conversion is A\$0.90. However, as noted below, this may not be the case. See below, 'Impact of movements in NZ\$/A\$ exchange rate on Conversion', and section 6.3.1, 'Specific risks associated with a Non-Viability Trigger Event', for further details.

$$\text{Conversion Number} = \frac{\text{A\$0.90}}{0.99 \times \text{A\$2.00}} = 0.4545 \text{ Westpac Shares per Note}$$

which exceeds

$$\text{Maximum Conversion Number} = \frac{\text{A\$0.90}}{0.20 \times \text{A\$30.00}} = 0.1500 \text{ Westpac Shares per Note}$$

and so the Maximum Conversion Number of Westpac Shares applies.

In this example the Maximum Conversion Number is less than the Conversion Number, which means the total number of Westpac Shares which a holder of 10,000 Notes would be entitled to receive would be the Maximum Conversion Number of 0.15 multiplied by 10,000 Notes, that is 1,500 Westpac Shares.

If the prevailing Westpac Share price is equal to the VWAP of A\$2.00, this is A\$3,000 or **NZ\$3,333.33** worth of Westpac Shares (assuming an exchange rate of NZ\$1 = A\$0.90, i.e., A\$3,000/0.9). **This is considerably less than NZ\$10,000 (the aggregate principal amount of 10,000 Notes).**

The example above is for illustrative purposes only. The figures in it are not forward looking statements and do not indicate, guarantee or forecast the Issue Date VWAP, the future VWAP, any other price of Westpac Shares or the NZ\$/A\$ exchange rate at the time of Conversion or on any other date that an exchange rate calculation is done.

Impact of movements in NZ\$/A\$ exchange rate on Conversion

The example above assumes that the exchange rate is unchanged from the time of issue to the time of Conversion. However, you should note that any depreciation of the Australian Dollar against the New Zealand Dollar by the Conversion Date will increase the likelihood of the Maximum Conversion Number applying on Conversion and will likely also reduce the New Zealand Dollar equivalent of Westpac Shares received, particularly if such depreciation is significant. This is because:

- the Maximum Conversion Number is based on an Issue Date VWAP in Australian Dollars and the New Zealand Dollar principal amount of each Note converted to Australian Dollars based on the spot rate of exchange at the time of issue; and
- the Conversion Number is based on the VWAP in Australian Dollars at the time of Conversion and the New Zealand Dollar principal amount of each Note converted to Australian Dollars based on the spot rate of exchange at the time of Conversion.

Conversion where you do not wish to receive Westpac Shares or are an Ineligible Holder

If you notify Westpac that you do not wish to receive Westpac Shares upon Conversion, then, on the Conversion Date, your rights (including to payments of interest and repayment of the principal amount of the Notes) will be immediately and irrevocably terminated. Such a notice may be given after the Issue Date and no less than 15 Business Days prior to the Conversion Date.

Westpac will then issue the relevant number of Westpac Shares to one or more Nominees to hold on trust for sale for your benefit.

Given the 15 Business Day notice period required and that a Conversion Date could be determined without notice, you should notify Westpac promptly after purchase if you do not wish to receive Westpac Shares upon any Conversion.

Separately, if you are not a resident of Australia or New Zealand at the time of the Conversion, or are otherwise not permitted by any applicable Australian law to hold Westpac Shares because you are an Ineligible Holder, then, on the Conversion Date, the relevant number of Westpac Shares will be issued to one or more Nominees to hold on trust for sale for your benefit.

In each case the Nominee will sell the Westpac Shares issued to them at the first opportunity at market value. The proceeds of the sale less selling costs will be paid to you or the relevant holders (as applicable).

If Westpac is prevented from issuing the Westpac Shares to a Nominee within 5 ASX Business Days, then the Notes will be Written Off and your rights and the rights of the relevant holders will be immediately and irrevocably terminated.

Your investment will lose all of its value and you will not receive any compensation.

5.5 Receipt of Westpac Shares on Conversion

Westpac Shares

The Westpac Shares into which the Notes are to be Converted in the event of a Non-Viability Trigger Event occurring are expected to be of the same class as the ordinary shares of Westpac that are currently quoted on ASX and the NZX Main Board.

Rights in respect of Westpac Shares

The rights attaching to Westpac Shares are set out in Westpac's constitution, the ASX Listing Rules and the Corporations Act. A copy of Westpac's constitution may be obtained from the Disclose Register at www.business.govt.nz/disclose.

Westpac Shareholders are entitled to receive such dividends on Westpac Shares as may be determined by Westpac. Dividends must only be paid in accordance with applicable laws and Westpac's constitution.

In addition, dividends would not be payable if making such a payment would breach or cause a breach by Westpac of applicable capital adequacy or other supervisory requirements of APRA, or if Westpac was directed by APRA not to pay a dividend under the Australian Banking Act.

Subject to the preferential entitlement (if any) of preference shareholders, Westpac Shareholders may be entitled to a share in any surplus assets on a Winding-Up of Westpac.

Westpac Shareholders are entitled to receive notice of, attend and vote at general meetings of Westpac. Each Westpac Shareholder present at a general meeting (whether in person or by proxy or representative) is entitled to one vote on a show of hands or, on a poll, one vote for each Westpac Share held.

Transfers

Transfers of Westpac Shares are not effective until registered. Subject to the ASX Listing Rules, Westpac may refuse to register a transfer of Westpac Shares without giving any reasons. However, the ASX Listing Rules substantially restrict when Westpac may refuse to register a transfer.

You should be aware that the issue, or any transfer, of Westpac Shares may result in or contribute to a contravention of shareholding laws in Australia, including the takeover provisions of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 of Australia, the Financial Sector (Shareholdings) Act 1998 of Australia or any other law in force relating to shareholdings. In very general terms, those Acts limit the acquisition by persons of interests in Westpac Shares where the person acquires interests in Westpac Shares in excess of limits permitted under those Acts. Primary liability for non-compliance rests on the holder.

Currency

If the Notes are Converted to Westpac Shares, Westpac intends that the Westpac Shares will be quoted on ASX in Australian Dollars and if you sell any Westpac Shares issued to you on Conversion, the proceeds are likely to be in Australian Dollars. The exchange rate between New Zealand Dollars and Australian Dollars may fluctuate and these changes may be significant. You may also incur fees exchanging amounts received in Australian Dollars into New Zealand Dollars.

5.6 Events of Default

The Events of Default in respect of the Notes are very limited, and your rights are restricted if an Event of Default occurs.

The Events of Default are limited to:

- a failure by Westpac to pay:
 - any amount of principal in respect of a Note within 7 Business Days of the Maturity Date; or
 - any amount of interest in respect of a Note within 14 Business Days of the due date for payment of that amount,unless, prior to the commencement of a Winding-Up, the failure to pay is as a consequence of Westpac not satisfying the solvency condition; or
- a Winding-Up occurs in respect of Westpac in Australia.

In the case of an Event of Default which arises as a result of non-payment of principal or interest, you may bring proceedings:

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

In the case of an Event of Default which arises as a result of the occurrence of a Winding-Up in Australia, the Notes will become immediately due and payable. However, you will have no remedy against Westpac other than, subject to the subordination provisions relating to the Notes, to prove or claim in any Winding-Up in Australia.

5.7 Ranking

The Notes are subordinated, and rank equally with certain of Westpac's other subordinated obligations.

Accordingly, in a Winding-Up of Westpac (if the Notes have not been redeemed or, following a Non-Viability Trigger Event, Converted or Written Off), there is a risk that you may lose some or all of the money you invested in the Notes. This is because if there are insufficient assets to satisfy Senior Creditors, whose claims rank ahead of the Notes, you will not be repaid the principal amount of the Notes and you will not receive any interest payments (or any other amounts) due and unpaid at that time.


Even if there are sufficient assets to satisfy Senior Creditors, whose claims rank ahead of the Notes, there is still a risk that you may not be repaid some or all of the principal amount of the Notes as there may be insufficient assets to satisfy Westpac's obligation to repay the principal amount of the Notes and other Equal Ranking Instruments.

The diagram below summarises the ranking of the Notes in a Winding-Up of Westpac where the Notes have not been Converted or Written Off. The diagram is a summary of indicative amounts only and in the event of a Winding-Up of Westpac, the actual priority amounts may differ.

You should note that it is unlikely that, in practice, a Winding-Up of Westpac will occur without a Non-Viability Trigger Event having occurred first and the Notes being Converted or Written Off. In that event:

- **if the Notes have Converted into Westpac Shares, holders will rank equally with existing Westpac Shareholders (i.e., you will rank equally with "Equity" in the diagram below); and**
- **if the Notes are Written Off, all rights in relation to the Notes will be terminated, and holders will not have their capital repaid or receive any outstanding interest, or have the right to have Notes converted into Westpac Shares.**

Ranking of the Notes in a Winding-Up of Westpac

Ranking	Categories of liability/equity		Illustrative examples ⁵	Approximate amounts ⁶ (A\$billions)
 <p>Higher ranking / earlier priority</p>	Liabilities that rank in priority to the Notes in a Winding-Up of Westpac	These liabilities comprise: <ul style="list-style-type: none"> secured liabilities and liabilities preferred by law unsecured, unsubordinated debt; and unsecured, subordinated debt issued prior to 1 January 2013 	Examples include: <ul style="list-style-type: none"> liabilities in Australia in relation to protected accounts (generally, savings accounts and term deposits) and employee entitlements; trade and general creditors, bonds, notes and debentures and other unsecured, unsubordinated debt obligations. This includes covered bonds which are an unsecured claim on Westpac, although they are secured over assets that form part of the Westpac Group; and Westpac Subordinated Notes 2012, other subordinated bonds, notes and debentures and other unsecured, subordinated debt obligations with a fixed maturity issued prior to 1 January 2013 	751.6
	Liabilities that rank equally with Notes in a Winding-Up of Westpac	These liabilities comprise: <ul style="list-style-type: none"> the Notes; and unsecured, subordinated debt issued after 1 January 2013 and subordinated perpetual debt 	Examples include: <ul style="list-style-type: none"> Westpac Subordinated Notes 2013, other subordinated bonds, notes and debentures and other unsecured, subordinated debt obligations with a fixed maturity date issued after 1 January 2013 and subordinated perpetual floating rate notes issued in 1986 	Notes 0.2 ⁷ Other amounts 4.1
	Liabilities that rank below the Notes in a Winding-Up of Westpac	These liabilities comprise: <ul style="list-style-type: none"> Additional Tier 1 Capital securities 	Examples include: <ul style="list-style-type: none"> Westpac TPS⁸, Westpac CPS, Westpac Capital Notes, Westpac Capital Notes 2 and Westpac Capital Notes 3 	6.0
Lower ranking / later priority	Equity	Common Equity Tier 1 Capital (Level 2 basis) ⁹		38.0

⁵ The descriptions are simplified and illustrative only, and do not include every type of security or obligation that may be issued or entered into by Westpac, or every potential claim against Westpac in a Winding-Up.

⁶ Amounts shown are indicative based on the financial position of Westpac as at 31 March 2016, adjusted only to reflect the issue of Notes.

⁷ For the purposes of these calculations an offer size of NZ\$250 million has been assumed, converted into Australian Dollars (A\$) at a rate of NZ\$1 = A\$0.93 as at 18 July 2016. If the final size of the issue is greater than this then the amount shown in the table for the Notes will increase in line with the increased size of the issue (subject to the relevant NZ\$/A\$ exchange rate), but the other amounts shown in the table that rank equally with or ahead of the Notes in a Winding-Up of Westpac are not expected to change.

⁸ Westpac TPS were redeemed on 30 June 2016.

⁹ See section 4.2, 'APRA's regulatory capital requirements', for further information. Typically, the value of Westpac's Common Equity Tier 1 Capital is lower than the value of shareholders' equity reported in Westpac's financial statements.

No restriction on incurring indebtedness

There are no restrictions on Westpac creating further liabilities after the issue of the Notes. Accordingly, Westpac may continue to borrow or raise additional debt, or otherwise incur liabilities, from time to time without your consent, that:

- rank equally with the Notes. This may include further issues of other unsecured, subordinated notes or bonds, and other unsecured, subordinated borrowings of Westpac; or
- rank in priority to the Notes. This may include unsecured, unsubordinated notes or bonds, secured notes or bonds, covered bonds, other secured borrowing of Westpac, and liabilities preferred by law.

Such further liabilities may reduce the amount recoverable by you in the case of a Winding-Up of Westpac.

5.8 Other relevant information

Variation of the Notes if successor holding company

In the event that it is proposed that Westpac be replaced as the ultimate holding company of the Westpac Group by an Approved Successor, then, provided certain conditions are satisfied and APRA's prior written approval is obtained, Westpac may make amendments to the Conditions to effect the substitution of the Approved Successor as the debtor in respect of the Notes and as the issuer of any ordinary shares on Conversion. Your consent to such amendments will not be required.

In such an event you will be obliged to accept Approved Successor Shares rather than Westpac Shares on Conversion. The financial position, including the profits and net assets, of the Approved Successor may be different to those of Westpac.

Meetings and variation of the Notes

Meetings of holders may be called to consider matters affecting their interests generally. In such meetings, defined majorities may bind you and all other holders, even if you did not attend and vote at the relevant meeting or voted in a manner contrary to the majority.

The Notes may also be varied without your consent in certain limited circumstances, including if (in the opinion of Westpac) the variation is necessary or advisable to comply with any law, is of a formal, minor or technical nature, is made to cure any ambiguity or does not materially adversely affect the rights of holders. The variation of the Notes is subject to APRA's prior written approval if the amendment would affect the eligibility of the Notes as Tier 2 Capital.

No Set Off

Neither Westpac nor you as holder of any Notes, is entitled to set off any amounts due in respect of the Notes against any amount of any nature owed by Westpac to you, or by you to Westpac (as applicable).

Transfers

The Note Deed Poll sets out the process as to how you may sell or transfer any of the Notes, in particular that transfers that would result in the transferee holding Notes with an aggregate principal amount of less than NZ\$5,000, or in an amount that is not a multiple of NZ\$1,000, will not be allowed.

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RISKS OF INVESTING

Section 6 describes the following potential risks associated with an investment in the Notes:

- general risks (see section 6.1);
- specific risks relating to Westpac's creditworthiness (see section 6.2); and
- risks associated with the Notes (see section 6.3). This covers specific risks in connection with a Non-Viability Trigger Event and other key risks in connection with the Notes.

Key risks outlined in this section are based on an assessment of the probability of a risk occurring and the potential impact if it did occur. This assessment is as at the date of this Offer Document. There is no guarantee or assurance that key risks will not change, alter in their significance or that other risks will not emerge.

Where practicable, Westpac seeks to implement risk mitigation strategies to minimise exposure to some of the risks outlined below. However, there can be no assurance that these risk mitigation strategies will fully protect Westpac from all or any risks.

Investors should carefully consider these risk factors (together with the other information in this Offer Document) before deciding whether to invest in the Notes. This summary does not cover all of the risks of investing in the Notes.

Before making any investment decision it is important that investors consider the suitability of an investment in the Notes in light of their own individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues). The risks described in this section do not take account of the personal circumstances, financial position or investment requirements of any particular person other than the Westpac Group.

6.1 General Risks

An investment in the Notes is subject to the following general risks:

- Westpac encounters severe financial difficulty or becomes insolvent and is unable to meet its obligations under the Notes, including the obligations to pay interest on, and repay the principal amount of, the Notes; and
- if holders wish to sell their Notes before maturity:
 - o the price at which they are able to sell their Notes is less than the amount they paid for the Notes due to market interest rate movements or other reasons; or
 - o they are unable to sell their Notes at all due to lack of demand or because the Notes cease to be quoted on the NZX Debt Market.

Further explanation of each of these general risks is contained below.

6.1.1 General risks related to Westpac encountering severe financial difficulty or Westpac's insolvency

If Westpac encounters severe financial difficulty or becomes insolvent, this will likely:

- result in Westpac not being able to satisfy the solvency condition on a scheduled Interest Payment Date (including the Maturity Date). As a consequence, the payment will be delayed until the first date on which Westpac is able to make the payment and satisfy the solvency condition (which does not need to be an Interest Payment Date); or
- result in a Non-Viability Trigger Event occurring, meaning that some or all of the Notes may be Converted into Westpac Shares or Written Off.

If any of the Notes are Converted following a Non-Viability Trigger Event, the value of the Westpac Shares received is likely to be significantly less than the aggregate principal amount of the Notes held, especially given that the number of Westpac Shares received for each of the Notes will be limited to the Maximum Conversion Number (see section 5.4, 'How many Westpac Shares are issued on Conversion?', for further details).

If, instead, any of the Notes are Written Off, then holders will receive nothing further in relation to the Notes, their rights under them (including the right to interest (including any accrual interest), the repayment of such Notes and to have the Notes converted into Westpac Shares) will be terminated and they will lose all of their investment in them.

6.1.2 General risks related to the market for the Notes

- **Market price:** The price at which holders are able to sell their Notes may be affected by a number of factors, both dependent on, or independent of, the creditworthiness of Westpac. It is possible that the Notes will trade at a market price above or below the principal amount of the Notes as a result of such factors.
- **Changes in interest rates:** As the Notes have a fixed interest rate, changes in market interest rates may also affect the price at which holders can sell their Notes. If market interest rates go up, the market value of the Notes would typically be expected to go down and vice versa.
- **Liquidity:** There can be no assurance that a secondary market for the Notes will develop or of the liquidity of such a market. The market for the Notes will likely be less liquid than the market for Westpac Shares. In the absence of a liquid secondary market for the Notes, holders may not be able to sell their Notes readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, within a developed secondary market. Even following the development of a secondary market, and depending on market conditions and other factors, holders seeking to sell relatively small or relatively large amounts of Notes may not be able to do so at prices comparable to those that may be available to other holders.

Due to these factors the Notes may not be readily saleable, their value may fluctuate over time and such fluctuations may be significant and could result in losses to a holder who wishes to sell Notes prior to the Maturity Date.

6.1.3 Change of risk profile if Notes Convert into Westpac Shares

If or when the Notes Convert into Westpac Shares, the risks in respect of your investment will change significantly.

Your investment will be subject to the same general risks that apply to other holders of Westpac Shares if the Notes Convert into Westpac Shares, including:

- if Westpac is wound up, you will rank equally with other existing Westpac Shareholders, and you will be paid only after all creditors and, if applicable, holders of preference shares have been paid (see section 5.7, 'Ranking', for further details);
- you may lose some of or all of your investment; and
- you may not have a chance to sell your Westpac Shares.

6.2 Specific risks relating to Westpac's creditworthiness

Westpac's business is subject to risks that can, whether alone or in combination, adversely impact its financial performance, financial condition and future performance. These risks are relevant to an investment in the Notes and Westpac Shares as the value of such an investment will depend on Westpac's financial condition and future performance, regardless of when or if the Notes are redeemed, or, in the event of a Non-Viability Trigger Event, Converted or Written Off.

6.2.1 Compliance and Regulatory Change

Westpac operates and obtains funding in multiple jurisdictions. As a consequence, it is subject to a range of different legal, regulatory and supervisory frameworks. Westpac is also supervised by a number of different regulatory and supervisory authorities which have broad administrative powers over its businesses.

Westpac also faces increasing supervision and regulation in most of the jurisdictions in which it operates or obtains funding, particularly in the areas of funding, liquidity, capital adequacy, conduct and prudential regulation, anti-bribery and corruption, anti-money laundering and counter-terrorism financing and trade sanctions.

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.

Regulatory changes may impact Westpac's operations by requiring Westpac to maintain higher levels of liquidity and capital adequacy, increase the amount of long term funding, amend its corporate structure or alter its product or service offerings. If regulatory change has any such effect, it could adversely affect one or more of Westpac's businesses, restrict Westpac's flexibility, require Westpac to incur substantial costs and impact the profitability of one or more of Westpac's business lines. Any such costs or restrictions could adversely affect Westpac's business, prospects, financial performance or financial condition.

6.2.2 Availability and cost of funding

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

Global credit and capital markets can experience periods of extreme volatility, disruption and decreased liquidity. The main risks Westpac faces are damage to market confidence, changes to the access to and cost of funding, and a slowing in global activity or other impacts on entities with whom Westpac does business.

If market conditions deteriorate due to economic, financial, political or other reasons, there may also be a loss of confidence in bank deposits and Westpac could experience unexpected deposit withdrawals. In this situation Westpac's funding costs may be adversely affected and its liquidity, funding and lending activities may be constrained. Such constraints could adversely affect Westpac's business, prospects, liquidity, capital resources, financial performance or financial condition.

Westpac's credit ratings can also affect the cost and availability of its funding from capital markets and other funding sources. They may also be important to customers or counterparties when evaluating Westpac's products and services.

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

6.2.3 Financial market volatility

Westpac could be adversely affected by disruptions to global financial markets or other financial 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. Changes in market factors, such as foreign exchange rates, interest rates, commodity prices and equity prices could adversely impact on Westpac's earnings.

There is also a risk that foreign governments will default on their debt obligations, will be unable to refinance their debts as they fall due or will nationalise parts of their economy including assets of financial institutions such as Westpac. Sovereign defaults could have a negative impact on the value of Westpac's holdings of high quality liquid assets. There may also be a cascading effect to other markets and countries. The consequences of this are difficult to predict, but they may be similar to, or worse than, those experienced during the global financial crisis. Such an event could destabilise global financial markets.

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.

6.2.4 Economic conditions, asset values and credit losses

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. Such a shock could also result in a decline in Australian, New Zealand or other asset markets.

The impact of such a shock could result in the undermining of confidence in the financial system, reducing liquidity, impairing Westpac's access to funding and impairing Westpac's customers and counterparties and their businesses. If this were to occur, Westpac's business, prospects, financial performance or financial condition could be adversely affected.

A deterioration in economic conditions or a decline in asset prices could result in some customers and/or counterparties experiencing higher levels of financial stress and impact on the value of security Westpac holds. As a consequence Westpac may experience a significant increase in defaults and write offs, and be required to increase its provisioning. In addition a decline in asset prices would impact on Westpac's ability to recover amounts owing to it in the event of a customer or counterparty default. Such events would diminish available capital and could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition.

6.2.5 Risks affecting Westpac's business generally

Westpac may be adversely affected by events that relate to its business operations generally. These include changes in competition, technology failures (including cyberattacks), fraud, supplier failures, environmental factors, reputational damage and other operational or conduct risks.

6.2.6 Risk of possible downgrade of the credit rating of the Notes

The credit rating assigned by S&P Global Ratings to the Notes may be withdrawn or lowered at any time, reflecting a change in S&P Global Ratings' view of the creditworthiness of Westpac. Such changes may affect the market price and liquidity of the Notes.

S&P Global Ratings has placed the Australian government's credit rating on negative outlook and, as a consequence, S&P Global Ratings has also placed the senior long term credit rating of all four major Australian banks (including Westpac) on negative outlook.

While this does not currently change S&P Global Ratings' credit rating for the Notes, the fact that Westpac has been placed on negative outlook by S&P Global Ratings increases the risk that Westpac's senior long term credit rating could be downgraded by S&P Global Ratings.

Westpac cannot predict what steps, if any, that S&P Global Ratings may take in relation to the credit rating for the Notes. However, it is possible as a consequence of the circumstances that have led S&P Global Ratings to place Westpac on negative outlook that the credit rating for the Notes could be downgraded.

Separately, other credit rating agencies (including Fitch Ratings and Moody's Investors Service) also assign credit ratings to Westpac. It is possible that such other credit rating agencies may review their credit rating of Westpac.

In addition, the effect of one or more of the specific risks described above in this section 6.2, either individually or in combination, could be that the credit rating of the Notes is downgraded.

Further information about risks

A more detailed description of the risks that relate to Westpac's business operations generally is available in the "Directors' report" section (under a heading "Risk factors") of Westpac's current interim financial report which is available at www.westpac.com.au/investorcentre and www.business.govt.nz/disclose and forms part of the disclosure for purposes of this Offer Document.

6.3 Risks associated with the Notes

Set out below is a summary of the risks associated with the Notes. These cover specific risks in connection with a Non-Viability Trigger Event and, separately, other key risks in connection with the Notes. Further information about the features of the Notes is in section 5 (*Key features of the Notes*).

6.3.1 Specific risks associated with a Non-Viability Trigger Event

Notes may be Converted into Westpac Shares upon the occurrence of a Non-Viability Trigger Event

If a Non-Viability Trigger Event occurs, some or all of the Notes may be Converted into Westpac Shares. If that occurs, it is likely that the Maximum Conversion Number will apply and limit the number of Westpac Shares to be issued. In this case, the value of the Westpac Shares received is likely to be significantly less than the aggregate principal amount of Notes held and you may lose a significant amount of the money you invested as a consequence.

Any depreciation of the Australian Dollar against the New Zealand Dollar by the Conversion Date will increase the likelihood of the Maximum Conversion Number applying on Conversion, particularly if such depreciation is significant. It will likely also reduce the New Zealand Dollar equivalent of Westpac Shares received. Following Conversion, there is no certainty as to the future value of the Westpac Shares.

See section 5.4, 'Conversion and Write Off following a Non-Viability Trigger Event', for further details.

The Notes will be Written Off if Conversion does not occur when required

If Conversion is required following a Non-Viability Trigger Event and the Notes are not Converted into Westpac Shares for any reason, then your rights in relation to such Notes (including the right to interest (including any accrual interest), the repayment of such Notes and to have the Notes converted into Westpac Shares) are immediately and irrevocably Written Off and are terminated. In such an event your investment will lose all of its value and you will not receive any compensation.

See section 5.4, 'Conversion and Write Off following a Non-Viability Trigger Event', for further details.

6.3.2 Other key risks associated with the Notes

Fixed Interest Rate reset after 5 Years

The interest rate on the Notes will be fixed for 5 years from the Issue Date to the First Optional Redemption Date when it will be reset for another 5 years. There is a risk that the interest rate that is set on the First Optional Redemption Date will be lower than the interest rate which applies for the first 5 years of the Notes, or lower than the interest rate that applies to other debt or capital instruments with an equivalent term at the First Optional Redemption Date.

You have no right to request early repayment

You cannot require Westpac to repay any of the Notes before their Maturity Date. In the event that a Winding-Up occurs in respect of Westpac in Australia, the Notes will become immediately due and payable. In such a case, your only remedy against Westpac will be, subject to the subordination provisions relating to the Notes, to prove or claim in any Winding-Up in Australia. Outside these limited circumstances, the only way that you can realise your investment is to sell the Notes on the NZX Debt Market at the prevailing market price, which may be less than the price at which the Notes were issued to you.

See section 5.2, 'Optional early redemption' and section 5.6, 'Events of Default', for further details.

Westpac may repay the Notes if certain events occur

Subject to certain conditions, Westpac has the right to pay back the Notes before the Maturity Date (being 1 September 2026) if a Regulatory Event or a Tax Event occurs, or on any Interest Payment Date on or after the Interest Payment Date falling on the First Optional Redemption Date (being 1 September 2021). Westpac may not repay Notes early unless it obtains APRA's prior written approval and certain other conditions are satisfied. There is no certainty that APRA would, if requested, provide its approval in respect of any early repayment. The timing or occurrence of an early repayment of the Notes may not coincide with your individual preferences.

See section 5.2, 'Optional early redemption', for further details.

No payment in respect of the Notes if Solvency condition not satisfied

The payment of amounts on the Notes is subject to Westpac satisfying the solvency condition on the relevant payment date. If Westpac fails to make a payment because it has not satisfied the solvency condition, this will not be an Event of Default, and you will not be able to take any action against Westpac unless an Event of Default subsequently occurs.

See section 5.3, 'Payments subject to Solvency condition', for further details.

Westpac may substitute a successor holding company as the issuer of ordinary shares on Conversion without your consent

Westpac may, subject to APRA's prior written approval and certain conditions being satisfied, be replaced as the ultimate holding company of the Westpac Group. In such an event, Westpac may make amendments to the terms of the Notes to effect the substitution of the Approved Successor as the debtor in respect of the Notes and as the issuer of any ordinary shares on Conversion. Your consent to such amendments will not be required and you will be obliged to accept Approved Successor Shares rather than Westpac Shares on Conversion. The financial position, including the profits and net assets, of the Approved Successor may be different to those of Westpac.

See section 5.8, 'Variation of the Notes if successor holding company', for further details.

No rights if control of Westpac changes

You do not have any rights to vote or object or take other action if a change of control is proposed or occurs in relation to Westpac. In particular, you have no right to require early repayment or Conversion of the Notes. A change of control of Westpac may result in Westpac's business being managed differently to the way it is currently managed and may also mean that Westpac's Shares are no longer quoted on ASX or the NZX Main Board.

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TAX

7.1 New Zealand tax implications

Resident withholding tax

If you are a New Zealand resident or a non-resident engaged in business through a fixed establishment in New Zealand, Westpac will deduct resident withholding tax (*RWT*) from interest that is payable to you under the Notes, unless you produce to the Registrar a valid certificate of exemption no later than 5 Business Days before the relevant payment date.

Non-resident withholding tax and AIL

If you are not a tax resident in New Zealand, do not have a fixed establishment in New Zealand, and do not derive interest jointly with one or more holders that are resident in New Zealand, Westpac will deduct non-resident withholding tax (*NRWT*) at the rate required by law from interest that is payable to you under the Notes.

If Westpac is satisfied that the application of the approved issuer levy (*AIL*) regime in relation to payments of interest to you would result in *NRWT* applying at the rate of zero percent, Westpac will not deduct *NRWT* but will instead deduct and pay *AIL* unless you request in writing that *NRWT* be deducted from such interest instead of *AIL*. If Westpac applies the *AIL* regime, it will apply *AIL* at the rate of zero percent to the extent it is able to do so and otherwise at the applicable rate (currently 2%).

7.2 Australian tax implications

Westpac proposes to issue the Notes in a manner which will qualify for an exemption from Australian interest withholding tax, which may otherwise apply to the payment of interest to a holder of a Note that is a non-resident of Australia.

7.3 Indemnity

If, in respect of any of the Notes, Westpac becomes liable to account for withholding taxes, or make any payment of, or on account of, tax payable by you, then Westpac shall be indemnified by you in respect of such liability. Any amounts paid by Westpac in relation to any such liability may be recovered from you, and may be withheld from further payments in respect of Notes to you. See the Note Deed Poll for further details.

There may be other tax consequences from acquiring or disposing of the Notes. In addition, different tax consequences will arise should there be any Conversion of the Notes into Westpac Shares.

If you have any queries relating to the New Zealand or Australian tax consequences of an investment in the Notes, you should obtain professional advice on those consequences.

Further information relating to New Zealand and Australian taxation implications of the Notes, including information on the potential application of Foreign Account Tax Compliance Act (*FATCA*) and the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (*CRS*) is available on the online offer register maintained by the Companies Office known as 'Disclose'. The offer register can be accessed at www.business.govt.nz/disclose.



HOW TO COMPLAIN

Complaints about the Notes can be directed to Westpac Banking Corporation at:

Level 20, Westpac Place
275 Kent Street
Sydney NSW 2000
Australia

Telephone: +61 2 8253 3143

Facsimile: +61 2 8253 1207

Email: investorrelations@westpac.com.au

Complaints about the Notes may also be directed to the Registrar at:

Link Market Services Limited
Level 11, Deloitte Centre
80 Queen Street
Auckland 1010

or

Postal address:

PO Box 91976
Auckland 1142

Telephone for investor enquires: +64 9 375 5998

Facsimile: +64 9 375 5990

Email: enquiries@linkmarketservices.co.nz

Complaints may also be directed to the Financial Markets Authority through its website at www.fma.govt.nz.



WHERE YOU CAN FIND MORE INFORMATION

9.1 Further information

Further information relating to Westpac and the Notes is available on the online offer register maintained by the Companies Office known as 'Disclose'. The offer register can be accessed at www.business.govt.nz/disclose. A copy of information on the offer register is also available on request to the Registrar of Financial Service Providers at registrar@fspr.govt.nz.

The information contained on that register includes a copy of the Note Deed Poll (comprising the Master Deed Poll and the Supplemental Deed Poll (including the Conditions)),

Westpac's 2015 annual report and 2016 interim financial results, a link to Westpac's New Zealand banking group disclosure statements, Westpac's constitution, the NZX waivers and rulings, and other material information.

Westpac Shares are quoted on ASX and the NZX Main Board and Westpac is subject to regular reporting and disclosure obligations. Copies of documents lodged by Westpac with ASX or NZX can be obtained (free of charge) from the section on Westpac on the ASX and NZX websites.

Further information about Westpac, including its financial statements, is available in Westpac's annual report which relates to Westpac's operations worldwide.

Westpac's annual reports, interim financial results and disclosure statements are also available at www.westpac.com.au/investorcentre and www.business.govt.nz/disclose. You can download copies of these documents from the websites listed above free of charge.

9.2 Waivers, rulings, approvals and confirmations from NZX, ASX and ASIC

NZX

NZX has provided Westpac with the following waivers from the NZX Listing Rules:

- that no supervisor is required to be appointed as required under NZX Listing Rule 3.2.1(a);
- that the 10 Business Days' notice requirement in NZX Listing Rule 7.12.2 does not apply to routine payments of interest or if the Notes are Converted following a Non-Viability Trigger Event, meaning that no prior notice will be given to the NZX of routine payments of interest or the Conversion of any Notes following a Non-Viability Trigger Event; and
- that Westpac is not required to comply with the preliminary announcement, half-year and annual report and financial statement requirements of NZX Listing Rules 10.3, 10.4 and 10.5 in respect of the Notes.

The waivers from NZX Listing Rule 7.12.2 are subject to the following conditions:

- that this Offer Document discloses (i) the timing of, and record date for, routine payments of interest; (ii) the process for determining the Interest Rate and the date on which the Interest Rate will be announced via NZX; and (iii) the information required by NZX Listing Rule 7.12.2 regarding Conversion which is known at the date of this Offer Document;
- that the Interest Rate that will apply until the First Optional Redemption Date is announced via NZX on or before the Issue Date;
- that the Interest Rate that will apply from the First Optional Redemption Date is announced via NZX immediately after the First Optional Redemption Date;
- that the notice under NZX Listing Rule 7.12.2 following a Conversion must be given as soon as practicable and in any event before the NZX Debt Market opens for trading on the Business Day after Conversion occurs; and
- that the waivers are published on the Disclose Register in respect of the Offer at www.business.govt.nz/disclose.

The waivers from NZX Listing Rules 10.3, 10.4 and 10.5 are subject to the following conditions:

- that Westpac releases any preliminary announcements it prepares in accordance with ASX Listing Rule 4.3A, through NZX, at the same time that they are released through ASX;
- that Westpac:
 - o complies with all of the ASX Listing Rules regarding its annual report and interim financial statements; and
 - o releases its annual report and interim financial statements through NZX at the same time that they are released through ASX;
- that Westpac prepares all of its financial statements in accordance with the Corporations Act and the ASX Listing Rules; and
- that the waivers are published on the Disclose Register in respect of the Offer at www.business.govt.nz/disclose.

NZX has provided Westpac with a ruling that, for the purposes of NZX Listing Rules 1.14.1, 1.14.2, 5.1.7 and 5.8:

- Westpac will remain an Overseas Listed Issuer in respect of the Westpac Shares quoted on the NZX Main Board, notwithstanding the quotation of the Notes; and
- NZX will solely be the Home Exchange in respect of the Notes quoted on the NZX Debt Market, and the Notes will be subject to the NZX Listing Rules, with the exception of the NZX Listing Rules listed in Appendix 5 of the NZX Listing Rules.

The ruling is subject to the condition that ASX will remain Westpac's Home Exchange in respect of the Westpac Shares.

NZX has provided Westpac with approval under NZX Listing Rule 11.1.5, to enable Westpac to decline to accept or register a transfer of Notes if the transfer would result in the transferor or the transferee holding or continuing to hold Notes with a principal amount of less than NZ\$5,000 (if not zero) or if the transfer is not in multiples of NZ\$1,000.

ASX

ASX has provided Westpac with waivers of, and confirmations in relation to, certain ASX Listing Rules. Although the Notes are not being quoted on the ASX, if they are Converted the Westpac Shares issued on Conversion are expected to be quoted on ASX. ASX has confirmed that the Notes are not options for the purposes of ASX Listing Rules 6.14-6.23, has waived any impact that a Conversion may have on Westpac's placement capacity under ASX Listing Rule 7.1 and has confirmed that the Notes are classified as debt securities for the purposes of the ASX Listing Rules generally.

ASIC

ASIC relief has been obtained by Westpac in relation to the definition of "continuously quoted securities" in section 9 of the Corporations Act to enable the on-sale test in section 708A of the Corporations Act (as modified by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71) to apply to any "regulatory capital securities" (including the Notes) which are converted into Westpac Shares and on-sold to third parties.

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SELLING RESTRICTIONS

This Offer Document constitutes an offer of Notes in New Zealand to members of the public and institutional investors who are resident in New Zealand.

The Notes may only be offered for sale or sold in New Zealand.

Westpac has not taken and will not take any action which would permit a public offering of Notes, or possession or distribution of any offering material in respect of the Notes, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

The Notes have not been and will not be registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold, delivered or transferred in the United States or to, or for the account or benefit of, any US Person. Neither this Offer Document nor any Application Form or other materials relating to the Offer may be distributed in the United States.

Indemnity

By subscribing for Notes, each investor agrees to indemnify, among others, Westpac, the Joint Lead Managers and the Co-Managers and their respective directors, officers, employees and agents in respect of any loss, cost, liability or damages suffered as a result of an investor breaching the selling restrictions referred to in this section.

No recommendation by Arranger, Joint Lead Managers, Co-Managers or Organising Participant

This Offer Document does not constitute a recommendation by the Arranger, any Joint Lead Manager, Co-Manager or the Organising Participant or any of their respective directors, officers, employees, agents or advisers to subscribe for, or purchase, any Notes.

The Arranger, the Joint Lead Managers, the Co-Managers and the Organising Participant and their respective directors, officers, employees, agents or advisers:

- do not accept any responsibility or liability whatsoever for any loss arising from this Offer Document or the Disclose Register or their contents or otherwise arising in connection with the Offer; and
- have not independently verified the information contained in this Offer Document or the Disclose Register and make no representation or warranty, express or implied, and do not accept any responsibility or liability for, the origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement or opinion contained in this Offer Document or the Disclose Register.

The limitations and exclusions set out above are subject to any limitations imposed by law, including any liability that may arise under the FMCA.

You must make your own independent investigation and assessment of the financial condition and affairs of the Westpac Group before deciding whether or not to apply for Notes.

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HOW TO APPLY

There is no public pool for the Notes. This means you should contact your financial adviser to arrange for your application to be submitted. Your financial adviser must ensure that your completed Application Form, together with payment of the issue price, is received by the Registrar before 5.00pm on the Closing Date.

An application cannot be withdrawn or revoked by the applicant once it has been submitted.

Additional instructions on how to apply for Notes are set out with the Application Form contained at the back of this Offer Document.

Privacy Disclosure

Westpac collects personal information about applicants either directly as part of the Application Form or via its agents, including the Registrar. The personal information provided by you will be held by Westpac and the Registrar at their respective addresses shown under section 12 (*Contact information*) below or at such other place as is notified upon request. The personal information is collected, used and disclosed by Westpac (and its agents, including the Registrar) in order to process your application, service your needs as a holder (and following Conversion, if applicable, your holding of Westpac Shares), provide facilities and services, carry out appropriate administration, send you information about the products and services of members of the Westpac Group and as otherwise required or authorised by law (including, without limitation, company, taxation and anti-money laundering laws) in New Zealand, Australia or any other country.

We may disclose your personal information to third parties including other members of the Westpac Group, Westpac's agents, service providers, auditors and advisers, domestic and overseas regulators or other government agencies (including ASIC and the Australian Taxation Office) and stock exchanges. Some of these recipients may be located outside New Zealand or Australia. If Westpac is unable to collect your personal information Westpac may not be able to process your application.

Westpac's privacy policy is available at **www.westpac.com.au/privacy** and explains how you may seek access to, and correction of, the personal information that Westpac holds about you, complain about a breach of the Privacy Act 1988 of Australia and how we will deal with such a complaint.

You also have a right to access and correct any personal information about you held by Westpac and the Registrar under the Privacy Act 1993. You can also access your information on the Link Market Services website: **www.linkmarketservices.co.nz**. (You will be required to enter your CSN and FIN for secure access.)



CONTACT INFORMATION

Contact details of Westpac:

Westpac Banking Corporation
Level 20, Westpac Place
275 Kent Street
Sydney NSW 2000
Australia

Telephone: +61 2 8253 3143

Email: investorrelations@westpac.com.au

Contact details of the Registrar:

Link Market Services Limited
Level 11, Deloitte Centre
80 Queen Street
Auckland 1010
or

Postal address:

PO Box 91976
Auckland 1142

Telephone for investor enquires: +64 9 375 5998

Facsimile: +64 9 375 5990

Email: enquiries@linkmarketservices.co.nz

GLOSSARY

To help you understand this Offer Document, the meanings of some words used in it are set out below.

Term	Definition
5 Year Swap Rate	Expressed as a percentage per annum, means: <ul style="list-style-type: none"> (a) for each Interest Period that ends before the First Optional Redemption Date, the average of the bid and offered swap yields as displayed at or about 11.00am (Sydney time) on the Rate Set Date on Bloomberg screen page 'NDSWAP5 CURRENCY' (or its successor page) for an interest rate swap with a term equal to five years, or if the rate is unable to be determined in that manner, the average of the bid and offered swap rates quoted to Westpac by three registered banks (or such one or more of them as are quoting) at or about 11.00am (Sydney time) on the Rate Set Date for an interest rate swap with a term equal to five years (with the rate in each case adjusted for quarterly payments as necessary); and (b) for each Interest Period that commences on or after the First Optional Redemption Date, the average of the bid and offered swap yields as displayed at or about 11.00am (Sydney time) on the First Optional Redemption Date on Bloomberg screen page 'NDSWAP5 CURRENCY' (or its successor page) for an interest rate swap with a term equal to five years, or if the rate is unable to be determined in that manner, the average of the bid and offered swap rates quoted to Westpac by three registered banks (or such one or more of them as are quoting) at or about 11.00am (Sydney time) on the First Optional Redemption Date for an interest rate swap with a term equal to five years (with the rate in each case adjusted for quarterly payments as necessary).
Additional Tier 1 Capital	Has the meaning prescribed by APRA in the Prudential Standards.
ADI	An Authorised Deposit-taking Institution under the Australian Banking Act.
Administrative Action	Any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application of a regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of those things).
Application Form	The application form contained in this Offer Document relating to the Offer.
Approved Successor	A holding company that replaces, or is proposed to replace, Westpac as the ultimate holding company of the Westpac Group and that satisfies the following requirements: <ul style="list-style-type: none"> (a) the proposed successor holding company complies with all applicable legal requirements and obtains any necessary regulatory approvals (including APRA's prior written approval); (b) the proposed successor holding company agrees to take any necessary action to give effect to an amendment to the Conditions as contemplated in the Conditions; (c) the ordinary shares of the proposed successor holding company are to be listed on the ASX or any other internationally recognised stock exchange; (d) the proposed successor holding company has a place of business in New South Wales or has appointed a process agent in New South Wales to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes; (e) the proposed successor holding company has in the reasonable opinion of Westpac, the financial capacity to satisfy Westpac's obligations under the Conditions and the Master Deed Poll; and (f) the proposed replacement of Westpac and the events described in paragraphs (a) to (c) would not, in the reasonable opinion of Westpac, otherwise adversely affect the interests of holders of the Notes.

Term	Definition
Approved Successor Share	A fully paid ordinary share in the capital of the Approved Successor.
APRA	Australian Prudential Regulation Authority.
Arranger	Westpac Banking Corporation (acting through its New Zealand branch).
ASIC	Australian Securities & Investments Commission.
Assets	In respect of Westpac, its total non-consolidated gross assets 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 of Westpac or, as the case may be, the Liquidator may determine to be appropriate.
ASX	ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.
ASX Business Day	A day which is a business day within the meaning of the ASX Listing Rules.
ASX Listing Rules	The listing rules of ASX from time to time, with any modifications or waivers which ASX may grant Westpac from time to time.
ASX Operating Rules	The market operating rules of ASX as amended, varied or waived by ASX from time to time.
Australian Banking Act	The Banking Act 1959 (Cth) of Australia.
BCBS	The Basel Committee on Banking Supervision.
Bookbuild	The process whereby certain institutional investors and brokers lodge bids for Notes and, on the basis of those bids, Westpac (in consultation with the Arranger) determines the Margin and the total amount of Notes.
Business Day	<ul style="list-style-type: none"> For the purposes of giving notices, a day which is a business day within the meaning of the NZX Listing Rules; and For the purposes of determining a Redemption Date, the Maturity Date, the First Optional Redemption Date, a Record Date or an Interest Payment Date, a day on which banks are open for general business in Wellington and Auckland, New Zealand and Sydney, Australia.
CCB	The capital conservation buffer prescribed by APRA in the Prudential Standards.
Clearing System	NZClear (including, as the context requires, any other applicable Clearing System in which the Notes may be held as a result of sub-custodial arrangements involving NZClear).
Closing Date	26 August 2016.
Co-Managers	JBWere (NZ) Pty Limited and Macquarie Equities New Zealand Limited.
Common Equity Tier 1 Capital	Has the meaning prescribed by APRA in the Prudential Standards.
Conditions	The Conditions of the Notes, which are attached to the Supplemental Deed Poll.
Conversion	The conversion of all or some Notes into Westpac Shares in accordance with the Conditions. Convert and Converted shall have corresponding meanings.
Conversion Date	The applicable Non-Viability Trigger Event Date.
Conversion Date Face Value	In respect of a Note, the Australian Dollar equivalent of the New Zealand Dollar principal amount of a Note, determined on the basis of the spot rate of exchange for the sale of Australian Dollars against the purchase of New Zealand Dollars in the Sydney foreign exchange market quoted by any leading bank or banks selected by Westpac at the time of Conversion.
Conversion Number	The number of Westpac Shares you will receive on Conversion unless the Maximum Conversion Number applies.
Corporations Act	Corporations Act 2001 (Cth) of Australia.
CSN	Common Shareholder Number.
D-SIB	A Domestic Systemically Important Bank as prescribed by APRA.
Disclose Register	The online offer register maintained by the Companies Office known as 'Disclose'.

Term	Definition
Equal Ranking Instruments	<p>Instruments which satisfy the requirements set out in one of the following paragraphs (a), (b) or (c):</p> <p>(a) any instruments, present and future, issued by Westpac after 1 January 2013 which:</p> <ul style="list-style-type: none"> (i) by their terms are, or are expressed to be, subordinated in a Winding-Up to the claims of holders of Senior Creditors; (ii) qualify as Tier 2 Capital of Westpac; and (iii) in a Winding-Up rank, or are expressed to rank, prior to, and senior in right of payment to, instruments which constitute Additional Tier 1 Capital or Common Equity Tier 1 Capital of Westpac as described in the Prudential Standards (or, in the case of any instruments issued prior to 1 January 2013, were treated as constituting Tier 1 Capital in accordance with the Prudential Standards which applied prior to 1 January 2013 irrespective of whether or not such instruments are treated as constituting Tier 1 Capital in accordance with any transitional arrangements approved by APRA); <p>(b) the Perpetual Capital Notes (irrespective of whether or not such instruments are treated as constituting Tier 2 Capital in accordance with any transitional arrangements approved by APRA); or</p> <p>(c) any other instruments, present and future, issued by Westpac where, the right to repayment ranks, or is expressed to rank, in a Winding-Up equally with the claims of holders of Notes (irrespective of whether or not such instruments qualify as Tier 2 Capital of Westpac as described in the Prudential Standards).</p>
Event of Default	In relation to the Notes, means each event set out in clause 7 of the Conditions, and are summarised in section 5 (<i>Key features of Notes</i>).
FIN	Faster Identification Number.
First Optional Redemption Date	1 September 2021.
FMCA	Financial Markets Conduct Act 2013.
Foreign Holder	A holder whose address in the Register is a place outside Australia or New Zealand or who Westpac otherwise believes may not be a resident of Australia or New Zealand and Westpac is not satisfied that the laws of the holder's country of residence would permit the offer to, or the holding or acquisition of Westpac Shares by, the holder (but Westpac will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which Westpac, in its absolute discretion, regards as acceptable and not unduly onerous.
Home Exchange	Has the meaning given to it in the NZX Listing Rules.
Ineligible Holder	A holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 of Australia, the Financial Sector (Shareholdings) Act 1998 of Australia and Part IV of the Competition and Consumer Act 2010 of Australia) from being offered, holding or acquiring Westpac Shares (provided that if the relevant prohibition or restriction only applies to the holder in respect of some of its Notes, it shall only be treated as an Ineligible Holder in respect of those Notes and not in respect of the balance of its Notes) and includes a Foreign Holder. Westpac shall be entitled to treat a holder as not being an Ineligible Holder unless the holder has otherwise notified it after the Issue Date and prior to the Non-Viability Trigger Event Date.
Interest Payment Date	<ul style="list-style-type: none"> • Each of 1 March, 1 June, 1 September and 1 December in each year, commencing on 1 December 2016 to, but not including, the Maturity Date or an earlier Redemption Date or a Conversion Date; and • The Maturity Date or an earlier Redemption Date.

Term	Definition
Interest Period	Each period from (and including) the preceding Interest Payment Date (or in the case of the first period, the Issue Date) to (but excluding) that Interest Payment Date (which, in the case of the last period, is the Maturity Date or earlier Redemption Date of that Note).
Interest Rate	In respect of a Note for an Interest Period, means the sum of the Margin and the 5 Year Swap Rate for the Interest Period (expressed as a percentage per annum).
IRRBB	Interest Rate Risk in the Banking Book prescribed by APRA in the Prudential Standards.
Issue Date	1 September 2016.
Issue Date Face Value	In respect of a Note, the Australian Dollar equivalent of the New Zealand Dollar principal amount of a Note, determined on the basis of the spot rate of exchange for the sale of Australian Dollars against the purchase of New Zealand Dollars in the Sydney foreign exchange market quoted by any leading bank or banks selected by Westpac at the time of issue.
Issue Date VWAP	The VWAP during the period of 20 ASX Business Days on which trading in Westpac Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with the Conditions.
Joint Lead Managers	Bank of New Zealand, Deutsche Craigs Limited, First NZ Capital Securities Limited, Forsyth Barr Limited, Macquarie Capital (New Zealand) Limited (acting through its affiliates), and Westpac Banking Corporation (acting through its New Zealand branch).
Junior Ranking Capital Instruments	Instruments, present and future, issued by Westpac which: (a) by their terms are, or are expressed to be, subordinated in a Winding-Up to the claims of holders of the Notes and Equal Ranking Instruments; and (b) qualify as Additional Tier 1 Capital or Common Equity Tier 1 Capital of Westpac as described in the Prudential Standards (or, in the case of any instruments issued prior to 1 January 2013, were treated as constituting Tier 1 Capital in accordance with the Prudential Standards which applied prior to 1 January 2013 irrespective of whether or not such instruments are treated as constituting Tier 1 Capital in accordance with any transitional arrangements approved by APRA).
Level 2	Has the meaning prescribed by APRA in the Prudential Standards.
Liabilities	In respect of Westpac, 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	The liquidator or other official responsible for the conduct and administration of a Winding-Up.
Margin	Expressed as a percentage per annum, means the rate determined under the Bookbuild and announced to NZX on or before the Opening Date.
Master Deed Poll	The master deed poll entitled 'Westpac NZD Subordinated Notes Master Deed Poll' executed by Westpac and dated 25 July 2016.
Maturity Date	1 September 2026.
Maximum Conversion Number	Has the meaning given in clause 6.1(a) of the Conditions, calculated according to the following formula: $\text{Maximum Conversion Number} = \frac{\text{Issue Date Face Value}}{0.20 \times \text{Issue Date VWAP}}$

GLOSSARY

Term	Definition
Nominee	Each nominee (who cannot be a member of the Westpac Group or a related entity (as described in the Prudential Standards or determined by APRA from time to time) of Westpac) appointed by Westpac under a facility established for the sale or transfer of Westpac Shares issued on Conversion on behalf of: <ul style="list-style-type: none"> • holders who do not wish to receive Westpac Shares on Conversion; • holders who are Ineligible Holders; or • holders in respect of which Westpac or the Registrar has not received relevant register information prior to the Conversion Date, and the lack of such information would prevent Westpac from issuing the Westpac Shares to the holder on the Conversion Date, in accordance with the Conditions. For the avoidance of doubt Westpac may appoint more than one Nominee in respect of the Conversion of Notes.
Non-Viability Trigger Event	If APRA notifies Westpac in writing that it believes: <ul style="list-style-type: none"> • the Conversion of some or all of the Notes, or conversion, write off or write down of all or some capital instruments of the Westpac Group; or • a public sector injection of capital or equivalent support, is, in each case, necessary because, without it, Westpac would become non-viable.
Non-Viability Trigger Event Date	The date on which Conversion occurs and the relevant number of Notes are Converted or Written Off.
Note Deed Poll	Together, the Master Deed Poll and the Supplemental Deed Poll (including the Conditions).
Notes	The notes constituted and issued pursuant to the Note Deed Poll and offered pursuant to this Offer Document, and Note means each of them.
NZX	NZX Limited.
NZX Debt Market	The debt market operated from time to time by NZX.
NZX Listing Rules	The listing rules of NZX and the NZX Debt Market, as amended, varied or waived from time to time.
Offer	The offer of Notes made by Westpac under this Offer Document.
Offer Document	This limited disclosure document for the Offer dated 26 July 2016.
Opening Date	5 August 2016.
Overseas Listed Issuer	Has the meaning given to it in the NZX Listing Rules.
PCRs	The prudential capital requirements issued by APRA under the Prudential Standards.
Perpetual Capital Notes	The Perpetual Capital Floating Rates Notes issued by Westpac on 30 September 1986, of which US\$352,050,000 are expected to remain outstanding on the Issue Date.
Primary Market Participant	Has the meaning given to it in the NZX Listing Rules.
Prudential Standards	The prudential standards and guidelines published by APRA from time to time and applicable to Westpac.
Rate Set Date	4 August 2016.
Redemption Date	The date, other than the Maturity Date, on which Notes are to be redeemed in accordance with the Conditions.
Registrar	Link Market Services Limited (ABN 54 083 214 537), acting through its New Zealand subsidiary, Link Market Services Limited (NZ Co. No. 1582925).

Term	Definition
Regulatory Event	<p>Either:</p> <p>(a) as a result of:</p> <ul style="list-style-type: none"> (i) any amendment to, clarification of, or change (including any announcement of a change that will be introduced) in, laws or regulations of Australia or the Prudential Standards; or (ii) any Administrative Action or any amendment to, clarification of, or change in an Administrative Action, <p>in each case by any legislative body, court, government authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or Administrative Action is announced) after the Issue Date (but which Westpac did not expect at the Issue Date); or</p> <p>(b) written confirmation is received from APRA after the Issue Date that, Westpac is not, or will not be, entitled to treat all of the Notes as Tier 2 Capital.</p>
Relevant Tier 1 Securities	<p>Securities forming part of the Tier 1 Capital of Westpac on a Level 1 basis or Level 2 basis as described in the Prudential Standards which, upon the occurrence of a Non-Viability Trigger Event, may be either:</p> <ul style="list-style-type: none"> • converted into Westpac Shares; or • written off or written down (and all rights and claims of the holders terminated).
Relevant Tier 2 Securities	<p>Securities (other than the Notes) forming part of the Tier 2 Capital of Westpac on a Level 1 basis or Level 2 basis as described in the Prudential Standards which, upon the occurrence of a Non-Viability Trigger Event, may be either:</p> <ul style="list-style-type: none"> • converted into Westpac Shares; or • written off or written down (and all rights and claims of the holders terminated).
RWA	Risk weighted assets.
Senior Creditors	<p>All depositors and other creditors (present and future) of Westpac, including all holders of Westpac's debt:</p> <p>(a) whose claims are admitted in a Winding-Up; and</p> <p>(b) whose claims are not made as holders of indebtedness arising under:</p> <ul style="list-style-type: none"> (i) an Equal Ranking Instrument; or (ii) a Junior Ranking Capital Instrument. <p><i>Senior Creditors include holders of any instruments issued by Westpac prior to 1 January 2013 which constituted Lower Tier 2 Capital as described in the Prudential Standards as in effect prior to 1 January 2013, irrespective of whether or not such instruments are treated as constituting Tier 2 Capital in accordance with any transitional arrangements approved by APRA.</i></p>
Solvent	<p>Each of the following is satisfied:</p> <p>(a) Westpac is able to pay its debts as they fall due; and</p> <p>(b) Westpac's Assets exceed its Liabilities.</p>
Solvent Reconstruction	<p>A scheme of amalgamation or reconstruction, not involving a bankruptcy or insolvency, where the obligations of Westpac in relation to the outstanding Notes are assumed by the successor entity to which all, or substantially all of the property, assets and undertaking of Westpac are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented.</p>
Supplemental Deed Poll	<p>The supplemental deed poll entitled 'Westpac NZD Subordinated Notes Supplemental Deed Poll in respect of the Series 1 Notes due 1 September 2026' executed by Westpac and dated 25 July 2016.</p>

GLOSSARY

Term	Definition
Tax Event	Westpac determines that as a result of: <ul style="list-style-type: none"> (a) any amendment to, clarification of, or change in, the Tax Legislation which has been or will be effected; or (b) any Administrative Action under or in connection with the Tax Legislation or any amendment to, clarification of, or change in any such Administrative Action, in each case by any legislative body, court, government authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or Administrative Action is announced) after the Issue Date (but which Westpac did not expect at the Issue Date), (c) there is a material risk that Westpac would be exposed to a more than de minimis adverse tax consequence in relation to the Notes; (d) Westpac determines that any interest payable on Notes is not, or may not be, allowed as a deduction for the purposes of Australian income tax; or (e) Westpac has or will become obliged to pay Additional Amounts in accordance with Condition 9.3 of the Conditions.
Tax Legislation	<ul style="list-style-type: none"> • The Income Tax Assessment Act 1936 of Australia, the Income Tax Assessment Act 1997 of Australia or the Taxation Administration Act 1953 of Australia (and a reference to any section of the Income Tax Assessment Act 1936 includes a reference to that section as rewritten in the Income Tax Assessment 1997); • The Income Tax Act 2007 (New Zealand) and any other legislation imposing Taxes in New Zealand; • Any other law setting the rate of income tax payable; and • Any regulation made under such laws.
Tier 1 Capital	The Tier 1 capital of Westpac under the Prudential Standards.
Tier 2 Capital	The Tier 2 capital of Westpac under the Prudential Standards.
Total Capital	Has the meaning prescribed by APRA in the Prudential Standards.
US Person	Has the meaning given in Regulation S of the US Securities Act.
US Securities Act	United States Securities Act of 1933, as amended.
VWAP	Subject to any adjustments under the Conditions, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of Westpac Shares sold on ASX during the relevant period or on the relevant days but does not include any 'crossing' transacted outside the 'Open Session State' or any 'special crossing' transacted at any time, each as defined in the ASX Operating Rules or any overseas trades or trades pursuant to the exercise of options over Westpac Shares.
VWAP Period	<ul style="list-style-type: none"> • In the case of a Conversion resulting from a Non-Viability Trigger Event, the period of 5 ASX Business Days on which trading in Westpac Shares took place immediately preceding (but not including) the Non-Viability Trigger Event Date; or • Otherwise, the period for which the VWAP is to be calculated in accordance with the Conditions.
Westpac or Issuer	Westpac Banking Corporation (ABN 33 007 457 141), acting through its head office.
Westpac Capital Notes	The 13,835,690 Westpac Capital Notes issued by Westpac under a prospectus dated 7 February 2013.
Westpac Capital Notes 2	The 13,105,705 Westpac Capital Notes 2 issued by Westpac under a prospectus dated 15 May 2014.
Westpac Capital Notes 3	The 13,244,280 Westpac Capital Notes 3 issued by Westpac, acting through its London branch, under a prospectus dated 6 August 2015.

Term	Definition
Westpac CPS	The 11,893,605 Convertible Preference Shares issued by Westpac under a prospectus dated 24 February 2012.
Westpac Group	Westpac and its controlled entities taken as a whole.
Westpac Share	A fully paid ordinary share in the capital of Westpac.
Westpac Shareholder	A holder of Westpac Shares.
Westpac Subordinated Notes 2012	The 16,762,190 Westpac Subordinated Notes issued by Westpac under an information memorandum dated 23 July 2012 and designated as Westpac Subordinated Notes.
Westpac Subordinated Notes 2013	The 9,252,850 Westpac Subordinated Notes 2 issued under a prospectus dated 18 July 2013 and designated as Westpac Subordinated Notes II.
Westpac TPS	The 7,627,375 Westpac Trust Preferred Securities issued under a product disclosure statement dated 19 May 2006 and redeemed on 30 June 2016.
Winding-Up	<p>(a) A court order is made for the winding-up of Westpac; or</p> <p>(b) An effective resolution is passed by shareholders or members for the winding-up of Westpac,</p> <p>other than in connection with a Solvent Reconstruction.</p> <p><i>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 Westpac (or any other procedure whereby Westpac 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 Westpac, constitutes a Winding-Up for the purposes of the Conditions.</i></p>
Written Off	In relation to a Note, means that the holders' rights have been irrevocably terminated in accordance with the Conditions. Write Off shall have a corresponding meaning.

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APPLICATION FORM INSTRUCTIONS

If you wish to apply for Notes, use the Application Form in this Offer Document. As there is no public pool for the Notes, please contact a Joint Lead Manager, a Co-Manager or your financial adviser to apply for Notes.

A. APPLICANT DETAILS

- Enter the full name(s) you wish to appear on your holding statement. Applications must be in the name(s) of natural persons, companies or other legal entities, up to a maximum of three joint applicants per application.
- Refer to the table below for the correct way to enter your name. Application Forms with the wrong form of names may be rejected or delayed.
- Provide your contact details. We will use these to send you correspondence related to your holding (unless you provide an email address in **Section F** of the Application Form). For joint applicants, please provide one address only. If we need to contact you about your application, we will use these contact details.
- If you provide a mobile number, as an added security measure, we will send you a text message when any of your details (e.g., bank account, address, FIN or holding balance) change on the register. You may unsubscribe at any time to this text service.

Type of investor:	Correct way to write name:	Incorrect way to write name:
Individual person	JOHN SMITH	J SMITH
More than one person	JOHN SMITH MICHELLE SMITH	J & M SMITH
Company	ABC LIMITED	ABC
Trusts	JOHN SMITH (JOHN SMITH FAMILY A/C)	SMITH FAMILY TRUST
Partnerships	JOHN SMITH MICHAEL SMITH (JOHN SMITH AND SONS A/C)	JOHN SMITH & SONS
Clubs and unincorporated associations	JANE SMITH (SMITH INVESTMENT CLUB A/C)	SMITH INVESTMENT CLUB
Superannuation funds	JOHN SMITH LIMITED (SUPERANNUATION FUND A/C)	JOHN SMITH SUPERANNUATION FUND

B. COMMON SHAREHOLDER NUMBER (CSN)

- Provide your CSN if you have one (otherwise leave this blank). A CSN is required to trade the Notes on the NZX Debt Market.
- The name and address details on your Application Form must correspond exactly with your CSN registration.
- If you do not have a CSN, or the name and address details provided do not correspond exactly to the CSN provided, you will be allocated a new CSN and FIN (an authorisation code or PIN for buying and selling shares).

INSTRUCTIONS

C. APPLICATION PAYMENT

- Enter the aggregate principal amount of Notes that you wish to apply for. The principal amount of each Note is NZ\$1.00. An application to subscribe for Notes must be for a minimum aggregate principal amount of NZ\$5,000 and in multiples of NZ\$1,000 thereafter.

Option 1: Direct Debit

- If you choose this option, you authorise Westpac or the Registrar to direct debit once only the bank account nominated on the Application Form for the NZ Dollar amount of Notes you wish to apply for.
- The funds will be direct debited on the date on which the Registrar receives your completed Application Form. If your direct debit fails, your application may be rejected. You cannot specify any other date for direct debit.
- Ensure that:
 - Your bank account details are correct;
 - Funds for the direct debit are available in your bank account on the day the Registrar receives the Application Form;
 - The person(s) giving the direct debit instruction has/have the authority to operate the account solely/jointly; and
 - The bank account you nominate is a transactional account eligible for direct debit transactions. If you are uncertain if your account can be direct debited in this way, you should contact your bank.

Option 2: Cheque

- Cheques must be in New Zealand Dollars and drawn on a New Zealand branch of a registered bank.
- Cheques must be made payable to "Westpac Note Offer", crossed "Not Transferable" and must not be post-dated. Staple your cheque to the completed Application Form.
- Your cheque will be banked upon receipt into a designated bank account pending allotment of the Notes. The banking of application moneys does not constitute confirmation of allotment of any Notes or acceptance of an offer to subscribe for Notes.
- If your cheque is dishonoured, your application may be rejected. If your cheque is dishonoured after the allotment of Notes, Westpac may cancel your allotment and pursue any other remedies available to it at law.

Option 3: NZClear System

- Investors who are members of NZClear may, by prior arrangement with the Registrar, settle their applications for the Notes on the Issue Date through the NZClear System.

D. INTEREST AND PRINCIPAL PAYMENTS

- Please provide details of a New Zealand bank account or a cash management account as payments cannot be made by cheque.
- Interest and principal payments on Notes will be direct credited to your nominated account.
- If you hold other securities and would like your payments on Notes to be direct credited into the same account as your other securities, leave this section blank.
- If you provide the details of your cash management account, insert the name of the NZX firm where your cash management account is held and provide your cash management client account number.

E. IRD NUMBER AND TAX

- Enter your IRD number (only one IRD number is required in respect of a joint application).
- Tick the resident withholding tax (**RWT**) rate that applies to you.
- If you are exempt from RWT, tick the exempt box and attach a photocopy of your RWT exemption certificate.
- If the applicant is a New Zealand company (other than a company which is acting as a trustee or a company which is a Maori authority), do not tick a box unless the company holds a RWT exemption certificate. Tax will automatically be deducted at 28%.

F. ELECTRONIC CORRESPONDENCE

- If you provide an email address, Westpac and the Registrar will deliver your investor correspondence to you electronically where possible.

G. SIGNATURE(S)

- Read the Offer Document and Application Form carefully.
- Each applicant named in **Section A** must sign and date the Application Form.
- In the case of a company, the Application Form must be signed by two directors (or one director if there is only one director, whose signature must be witnessed), or in either case by a duly authorised attorney or agent.

H. LODGEMENT

- The Offer will close at 5.00pm on 26 August 2016.
- As Westpac may, without notice, vary the timetable or close the Offer early, if you wish to apply for Notes, you are encouraged to do so early.
- Your application cannot be withdrawn or revoked.
- Westpac may refuse an application, in part or in whole, without giving any reason, including where the Application Form is not completed properly or not submitted by the Closing Date, or where payment for the Notes is dishonoured.
- Return your completed Application Form together with payment (if not paying by direct debit or through NZClear) to a Joint Lead Manager, a Co-Manager or your financial adviser.
- Arrange with a Joint Lead Manager, a Co-Manager or your financial adviser to submit the Application Form and payment (if applicable) to the Registrar, Link Market Services Limited, by 5.00pm on 26 August 2016.

I. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY/ AGENCY

If the Application Form is signed by an attorney or agent of the applicant, the attorney/agent must complete and sign the certificate of non-revocation.

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WESTPAC NZD SUBORDINATED NOTES APPLICATION FORM

Broker Stamp

Broker Code

Advisor Code

This Application Form is issued with the Product Disclosure Statement dated 26 July 2016 (**PDS**) for an Offer of unsecured, subordinated, fixed rate notes (**Notes**) by Westpac Banking Corporation (**Westpac**), acting through its head office, Sydney, to members of the public and institutional investors who are resident in New Zealand.

You should read the PDS in full before completing this Application Form. A copy of the PDS and other useful information about this Offer may also be obtained from www.business.govt.nz/disclose. Capitalised terms used in this Application Form have the meanings given to them in the PDS.

The Closing Date for the Offer is expected to be 26 August 2016. Westpac may, in its absolute discretion, and without notice, vary the timetable (including by opening or closing the Offer early). Westpac may also cancel the Offer at any time before Notes are issued.

Please complete this Application Form and arrange with your financial adviser for your Application Form and payment to be received by the Registrar, Link Market Services Limited, by 5.00pm on 26 August 2016.

PLEASE PRINT IN BLOCK LETTERS

A. APPLICANT DETAILS

First name: _____ Surname: _____

First name: _____ Surname: _____

First name: _____ Surname: _____

Corporate Name or <On Account> (if applicable): _____

Street Address or PO Box: _____ Suburb/Town: _____

City: _____ Postcode: _____

Telephone Number: _____ Daytime: _____ Mobile: _____

B. COMMON SHAREHOLDER NUMBER (CSN)

If you currently have a CSN, enter it here:

If you do not have a CSN, leave the boxes blank and you will be allocated a new CSN and FIN if your application is accepted.

C. APPLICATION PAYMENT

\$ _____ = the value of Notes I/we wish to apply for (at an issue price of NZ\$1.00 per Note).

Applications must be for a minimum of NZ\$5,000 and in multiples of NZ\$1,000 thereafter. Your Application must be accompanied by payment in full in New Zealand Dollars.

Select ONE of the payment options below by ticking the appropriate box (✓):

☐ **OPTION 1: Direct Debit** – Westpac or the Registrar are authorised (on the day the Application Form is received) to direct debit my/our bank account (in Section D, Option 1 below) for the NZ Dollar amount indicated above once only (or any lesser amount, as determined by Westpac as set out in the PDS).

Please Note: The Registrar is not permitted to direct debit the Cash Management Account indicated in Section D, Option 2 below.

☐ **OPTION 2: Cheque** – Please find attached my/our cheque for the NZ Dollar amount indicated above, payable to “**Westpac Note Offer**” and crossed “**Not Transferable**”.

☐ **OPTION 3: NZClear System** – Payment will be made through NZClear as arranged with the Registrar (authorised institutional investors only).

NZClear Mnemonic:

D. INTEREST AND PRINCIPAL PAYMENTS

Select ONE of the direct credit options below by ticking the appropriate box (✓):

☐ **OPTION 1: New Zealand bank account**

Name of Bank: _____ Name of Account: _____

☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐
Bank Branch Account number Suffix

☐ **OPTION 2: Cash management account**

Name of NZX Firm where cash management account is held: _____

Cash management account client account number: ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐

E. IRD NUMBER AND TAX DEDUCTION RATE

IRD number (only one IRD number is required for a joint application):

☐ ☐ ☐ - ☐ ☐ ☐ - ☐ ☐ ☐

Select a resident withholding tax (RWT) rate by ticking the appropriate box (✓):

☐ 10.5% ☐ 17.5% ☐ 30% ☐ 33% ☐ Exempt

(attach a copy of your RWT exemption certificate)

- Do not tick a box if your application is in the name of a New Zealand company (other than a company which is acting as a trustee or a company which is a Maori authority) unless it holds an RWT exemption certificate. Tax will automatically be deducted at 28%.

If you are a non-resident, select one of the options below by ticking the appropriate box (✓):

☐ I/we am/are a non-resident for New Zealand tax purposes.

☐ I/we am/are a non-resident for New Zealand tax purposes and I/we am/are engaged in business in New Zealand through a fixed establishment in New Zealand. (Please provide your IRD number and rate of RWT above.)

My/our country of tax residence is:

F. ELECTRONIC CORRESPONDENCE

I/we wish to receive all holder communications including interest payment statements via email:

Email Address:

If I/we do not provide an email address, I/we understand that investor correspondence will be mailed to me/us at the postal address provided on this Application Form.

G. SIGNATURES

By signing this Application Form, I/we agree that I/we:

- have received, read and understood the PDS;
- agree to apply for the Notes subject to the terms and conditions set out in the PDS, the Note Deed Poll (including the Conditions), the information lodged on the Disclose Register in connection with the Offer and this Application Form;
- declare that all details provided and statements made by me/us in this Application Form are complete and accurate and I/we are authorised to disclose the information to you;
- acknowledge that the Offer is only made in New Zealand, and I/we agree to indemnify, among others, Westpac, the Arranger, the Joint Lead Managers and the Co-Managers and their respective directors, officers, employees and agents in respect of any loss, cost, liability or damages suffered as a result of my/our breaching the selling restrictions detailed in Section 10 of the PDS;
- confirm that I/we have read the privacy disclosure as detailed in Section 11 of the PDS which contains important privacy-related information and consents (including consent to the transfer of any personal information overseas and the use or disclosure of any personal information for direct marketing) and consent to my/our personal information being collected, held, used and disclosed in that manner; and
- agree to provide my/our financial adviser, Westpac and their agents with any information required under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, and further agree that my/our financial adviser may provide Westpac and its agents any information it has received (in connection with this Offer or previously) to satisfy any such obligations.

All applicants listed in **Section A** above must sign the Application Form.

Date: _____ 2016 Date: _____ 2016 Date: _____ 2016

H. LODGEMENT

Return your completed Application Form and payment (if not paying by direct debit or NZClear) to your financial adviser.

Please arrange with your financial adviser for your Application Form and cheque payment (if applicable) to be received by the Registrar, Link Market Services Limited, by 5.00pm on 26 August 2016.

I. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY/AGENCY

Complete this section only if acting under a power of attorney/agency.

If relevant, select ONE of the options below by ticking the appropriate box (✓):

☐

I am acting on behalf of an applicant for whom I have a power of attorney.

☐

I am acting as an agent for the applicant.

I, _____ (full name)
of _____ (place and country of residence)
_____ (occupation),

CERTIFY:

- **THAT** by deed/agreement dated _____ (date of instrument creating the power of attorney/agency)
_____ (name of person/body corporate which appointed you)
of _____ (place and country of residence of person/body corporate
which granted the power of attorney/agency*)

Appointed me his/her/its attorney/agent;

- **THAT** I have executed this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- **THAT** I have not received notice of any event revoking the power of attorney/agency.

Signed at _____ this _____ day of _____ (month) 2016.

Signature of attorney/agent _____

* If the grantor of a power of attorney/agency is a body corporate, state the place of registered office or principal place of business of the body corporate. If the address is not in New Zealand, state the country in which the principal place of business is situated.

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CORPORATE DIRECTORY

REGISTERED OFFICE OF WESTPAC

Westpac Banking Corporation
Westpac Group Secretariat
Level 20, Westpac Place
275 Kent Street
Sydney NSW 2000
Australia

REGISTRAR

Link Market Services Limited
Level 11, Deloitte Centre
80 Queen Street
Auckland 1010
New Zealand

ARRANGER, ORGANISING PARTICIPANT AND JOINT LEAD MANAGER

Westpac Banking Corporation
(acting through its New Zealand branch)
Level 8, 16 Takutai Square
Auckland 1010
New Zealand

JOINT LEAD MANAGERS

Bank of New Zealand
Level 4
80 Queen Street
Auckland 1010
New Zealand

Deutsche Craigs Limited
Level 36, Vero Centre
48 Shortland Street
Auckland 1010
New Zealand

First NZ Capital Securities Limited
Level 14
171 Featherston Street
Wellington 6011
New Zealand

Forsyth Barr Limited
Level 9, Forsyth Barr House
The Octagon
Dunedin 9054
New Zealand

Macquarie Capital (New Zealand) Limited
(acting through its affiliates)
Level 17, Lumley Centre
88 Shortland Street
Auckland 1010
New Zealand

CO-MANAGERS

JBWere (NZ) Pty Limited
Level 38, Vero Centre
48 Shortland Street
Auckland 1010
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Macquarie Equities New Zealand Limited
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88 Shortland Street
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10 Customhouse Quay
Wellington 6011
New Zealand

AUSTRALIAN LEGAL ADVISER TO THE ISSUER

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Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Australia



NEW ZEALAND LISTED OFFER OF NZD SUBORDINATED NOTES

Issued by Westpac Banking Corporation

Roadshow Presentation July 2016

This investment is riskier than a bank deposit. The Westpac NZD Subordinated Notes are complex financial products that are not suitable for many investors. If you do not fully understand how they work or the associated risks, you should not invest in Westpac NZD Subordinated Notes

To assist you to make an investment decision, you should read the Product Disclosure Statement for Westpac NZD Subordinated Notes and you can seek advice from a professional financial advisor

Westpac GROUP

EST. 1817

Disclaimer

This presentation has been prepared and authorised by Westpac Banking Corporation (ABN 33 007 457 141) ("Westpac") in relation to the proposed offer of unsecured, subordinated, fixed rate debt securities ("Westpac NZD Subordinated Notes" or "Notes") in New Zealand (the "Offer"). The Offer will be made in the Product Disclosure Statement dated 26 July 2016 ("PDS") in accordance with the Financial Markets Conduct Act 2013 ("FMCA").

The information provided in this presentation is an overview and is not investment advice. It has been prepared without taking into account your investment objectives, financial situation or particular needs (including financial and taxation issues). Investors should carefully read and consider the PDS in full and may seek advice from their financial adviser or other professional adviser before deciding to invest in the Offer. Any decision by a person to apply for Notes should be made on the basis of information contained in the PDS and the Disclose Register and an independent assessment as to whether to invest, and not in reliance on any information contained in this presentation. Anyone wishing to acquire Notes will need to complete the Application Form in the PDS during the Offer period. No applications or money will be accepted unless an investor has received the PDS. To obtain a PDS, interested investors should contact their financial adviser or visit www.westpac.com.au/westpacnzdsbnotes.

Investments in Notes are an investment in Westpac and may be affected by the on-going performance, financial position and solvency of Westpac. They are not deposit liabilities or protected accounts of Westpac for the purposes of the Australian Banking Act 1959 (Cth) or the financial claims scheme under the Australian Banking Act.

This presentation is not a product disclosure statement, disclosure document or other offer document under New Zealand law or under any other law. This presentation is not, and does not constitute, financial advice, tax or financial product advice, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this presentation nor anything contained herein shall form the basis of any legal or fiduciary relationship. All reasonable care has been taken in relation to the preparation and collation of this presentation. Except for statutory liabilities (including any liabilities that might arise under the FMCA) which may not be excluded, no person, including Westpac or any person mentioned in this presentation accepts responsibility for any loss or damage howsoever occurring resulting from the use of or reliance on this presentation by any person. Past performance is not indicative of future performance and no guarantee of future returns is implied or given.

The distribution of this presentation, and the offer or sale of Notes, may be restricted by law in certain jurisdictions. Persons who receive this presentation outside New Zealand must inform themselves about and observe all such restrictions.

Nothing in this presentation is to be construed as authorising its distribution, or the offer or sale of Notes, in any jurisdiction other than New Zealand and Westpac does not accept any liability in that regard. The Notes may not be offered or sold, directly or indirectly, and neither this presentation nor any other offering materials may be distributed or published, in any jurisdiction other than New Zealand.

To the maximum extent permitted by law, subject to any liabilities that might arise under the FMCA, neither Westpac, the Arranger, the Joint Lead Managers nor the Co-Managers, or their respective affiliates, directors, officers, partners, employees, advisers and agents of each of them, make any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any future information, notice or other document which may at any time be supplied in connection with the Notes and accept no responsibility or liability therefore. Subject to any obligations that may arise under the FMCA, neither Westpac, the Arranger, the Joint Lead Managers nor the Co-Managers accept any responsibility or obligation to inform you of any matter arising or coming to their notice, after the date of this presentation, which may affect any matter referred to in this presentation.

This presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any US Person (as defined in Regulation S under the United States Securities Act of 1933 ("US Securities Act")). The Notes have not been and will not be registered under the US Securities Act, or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of US persons. This presentation must not be distributed or released in the United States or to, or relied upon by, a US Person or a person acting for the account or benefit of a US person.

There is no public pool for the Notes. All Notes, including oversubscriptions, have been reserved for subscription by clients of the Joint Lead Managers, Co-Managers and other approved financial advisors invited to participate in the Bookbuild.

Westpac intends to quote the Notes on the NZX Debt Market. NZX takes no responsibility for any statement in this presentation. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the FMCA.

Defined terms used in this presentation have the meanings given to them in the PDS.

A new Tier 2 capital security from Westpac Banking Corporation

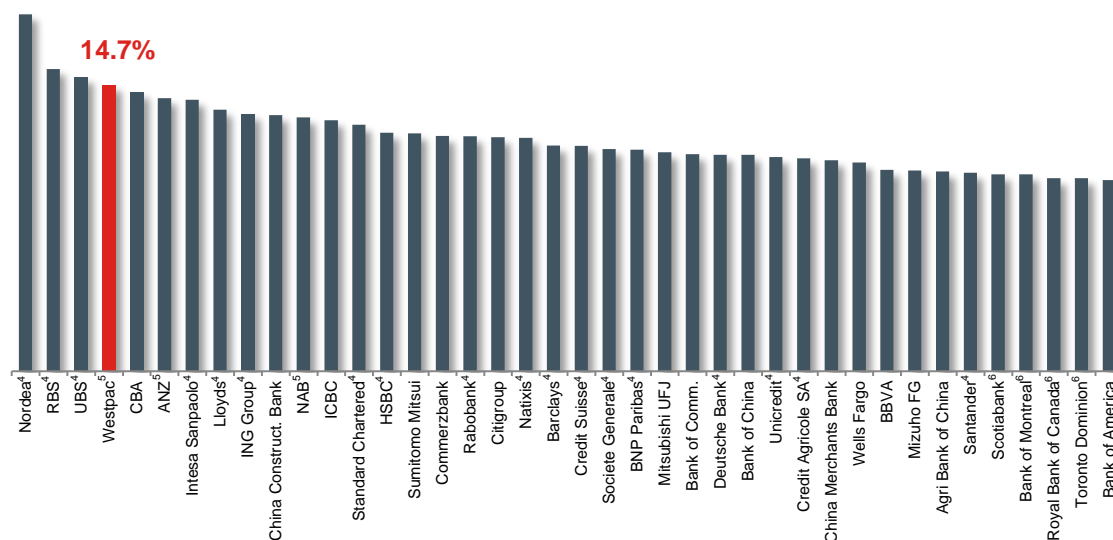
Summary of Notes

- A new investment in Westpac Banking Corporation called 'Westpac NZD Subordinated Notes' (**Notes**)
- **Fixed rate** interest payments, payable quarterly in arrear
- **Payments are non-discretionary.** Interest (and principal) must be paid when due, if Westpac satisfies the solvency condition. Interest accumulates if not paid
- **Margin range** 2.60% - 2.80% per annum. The Margin will be set on 4 August 2016 (Rate Set Date)
- **Maturity date** 1 September 2026 (10 years), subject to solvency. Westpac option to redeem¹ from 1 September 2021
- **In a Winding Up**, Notes will rank ahead of Westpac ordinary shares (**Westpac Shares**) and Additional Tier 1 capital. The ranking of the investment will be adversely affected if a Non-Viability Trigger Event occurs
- **Conversion** into Westpac Shares may occur following a Non-Viability Trigger Event
- Expected to be quoted on NZDX

Westpac Banking Corporation (issuer) summary

- **Second largest** bank in Australia, with a market capitalisation of A\$101bn as at 31 March 2016
- **Number 1 or Number 2** market position in key customer segments in Australia and New Zealand
- **1H16 Cash earnings² of A\$3.9bn with a ROE of 14.2%** (cash earnings basis)
- **Capital, funding and liquidity ratios** ahead of internal and regulatory minimums
- **Top quartile** Common Equity Tier 1 (CET1) capital ratio amongst banks globally

Global comparison of Basel III CET1 capital ratios³ (%)



¹ Optional early redemption is subject to APRA's prior written approval. There can be no certainty that APRA will provide such approval. ² Cash earnings is a non-GAAP measure. Refer to Appendix 1 for a reconciliation of reported net profit to cash earnings. ³ Based on CET1 capital ratios as at 31 December 2015 unless otherwise stated, assuming Basel III capital reforms are fully implemented. ⁴ Deduction for accrued expected future dividends added back for comparability. ⁵ As at 31 March 2016. ⁶ As at 31 January 2016.

Westpac has a strong balance sheet across all dimensions

Stable Funding Ratio

- 83% of lending supported by funding from stable sources
- In excess of 75% internal target
- Stable funding includes:
 - Customer deposits (60% of funding)
 - Equity 8%
 - Securitisation and wholesale funding >1 year 16%

Liquidity Coverage Ratio (LCR)

- Comfortably above 100% regulatory minimum
- Significant buffer

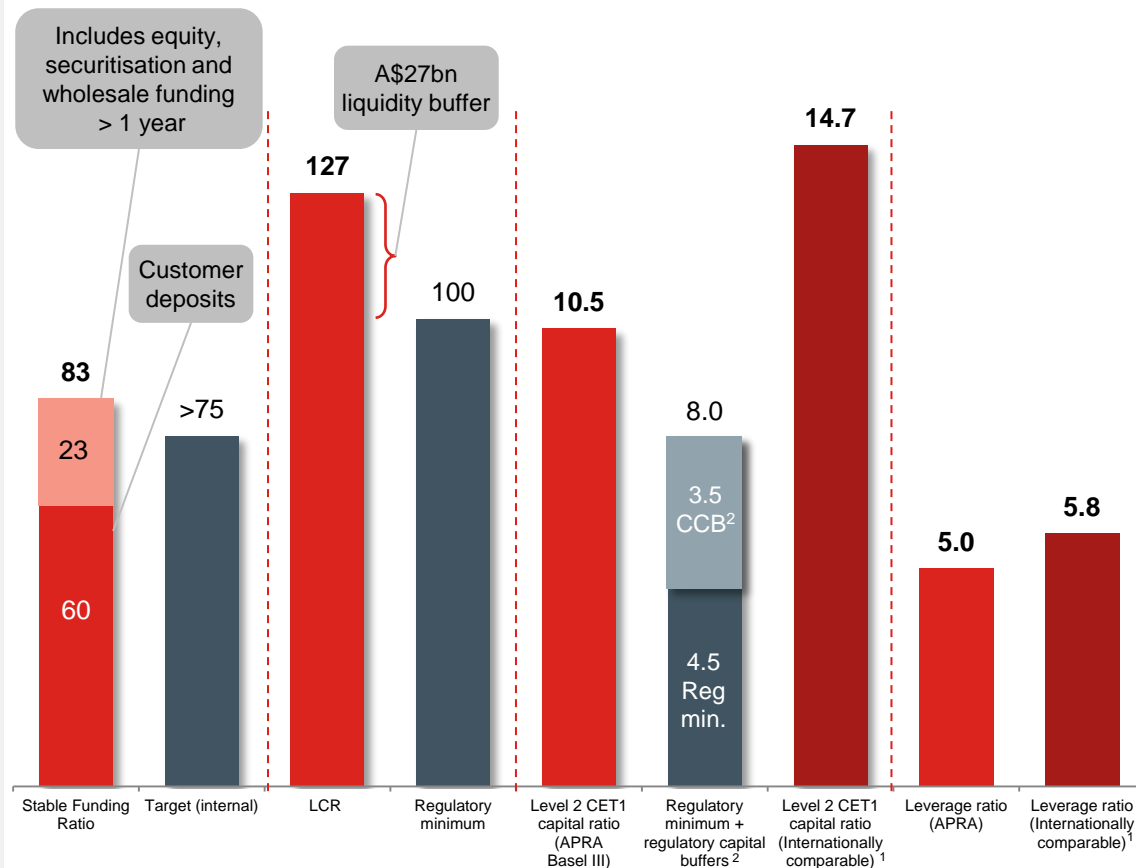
Capital

- A\$6.0 billion in CET1 capital raised in calendar 2015, up 25%
- 14.7% CET1 capital ratio on an internationally comparable¹ basis
- Top quartile of banks globally

Leverage Ratio

- Basel III minimum 3% leverage ratio from January 2018 (APRA yet to set minimum)
- 5.8% leverage ratio on an internationally comparable¹ basis

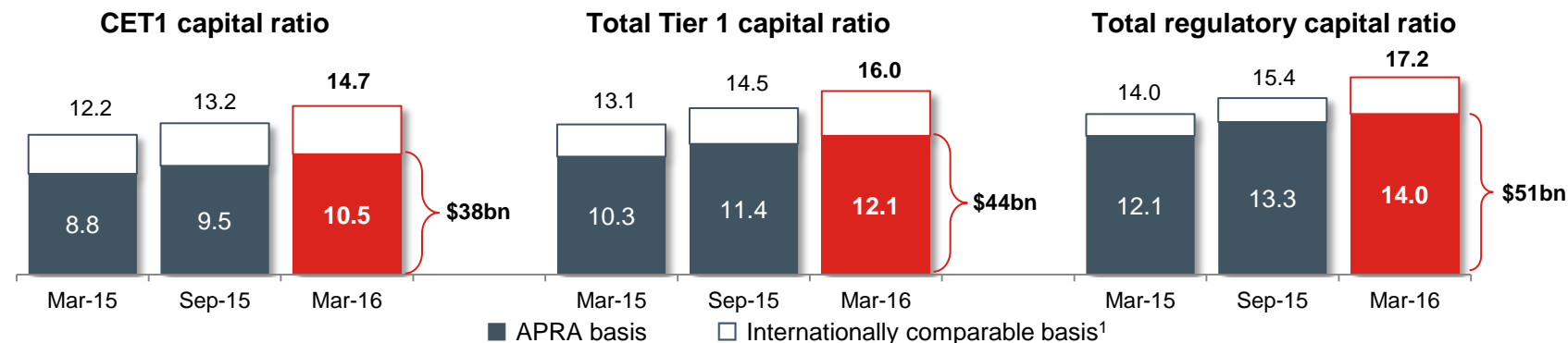
Westpac key balance sheet ratios as at 31 March 2016 (%)



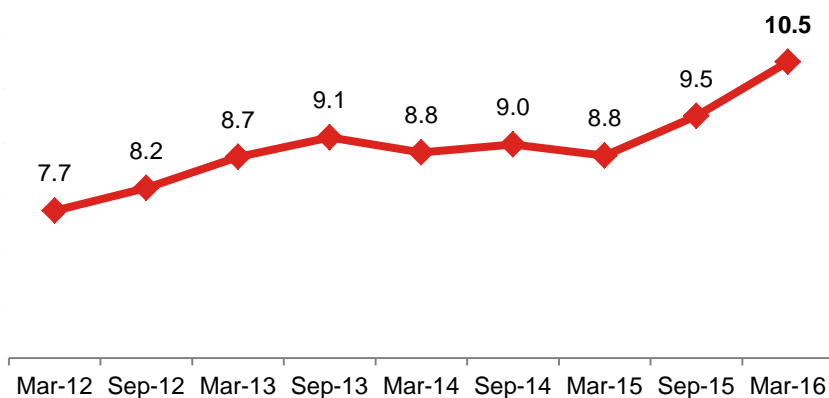
¹ Methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. ² Comprises capital conservation buffer (CCB) of 2.5%, Westpac's domestic systemically important bank (D-SIB) surcharge of 1% and any countercyclical buffer (CCyB) requirement.

Capital ratios materially strengthened

Regulatory capital ratios (Level 2 basis) (%)



CET1 capital ratio (%) (APRA basis)



Changes to current regulatory capital ratios

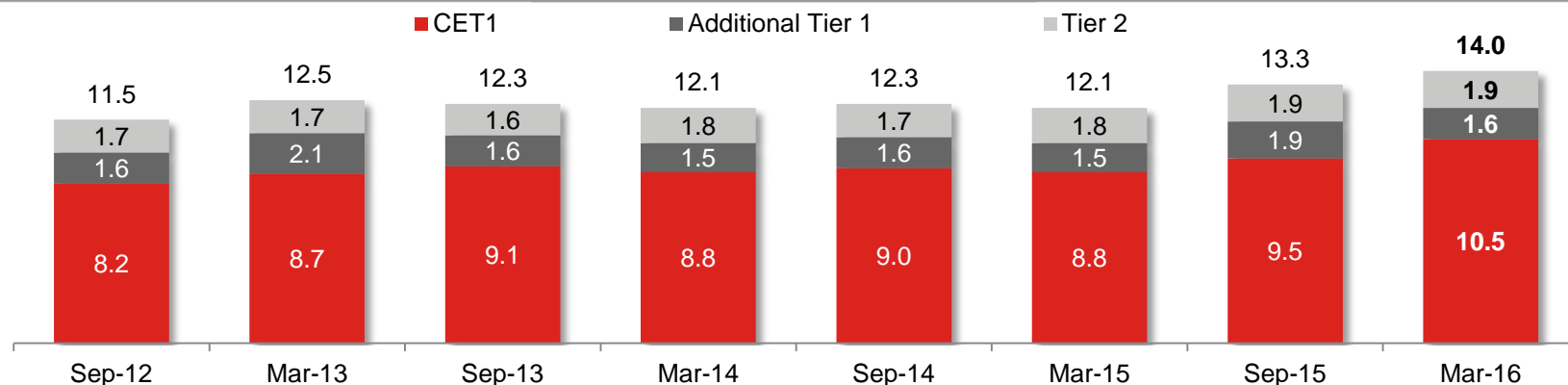
The adjacent chart sets out Westpac's reported CET1 capital ratios (at Level 2). Subsequent to 31 March 2016 a number of factors will impact Westpac's reported capital ratios in future periods including:

- The payment of Westpac's 2016 interim dividend (reducing the CET1 capital ratio by approximately 0.8%)
- A change in the way APRA calculates risk weighted assets for Australian residential mortgages including new models for assessing mortgages in hardship
- Westpac's earnings since 31 March 2016
- Various other impacts (e.g. IRRBB, movements in foreign exchange rates)

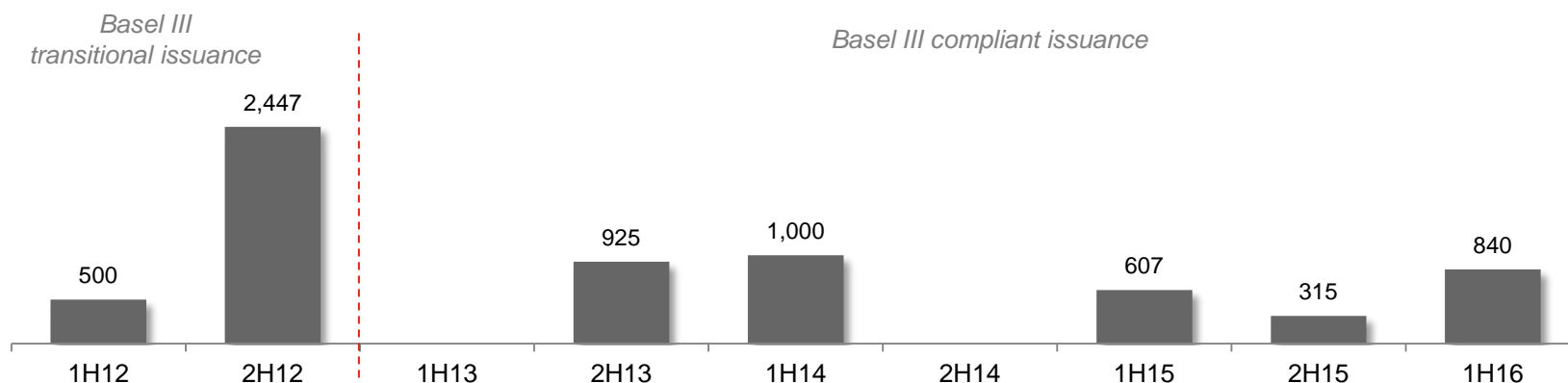
¹ The internationally comparable CET1 capital ratio aligns with the APRA study titled 'International capital comparison study', dated 13 July 2015. For more details on adjustments refer to Appendix 3.

Total regulatory capital and Tier 2 issuance profile

Total regulatory capital (Level 2 basis) (%)



Westpac Tier 2 issuance since 2012 (issuance amount A\$m)



Westpac NZD Subordinated Notes

Offer summary

Issuer	<ul style="list-style-type: none"> Westpac Banking Corporation, acting through its Sydney head office ABN 33 007 457 141 (Westpac)
Offer size	<ul style="list-style-type: none"> Up to NZ\$250 million, plus unlimited oversubscriptions
Issue Price	<ul style="list-style-type: none"> NZ\$1.00 per Note
Minimum Application	<ul style="list-style-type: none"> NZ\$5,000 and in multiples of NZ\$1,000 thereafter
Interest Rate	<ul style="list-style-type: none"> The Notes pay a fixed rate of interest (with a reset on the First Optional Redemption Date) Interest is scheduled to be paid quarterly in arrear, subject to the solvency condition. Unpaid amounts accumulate with interest The Interest Rate is based on the New Zealand 5 year swap rate plus the Margin The Margin will be determined on 4 August 2016 (Rate Set Date) Indicative Margin range 2.60% – 2.80% per annum
Early bird interest	<ul style="list-style-type: none"> 3.25% per annum (less any applicable withholding tax) on application monies for applications that are accepted, unless those application monies are returned for any reason
No Public Pool	<ul style="list-style-type: none"> The Offer (including any oversubscriptions) will be reserved for subscription by clients of the Joint Lead Managers, Co-Managers, and other approved financial advisers who are invited to participate in the Bookbuild
Syndicate	<ul style="list-style-type: none"> Arranger: Westpac Banking Corporation (acting through its New Zealand branch) Joint Lead Managers: Westpac Banking Corporation (acting through its New Zealand branch), BNZ, Deutsche Craigs, First NZ Capital, Forsyth Barr, Macquarie Co-Managers: JBWere, Macquarie Equities
Brokerage	<ul style="list-style-type: none"> 0.75% plus 0.50% firm allocation fee
NZX Debt Market	<ul style="list-style-type: none"> The Notes are expected to be quoted on the NZX Debt Market under the code WBC010
Credit Rating	

Westpac NZD Subordinated Notes

Overview of key terms

Purpose of the offer	<ul style="list-style-type: none">• The Notes will be treated as Tier 2 Capital of the Westpac Group by APRA• The proceeds received under the Offer will be used by Westpac for general business purposes
Description of the Notes	<ul style="list-style-type: none">• The Notes are unsecured, subordinated, fixed rate debt securities issued by Westpac that may Convert into Westpac Shares or be Written Off if a Non-Viability Trigger Event occurs• In certain circumstances, the Notes may be repaid early
Maturity Date	<ul style="list-style-type: none">• The Notes have a term of 10 years and are scheduled to be repaid on 1 September 2026
Optional Early Redemption	<ul style="list-style-type: none">• Westpac may at its option repay some or all of the Notes early on any Interest Payment Date falling on or after the First Optional Redemption Date in year 5 (1 September 2021) and in certain other circumstances. Early repayment is subject to certain conditions, including APRA's prior written approval (which APRA may not provide) and satisfaction of the solvency condition• Investors have no right to request early redemption and should not assume that Westpac will elect to repay the Notes prior to the Maturity Date
Conversion following a Non-Viability Trigger Event	<ul style="list-style-type: none">• If a Non-Viability Trigger Event occurs, some or all of the Notes may be Converted into Westpac Shares• This may occur if Westpac encounters severe financial difficulty
Write Off	<ul style="list-style-type: none">• If the Notes are not Converted into Westpac Shares when required following a Non-Viability Trigger Event, then the Notes will be immediately and irrevocably Written Off. All rights in relation to the Notes will be terminated and holders will not have their capital repaid
Subordination	<ul style="list-style-type: none">• The Notes are subordinated to the claims of senior creditors (including depositors and holders of Westpac's senior or less subordinated debt) in a Winding-Up of Westpac (where the Notes have not been redeemed, or following a Non-Viability Trigger Event, Converted or Written Off)• If the Notes are Converted they will rank equally with existing Westpac Shares

Westpac NZD Subordinated Notes

Interest payments

Interest payments

- Interest is scheduled to be paid in arrear:
 - quarterly on 1 March, 1 June, 1 September and 1 December each year (or if that day is not a Business Day, the next Business Day) to, but not including, the Maturity Date or an earlier Redemption Date or a Conversion Date, starting on 1 December 2016; and
 - on the Maturity Date or an earlier Redemption Date

Fixed Interest Rate

- The fixed rate of interest payable on the Notes will be determined as follows:
 - from the Issue Date to (but excluding) the First Optional Redemption Date, the sum of the 5 Year Swap Rate on the Rate Set Date and the Margin; and
 - from (and including) the First Optional Redemption Date to the Maturity Date, the sum of the 5 Year Swap Rate on the First Optional Redemption Date and the Margin
- The Margin and Interest Rate will be announced via NZX on or before the Opening Date. The Interest Rate that is reset on the First Optional Redemption Date will be announced via NZX on that date

Margin

- The Margin will be announced via NZX on or before the Opening Date. The Margin will not change over the term of the Notes

Payments are non-discretionary, subject to solvency condition

- Payment of amounts on the Notes is subject to Westpac satisfying the solvency condition on the relevant payment date
- The solvency condition will be satisfied if Westpac is Solvent at the time the payment falls due and will remain Solvent immediately after making the payment

Unpaid amounts accumulate

- Unpaid amounts are cumulative. This means that if Westpac does not pay an amount on the Notes because it has not satisfied the solvency condition, Westpac must pay that amount on the first date on which it is able to make the payment and satisfy the solvency condition. Provided the Notes have not been Converted or Written Off, interest will accrue on any interest that is not paid when scheduled as a result of Westpac not satisfying the solvency condition on the relevant payment date

Westpac NZD Subordinated Notes

Non-Viability Trigger Event and Conversion

Non-Viability Trigger Event

- A Non-Viability Trigger Event occurs if APRA notifies Westpac in writing that it believes:
 - the Conversion of some or all of the Notes, or conversion, write off or write down of all or some capital instruments of the Westpac Group; or
 - a public sector injection of capital or equivalent support,is, in each case, necessary because, without it, Westpac would become non-viable

Conversion following a Non-Viability Trigger Event

- If a Non-Viability Trigger Event occurs, some or all of the Notes may be converted into Westpac Shares
- Following Conversion, there is no certainty as to the future value of Westpac Shares and holders may suffer a loss as a consequence

Maximum Conversion Number

- The Maximum Conversion Number limits the number of Westpac Shares that may be issued on Conversion
- If any Notes are Converted following a Non-Viability Trigger Event, it is likely that the Maximum Conversion Number will apply and limit the number of Westpac Shares to be issued. In this case, the value of the Westpac Shares holders will receive is likely to be significantly less than the aggregate principal amount of those Notes
- Holders should note that the Australian Dollar may depreciate in value against the New Zealand Dollar by the time of Conversion. In this case, the Maximum Conversion Number is more likely to apply

Termination of holders' rights if Conversion does not occur


- If for any reason the Notes are not Converted into Westpac Shares when required following a Non-Viability Trigger Event, then rights in relation to such Notes will be immediately and irrevocably Written Off. This means the relevant holders of the Notes will receive nothing further in relation to the Notes. Their rights under the Notes (including rights to payment of interest and principal or to have the notes Converted into Westpac Shares) will be terminated and the holders of the Notes will lose their investment

This presentation provides a summary of the terms of the Offer only. Full details of the Offer are contained in the PDS

Westpac NZD Subordinated Notes

Subordination and ranking

- In a Winding-Up of Westpac, Notes (if they have not been redeemed, or following a Non-Viability Trigger Event, Converted or Written Off) rank (as illustrated below):
 - ahead of Westpac Shares;
 - ahead of Additional Tier 1 Capital securities, such as Westpac Capital Notes 3 and Westpac Capital Notes 4;
 - equally with certain other securities (including Westpac Subordinated Notes 2013); and
 - behind Senior Creditors and certain other securities (including Westpac Subordinated Notes 2012).
- The ranking of the investment in a Winding-Up of Westpac will be adversely affected if a Non-Viability Trigger Event occurs. If the Notes are Converted, they will rank equally with existing Westpac Shares and if they are Written Off holders will lose their investment.

Higher ranking / Earlier priority		Illustrative examples ¹	
		Secured liabilities and liabilities preferred by law	<ul style="list-style-type: none">Liabilities in Australia in relation to protected accounts (generally, savings accounts and term deposits) and employee entitlements
	Liabilities ranking in priority to the Notes	Unsecured, unsubordinated debt	<ul style="list-style-type: none">Trade and general creditors, bonds, notes and debentures and other unsecured, unsubordinated debt obligations. This includes covered bonds which are an unsecured claim on Westpac, although they are secured over assets that form part of the Westpac Group
		Unsecured, subordinated debt issued prior to 1 January 2013	<ul style="list-style-type: none">Westpac Subordinated Notes 2012, other subordinated bonds, notes and debentures and other unsecured, subordinated debt obligations with a fixed maturity date issued prior to 1 January 2013
	Liabilities ranking equally with the Notes	Notes²	
		Unsecured, subordinated debt issued after 1 January 2013 and subordinated perpetual debt	<ul style="list-style-type: none">Westpac Subordinated Notes 2013, other subordinated bonds, notes and debentures and other unsecured, subordinated debt obligations with a fixed maturity date issued after 1 January 2013 and subordinated perpetual floating rate notes issued in 1986
Liabilities ranking below the Notes	Additional Tier 1 Capital securities	<ul style="list-style-type: none">Westpac CPS, Westpac Capital Notes, Westpac Capital Notes 2, Westpac Capital Notes 3, Westpac Capital Notes 4	
Equity	Common Equity Tier 1 Capital (Level 2 basis)	<ul style="list-style-type: none">Westpac Shares	
Lower ranking / Later priority			

¹ The diagram and the descriptions are simplified and illustrative only, and do not include every type of security or obligation that may be issued or entered into by Westpac, or every potential claim against Westpac in a Winding-Up. Westpac will from time to time issue additional securities or incur other obligations that rank ahead of, equally with, or subordinated to the Notes. Further, some of the securities represented in the diagram may be converted into Westpac Shares, which will then rank equally with other Westpac Shares. ² It is likely that a Non-Viability Trigger Event would occur prior to a Winding-Up and the Notes would have been Converted into Westpac Shares or otherwise had rights attaching to them terminated.

Comparable Basel III compliant subordinated instruments available in New Zealand

	Westpac NZD Subordinated Notes	IAG Subordinated Notes	BNZ Subordinated Notes	ASB Subordinated Notes
Issuer	Westpac Banking Corporation	Insurance Australia Group Limited	Bank of New Zealand	ASB Bank Limited
Instrument Credit Rating				
Maturity Date	10 years	27 years	10 years	10.16 years
Optional Early Redemption	Yes ¹ , after 5 years or due to tax or regulatory event	Yes ¹ , between years 6 and 7 or due to tax or regulatory event	Yes ² , after 5 years or due to tax or regulatory event	Yes ² , after 5.16 years or due to tax or regulatory event
Interest Payments	Cumulative Subject to solvency condition	Cumulative Interest may be deferred if an interest deferral condition exists	Cumulative Subject to solvency condition	Cumulative Subject to solvency condition
Conversion	On the occurrence of a Non-Viability Trigger Event. If the Notes are not Converted following a Non-Viability Trigger Event, they will be Written Off	Holder conversion (Year 9+) or on the occurrence of a non-viability trigger event. If the notes are not converted following a non-viability trigger event, they will be written off	On the occurrence of a non-viability trigger event. If the notes are not converted following a non-viability trigger event, they will be written off	On the occurrence of a non-viability trigger event. If the notes are not converted following a non-viability trigger event, they will be terminated
Non-Viability Trigger Event	Determined by APRA	Determined by APRA	Determined by RBNZ or APRA or by New Zealand statutory manager	Determined by RBNZ or APRA or by New Zealand statutory manager

1 Optional early redemption is subject to APRA's prior written approval (which APRA may not provide) and the satisfaction of other conditions. 2 Optional early redemption is subject to prior written approval of the Reserve Bank of New Zealand (RBNZ), APRA and the solvency condition.

Key dates for the Offer

Key dates for the Offer

Roadshow	26-28 July 2016
Firm application bids due	4 August 2016
Rate Set Date	4 August 2016
Opening Date	5 August 2016
Closing Date	26 August 2016
Issue and Allotment Date	1 September 2016
Expected date of initial quotation and trading of the Notes on NZX Debt Market	2 September 2016

Key dates for Westpac NZD Subordinated Notes

First Interest Payment Date ¹	1 December 2016
First Optional Redemption Date ²	1 September 2021
Maturity Date	1 September 2026

¹ Interest is payable quarterly in arrear, subject to the solvency condition. ² APRA must provide its prior written approval for any optional early redemption. There can be no certainty that APRA will provide its approval.

Key risks

Risks affecting Westpac's creditworthiness

An investment in Notes may be affected by Westpac's ongoing performance and financial position and other risks associated with Westpac and the Westpac Group. Westpac considers that the most significant risk factors are

- Risks associated with compliance and regulatory change. Westpac could be adversely affected by failing to comply with existing laws and regulations, or by changes in laws and regulations and regulatory policy
- Risks relating to the availability and cost of funding. Adverse credit and capital market conditions or depositor preferences, or failure to maintain Westpac's credit ratings, may significantly affect Westpac's ability to meet its liquidity and funding needs and the cost of Westpac's funding
- Risks arising out of financial market volatility. Westpac could be adversely affected by disruptions to global financial markets or other financial market volatility
- Risks relating to economic conditions, asset values and credit losses. Westpac may incur higher credit losses on lending and counterparty exposures as a result of certain events, including economic disruptions, declines in asset values or declines in commodity prices

Risks associated with the Notes

- It is possible that the Notes may trade at a market price below their principal amount (NZ\$1.00 per Note). Circumstances in which the market price of the Notes may decline include general market conditions, changes in investor perception and sentiment in relation to Westpac and its creditworthiness, the availability of better rates of return on other securities issued by Westpac or other issuers and the occurrence of or increase in the likelihood of the occurrence of a Non-Viability Trigger Event
- The market for the Notes will likely be less liquid than the market for Westpac Shares. Holders who wish to sell their Notes may not be able to sell their Notes readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if insufficient liquidity exists in the market for the Notes
- There is a risk that interest amounts will not be paid on the Notes. The payment of amounts on the Notes is subject to Westpac satisfying the solvency condition on the relevant payment date
- If Westpac fails to make a payment because it has not satisfied the solvency condition, this will not be an Event of Default, and holders will not be able to take any action against Westpac unless an Event of Default subsequently occurs

This is a summary of the key risks only.

You should read the PDS in full before deciding to invest (including Section 6 "Risks of investing")

Key risks (continued)

Risks associated with the Notes (Continued)

- The interest rate on the Notes will be fixed for 5 years from the Issue Date to the First Optional Redemption Date and then reset for another 5 years. There is a risk that the interest rate that is set on the First Optional Redemption Date will be lower than the interest rate which applies for the first 5 years of the Notes, or lower than the interest rate that applies to other debt or capital instruments with an equivalent term at the First Optional Redemption Date
- If a Non-Viability Trigger Event occurs, it is likely that the Maximum Conversion Number will apply and limit the number of Westpac Shares to be issued. In this case, the value of Westpac Shares received is likely to be significantly less than the aggregate principal amount of Notes held, and holders may lose a significant amount of the money invested
- Any significant depreciation of the Australian Dollar against the New Zealand Dollar by the Conversion Date will increase the likelihood of the Maximum Conversion Number applying. It will likely also reduce the New Zealand Dollar equivalent of Westpac Shares received. Following Conversion, there is no certainty as to the future value of the Westpac Shares
- If for any reason Conversion of Notes required to be Converted does not occur within 5 ASX Business Days following a Non-Viability Trigger Event, all rights in respect of those Notes (including the right to have the Notes Converted) will be immediately and irrevocably Written Off and terminated. Holders will lose all of the value of their investment and they will not receive any compensation

Risks associated with the Notes (Continued)

- In the event of a Winding-Up, if the Notes are still on issue and have not been redeemed or, following a Non-Viability Trigger Event, Converted or Written Off, they will rank ahead of Westpac Shares, equally with all other Equal Ranking Instruments and behind Senior Creditors (including depositors and all holders of Westpac's senior or less subordinated debt). If there is a shortfall of funds on a Winding-Up to pay all amounts ranking senior to, and equally with, Notes, holders will lose all or some of their investment. Ranking of the investment will be adversely affected if a Non-Viability Trigger Event occurs
- Subject to certain conditions, Westpac may repay some or all of the Notes on any Interest Payment Date falling on or after the First Optional Redemption Date and also before the Maturity Date in certain other circumstances. The timing or occurrence of an early repayment of the Notes may not coincide with your individual preferences of holders. Holders have no right to request early redemption, and should not assume that Westpac will elect to repay the Notes early
- Westpac may issue further securities which rank equally with, or ahead of, the Notes

Risks relating to a possible downgrade of the credit rating of the Notes

- The credit rating assigned to the Notes may be withdrawn or lowered at any time. Such changes may affect the market price and liquidity of the Notes. As a consequence of S&P Global Ratings recently placing the Australian government's credit rating on negative outlook, the senior long term credit rating of all four major Australian banks (including Westpac) has been placed on negative outlook. This increases the risk that Westpac's credit rating could be downgraded, and this could adversely affect the credit rating for the Notes

This is a summary of the key risks only.

You should read the PDS in full before deciding to invest (including Section 6 "Risks of investing")



NEW ZEALAND LISTED OFFER OF NZD SUBORDINATED NOTES

Issued by Westpac Banking Corporation

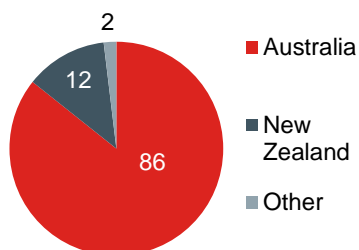
Additional Information

Westpac Group at a glance

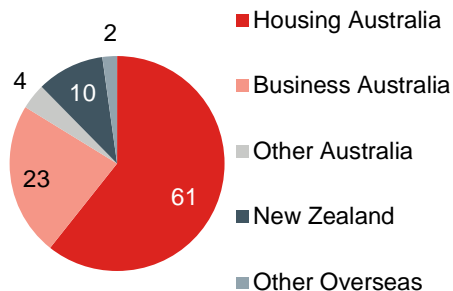
- Australia's 2nd largest bank, and 13th largest bank in the world, ranked by market capitalisation¹
- Supporting consumer and business customers in Australia and New Zealand and customers with ties to these markets
- Unique portfolio of brands providing a full range financial services including consumer, business and institutional banking, wealth management and insurance
- One of the most efficient banks globally²
- Consistent earnings profile over time
- Strong capital, funding, liquidity, with sound asset quality
- Leader in sustainability³

Focus on Australia & New Zealand

Revenue by geography⁴ (%)



Net loans⁵ (%)



Key statistics as at 31 March 2016

Customers	13.2m
Australian household deposit market share ⁶	23%
Australian mortgage market share ⁷	23%
Australian business market share ⁷	19%
New Zealand deposit market share ⁸	21%
New Zealand consumer lending market share ⁸	20%
Australian wealth platforms market share ⁹	20%

Unique portfolio of brands

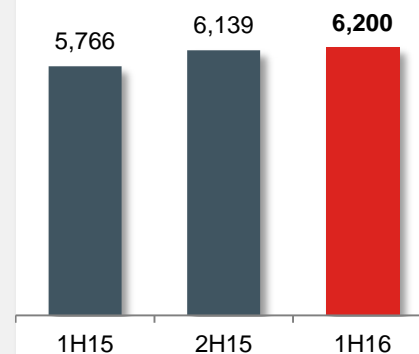


¹ As at 31 March 2016. Source: IRESS, CapitalIQ and www.xe.com based in US Dollars. ² Credit Suisse analysis of expense to income ratio of world's largest banks March 2016. ³ Included in 2016 Global 100 most sustainable companies, announced at World Economic Forum in January 2016. ⁴ As at 30 September 2015. ⁵ As at 31 March 2016. ⁶ APRA Banking Statistics, March 2016. ⁷ RBA Financial Aggregates, March 2016. ⁸ RBNZ, March 2016. ⁹ Plan for Life, December 2015, All Master Funds Admin.

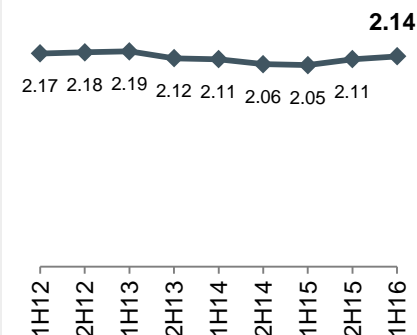
First Half 2016 financial results

1H16 Cash Earnings ¹ Results	1H16	% Change 1H16 – 1H15
Financial results (A\$m)		
Net operating income	10,619	6
Expenses	(4,419)	4
Core earnings	6,200	8
Impairment charges	(667)	96
Cash earnings ¹	3,904	3
Reported net profit after tax	3,701	3
Financial metrics		
Return on average ordinary equity	14.2%	(166bps)
Earnings per share	118.2c	(2)
Net interest margin	2.14%	9bps
Expense to income ratio	41.6%	(85bps)
Impairment charges to avg. loans ann.	21bps	10bps
Balance sheet and asset quality		
Net loans	A\$641bn	6
Total committed exposure (TCE)	A\$956bn	5
Customer deposits	A\$442bn	5
Impaired loans to total gross loans	39bps	4bps

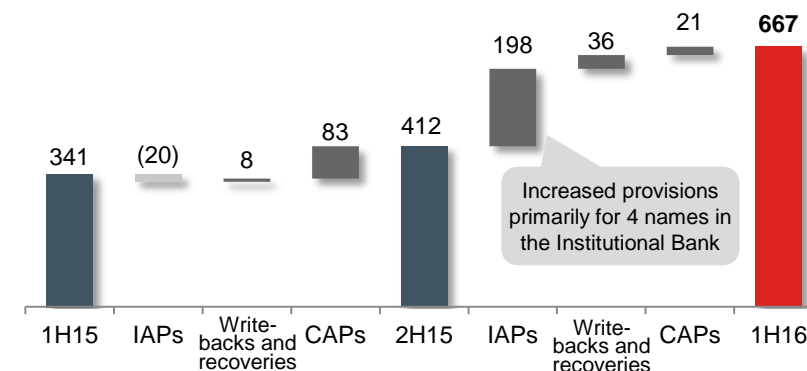
Core earnings (A\$m)
(Profit before impairment charges)



Net interest margin² (%)



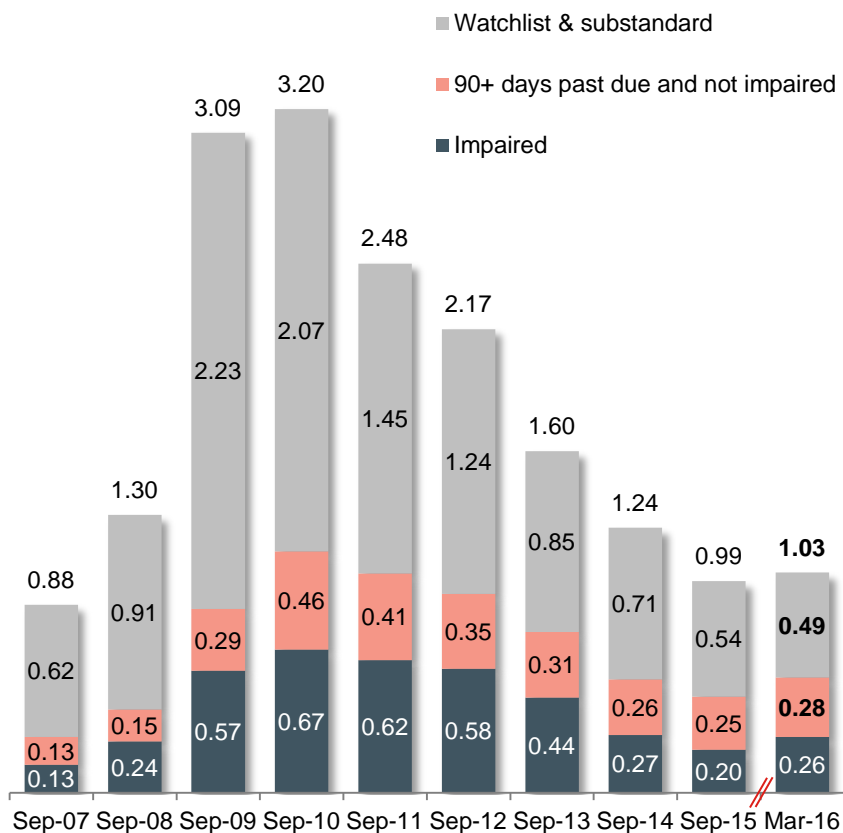
Movement in impairment charges (\$m)



¹ Cash earnings is a non-GAAP measure. Refer to Appendix 1 for a reconciliation of reported net profit to cash earnings. ² Prior periods have not been restated for accounting changes.

Asset quality **remains sound**

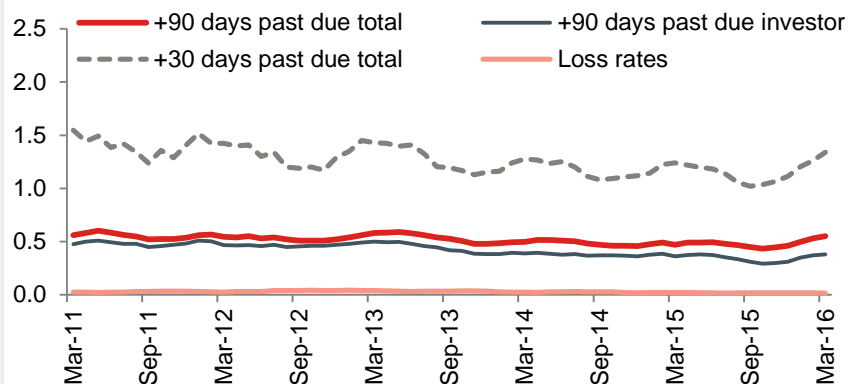
Stressed exposures as a % of TCE (%)



Provisions

	Mar-15	Sep-15	Mar-16
Total provisions to gross loans (bps)	58	53	57
Impaired asset provisions to impaired assets (%)	48	46	48
Collectively assessed provisions to credit RWA (bps)	89	86	87
Economic overlay (\$m)	387	388	393

Australian mortgages delinquencies (%)



Areas of interest

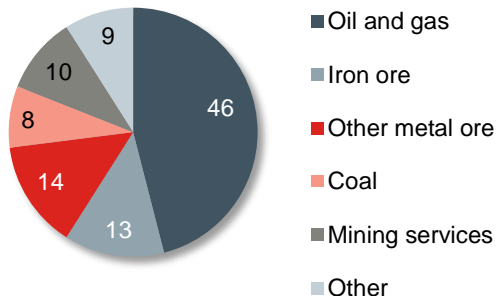
mining, agriculture and commercial property

All amounts are in A\$

Mining (incl. Oil and Gas) portfolio

	Sep-15	Mar-16
TCE	\$14.4bn	\$11.8bn
Lending	\$7.1bn	\$5.9bn
% of Group TCE	1.54	1.23
% of portfolio graded as stressed ^{1,2}	1.86	3.03
% of portfolio in impaired ²	0.28	1.26

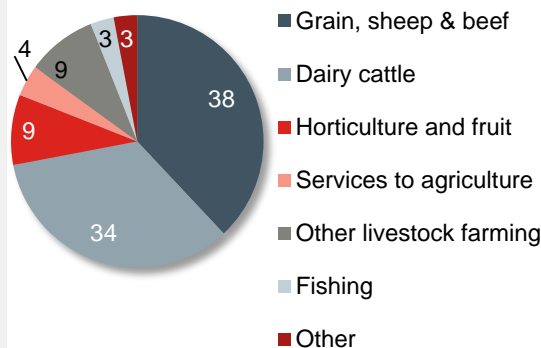
TCE by sector (%)



Agriculture portfolio

	Sep-15	Mar-16
TCE	\$18.1bn	\$17.1bn
Lending	\$15.1bn	\$14.5bn
% of Group TCE	1.92	1.79
% of portfolio graded as stressed ^{1,2}	4.80	5.84
% of portfolio in impaired ²	0.43	0.48

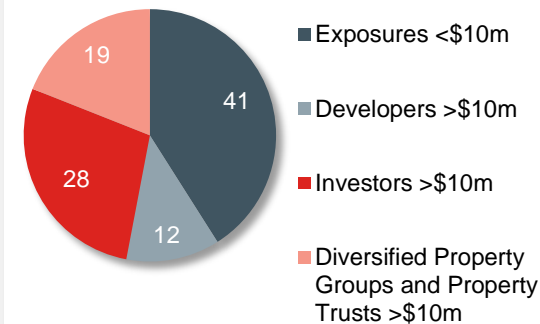
TCE by sector (%)



Commercial property portfolio

	Sep-15	Mar-16
TCE	\$65.6bn	\$67.5bn
Lending	\$51.3bn	\$52.1bn
% of Group TCE	7.00	7.06
% of portfolio graded as stressed ^{1,2}	1.48	1.34
% of portfolio in impaired ²	0.64	0.54

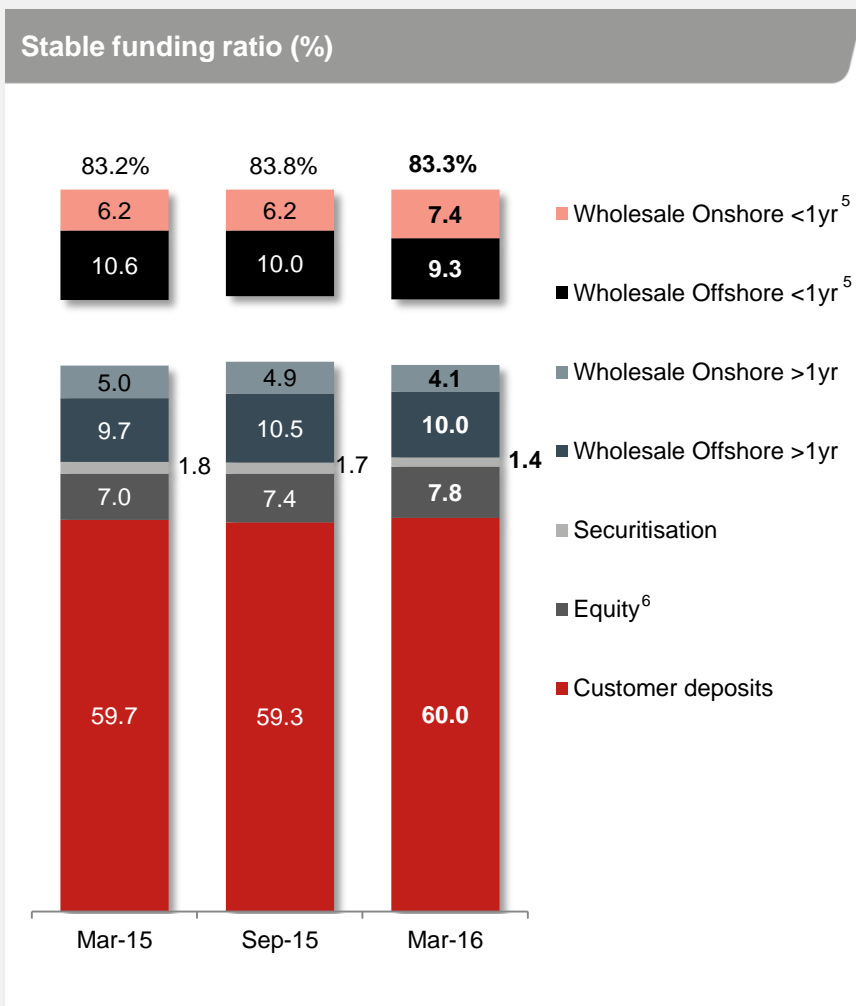
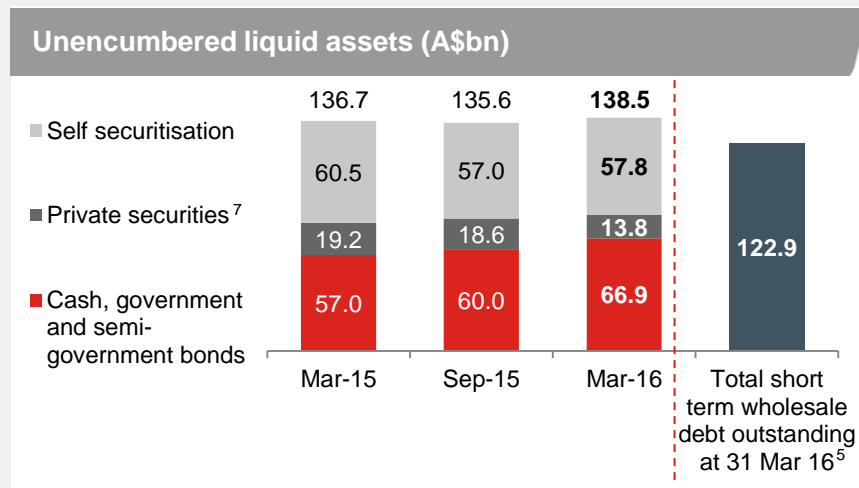
TCE by borrower type (%)



1 Includes impaired exposures. 2 Per cent of portfolio is to TCE.

Stable sources provide 83% of all funding

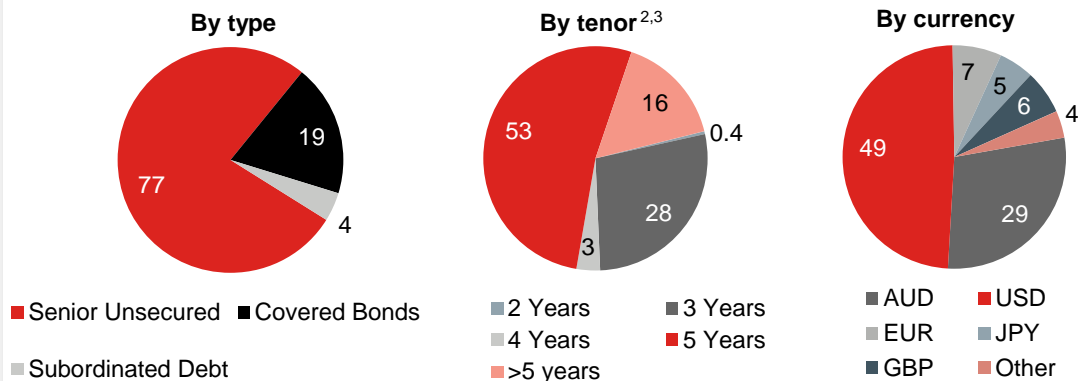
Liquidity Coverage Ratio (A\$bn)	Sep-15	Mar-16	% Mov't Mar 16 – Sep 15
High Quality Liquid Assets ¹ (HQLA)	61	66	9
Committed Liquidity Facility ² (CLF)	66	59	(11)
Total LCR liquid assets	127	125	(2)
Customer deposits	65	63	(3)
Wholesale funding	15	13	(10)
Other flows ³	25	22	(12)
Total cash outflows	105	98	(6)
LCR⁴	121%	127%	
<i>Customer deposit average run off rate</i>	<i>15.2%</i>	<i>14.2%</i>	



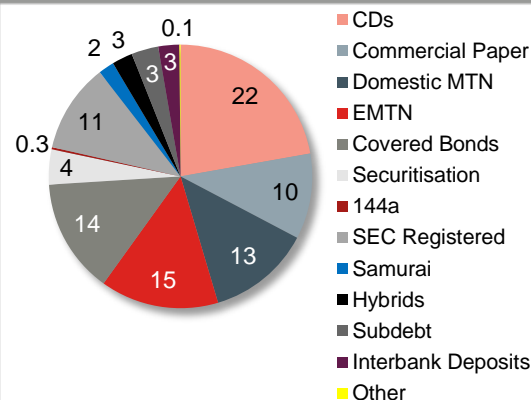
1 Includes HQLA as defined in APS 210, BS-13 qualifying liquids, less RBA open repos funding end of day ESA balances with the RBA. 2 The RBA makes available to Australian Authorised Deposit-taking Institutions a CLF that, subject to qualifying conditions, can be accessed to meet LCR requirements under APS210 – Liquidity. 3 Other flows include credit and liquidity facilities, collateral outflows and inflows from customers. 4 LCR is calculated as the percentage ratio of stock of HQLA and CLF over the total net cash outflows in a modelled 30 day defined stressed scenario. Calculated on a spot basis. 5 Includes long term wholesale funding with a residual maturity less than or equal to 1 year. 6 Equity excludes FX translation, Available-for-Sale securities and Cash Flow Hedging Reserves. 7 Private securities include Bank paper, RMBS, and Supra-nationals.

Targeting a diversified funding base

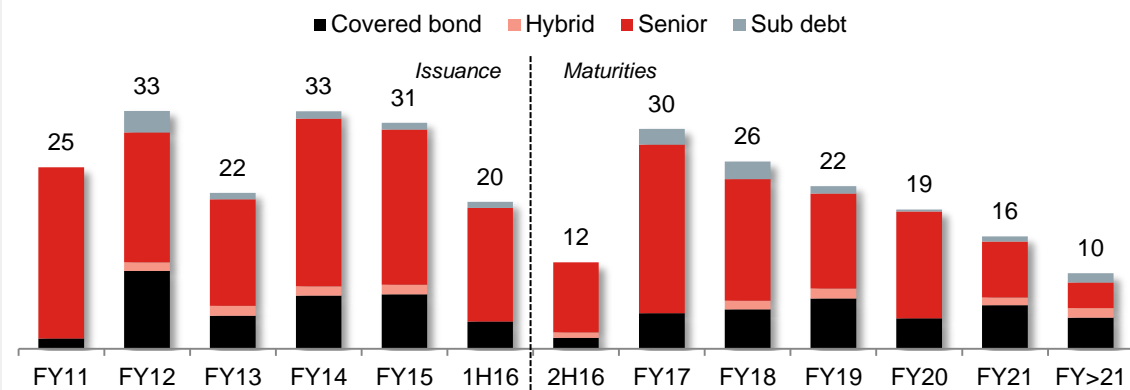
1H16 new term issuance composition¹ (%)



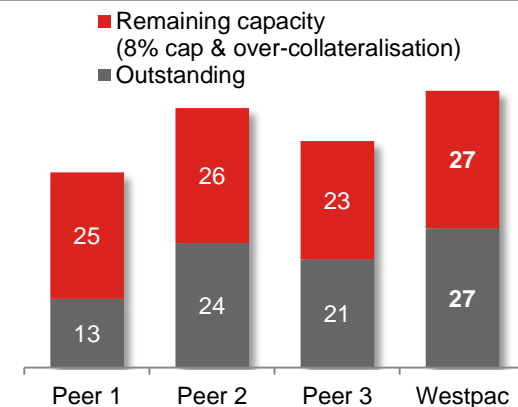
Wholesale funding composition⁵ (%)



Term debt issuance and maturity profile^{1,2,4} (A\$bn)



Australian covered bond issuance⁶ (A\$bn)



¹ Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 370 days excluding US Commercial Paper and Yankee Certificates of Deposit. ² Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure. ³ Tenor excludes RMBS and ABS. ⁴ Perpetual sub-debt has been included in >FY21 maturity bucket. Maturities exclude securitisation amortisation. ⁵ Shown by product. At FX spot currency translation. ⁶ Sources: Westpac, APRA Banking Statistics February 2016.

Appendix 1: Cash earnings adjustments

Cash earnings adjustment	2H15 (A\$m)	1H16 (A\$m)	Description
Reported net profit	4,403	3,701	
Partial sale of BTIM	(665)	0	During Second Half 2015 the Group recognised a significant gain following the partial sale and deconsolidation of the Group's shareholding in BT Investment Management. This gain has been treated as a cash earnings adjustment given its size and that it does not reflect ongoing operations
Capitalised technology cost balances	354	0	Following changes to the Group's technology and digital strategy, rapid changes in technology and evolving regulatory requirements, a number of accounting changes have been introduced, including moving to an accelerated amortisation methodology for most existing assets with a useful life of greater than three years, writing off the capitalised cost of regulatory program assets where the regulatory requirements have changed and directly expensing more project costs. The expense recognised in 2H15 to reduce the carrying value of impacted assets has been treated as a cash earnings adjustment given its size and that it does not reflect ongoing operations
Amortisation of intangible assets	76	79	The merger with St.George, the acquisition of J O Hambro Capital Management and acquisition of Lloyds resulted in the recognition of identifiable intangible assets. The commencement of equity accounting for BTIM also resulted in the recognition of notional identifiable intangible assets within the investments in associate's carrying value. The intangible assets recognised relate to core deposits, customer relationships, management contracts and distribution relationships. These intangible items are amortised over their useful lives, ranging between four and twenty years. The amortisation of these intangible assets (excluding capitalised software) is a cash earnings adjustment because it is a non-cash flow item and does not affect cash distributions available to shareholders
Acquisition transaction and integration expenses	31	7	Costs associated with the acquisition of Lloyds have been treated as a cash earnings adjustment as they do not reflect the earnings expected from the acquired businesses following the integration period
Lloyds tax adjustments	(64)	0	Tax adjustments arising from the acquisition of Lloyds have been treated as a cash earnings adjustment in line with our treatment of Lloyds acquisition and integration costs
Fair value (gain)/loss on economic hedges	(59)	83	Unrealised fair value (gain)/loss on economic hedges: FX hedges on future NZ earnings and accrual accounted term funding transactions are reversed as they may create a material timing difference on reported earnings in the current period, which does not affect cash earnings over the life of the hedge
Ineffective hedges	2	26	The (gain)/loss on ineffective hedges is reversed in deriving cash earnings for the period because the gain or loss arising from the fair value movement in these hedges reverses over time and does not affect the Group's profits over time
Treasury shares	(36)	8	Under AAS, Westpac Shares held by the Group in the managed funds and life businesses are deemed to be Treasury shares and the results of holding these shares are not permitted to be recognised as income in the reported results. In deriving cash earnings, these results are included to ensure there is no asymmetrical impact on the Group's profits because the Treasury shares support policyholder liabilities and equity derivative transactions which are re-valued in determining income
Cash earnings	4,042	3,904	

Appendix 2: Definitions

Financial performance and capital

Cash earnings	Is a measure of the level of profit that is generated by ongoing operation and is therefore available for distribution to shareholders. Three categories of adjustments are made to reported results to determine cash earnings: material items that key decision makers at Westpac believe do not reflect ongoing operations; items that are not considered when dividends are recommended; and accounting reclassifications that do not impact reported results
Core earnings	Net operating income less operating expenses
Net interest margin	Net interest income divided by average interest-earning assets
Risk Weighted Assets or RWA	Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in case of default. In the case of non asset based risks (i.e. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5
Capital ratios	As defined by APRA (unless stated otherwise)
Internationally comparable	The internationally comparable common equity tier 1 (CET1) capital ratio is an estimate of Westpac's CET1 ratio calculated on rules comparable with global peers. The ratio adjusts for differences between APRA's rules and those applied to global peers. The adjustments are applied to both the determination of regulatory CET1 and the determination of risk weighted assets. Methodology aligns with the APRA study titled "International capital comparison study" dated 13 July 2015
Leverage ratio	As defined by APRA (unless state otherwise). Tier 1 capital divided by 'exposure measure' and expressed as a percentage. 'Exposure measure' is the sum of on-balance sheet exposures, derivative exposures, securities financing transaction exposures and other off-balance sheet exposures
Level 1	Comprises Westpac Banking Corporation and its subsidiary entities that have been approved by APRA as being part of a single 'Extended Licensed Entity' for the purposes of measuring capital adequacy
Level 2	The consolidation of Westpac Banking Corporation and all its subsidiary entities (including offshore subsidiaries such as Westpac New Zealand Limited) except those entities specifically excluded by APRA regulations such as insurance or wealth management subsidiaries
Liquidity coverage ratio (LCR)	The level of high quality liquid assets (as defined by APRA) over total cash outflows in a 30-day defined stressed scenario

Asset quality

TCE	Total committed exposures
Stressed loans	Stressed loans are the total of watchlist and substandard, 90 days past due and not impaired and impaired assets
Impaired assets	<p>Impaired assets can be classified as</p> <ol style="list-style-type: none"> 1. Non-accrual assets: Exposures with individually assessed impairment provisions held against them, excluding restructured loans 2. Restructured assets: exposures where the original contractual terms have been formally modified to provide concessions of interest or principal for reasons related to the financial difficulties of the customer 3. 90 days past due (and not well secured): exposures where contractual payments are 90 days or more in arrears and not well secured 4. other assets acquired through security enforcement 5. any other assets where the full collection of interest and principal is in doubt
90 days past due and not impaired	A loan facility where payments of interest and/or principal are 90 or more calendar days past due and the value of the security is sufficient to cover the repayment of all principal and interest amounts due, and interest is being taken to profit on an accrual basis
Watchlist and substandard	Loan facilities where customers are experiencing operating weakness and financial difficulty but are not expected to incur loss of interest or principal
Individually assessed provisions or IAPs	Provisions raised for losses that have already been incurred on loans that are known to be impaired and are individually significant. The estimated losses on these impaired loans is based on expected future cash flows discounted to their present value and as this discount unwinds, interest will be recognised in the statement of financial performance
Collectively assessed provisions or CAPs	Loans not found to be individually impaired or significant will be collectively assessed in pools of similar assets with similar risk characteristics. The size of the provision is an estimate of the losses already incurred and will be estimated on the basis of historical loss experience of assets with credit characteristics similar to those in the collective pool. The historical loss experience will be adjusted based on current observable data

Appendix 3: Internationally comparable capital ratio reconciliation

The APRA Basel III capital requirements are more conservative than those of the Basel Committee on Banking Supervision (BCBS), leading to lower reported capital ratios. In July 2015, APRA published a study that compared the major banks' capital ratios against a set of international peers¹. The following provides details of the adjustments applied to the APRA Basel III capital requirements, which align to the methodology used in this study

		APRA Study ¹ %
Westpac's Level 2 CET1 capital ratio (APRA basis)		10.5
Equity investments	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements	0.5
Deferred tax assets	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements	0.4
Interest rate risk in the banking book (IRRBB)	APRA requires capital to be held for IRRBB. The BCBS does not have a Pillar 1 capital requirement for IRRBB	0.2
Residential mortgages – LGD floor	Loss given default (LGD) of 15%, compared to the 20% LGD floor under APRA's requirements	0.7
Unsecured non-retail exposures	LGD of 45%, compared to the 60% or higher LGD under APRA's requirements	0.7
Non-retail undrawn commitments	Credit conversion factor of 75%, compared to 100% under APRA's requirements	0.5
Specialised lending	Use of IRB probabilities of default (PD) and LGDs for income producing real estate and project finance exposures, reduced by application of a scaling factor of 1.06. APRA applies higher risk weights under a supervisory slotting approach, but does not require the application of the scaling factors	0.6
Currency conversion threshold	Increase in the A\$ equivalent concessional threshold level for small business retail and small to medium enterprise corporate exposures	0.2
Capitalised expenses	APRA requires these items to be deducted from CET1. The BCBS only requires exposures classified as intangible assets under relevant accounting standards to be deducted from CET1	0.4
Internationally comparable CET1 capital ratio		14.7

¹ Methodology aligns with the APRA study titled "International capital comparison study", dated 13 July 2015.

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Information for investors

Westpac NZD Subordinated Notes

Copies of the PDS are available at
www.westpac.com.au/westpacnzdsnotes

Shareholder Information

Available at
www.westpac.com.au/investorcentre
Select "Other Westpac securities" in left-hand menu

The screenshot shows the Westpac Investor Centre website. The top navigation bar includes links for Home, Personal, Business, Corporate, and About Westpac. The main content area is divided into several sections:

- Investor Centre:** Includes links for Manage your shareholding, Dividend information, Westpac share information, and Other Westpac securities.
- Other Westpac securities:** A section highlighting Westpac's hybrid securities, preference shares, capital notes, and subordinated notes listed on the Australian Securities Exchange.
- Westpac's Guide to Bank Hybrids:** A guide to help investors understand some of the types of features and risks associated with an investment in bank hybrid securities.
- Latest distribution/interest payments:** A table showing the latest distribution/interest payments for various securities.
- Upcoming distribution/interest payments:** A table showing upcoming distribution/interest payments for various securities.
- Westpac financial calendar:** A section providing information about Westpac's financial calendar.
- share prices:** A section providing information about Westpac's share prices.