

1 September 2016

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

By e-lodgement

ASX Code: WBC

Dear Sir / Madam

Westpac Banking Corporation (“Westpac”) – issue of NZD400,000,000 Subordinated Notes (“Notes”)

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

1. Westpac issued the Notes today. Offers of the Notes do not require disclosure to investors under Part 6D.2 of the Act.
2. The terms and conditions of the Notes (“**Conditions**”) are described on pages 7 to 10 of the Product Disclosure Statement dated 26 July 2016 relating to the offer of the Notes in New Zealand (“**PDS**”) and set out in Schedule 1 to the Westpac NZD Subordinated Notes Supplemental Deed Poll dated 25 July 2016 which, together with the Master Deed Poll dated 25 July 2016, constitutes the Notes (“**Deed Poll**”). The PDS was released to the Australian Securities Exchange (“**ASX**”) in an announcement by Westpac on 26 July 2016 (“Westpac NZD Subordinated Notes Offer”) and may be viewed on www.asx.com.au. The Conditions (extracted from Schedule 1 to the Deed Poll) are included in Annex A to the Schedule to this notice.
3. The Notes will be treated as Tier 2 Capital under the Basel III capital adequacy framework as implemented in Australia by the Australian Prudential Regulation Authority (“**APRA**”).
4. If APRA determines that Westpac is or would become non-viable, the Notes may be:
 - (a) Converted into fully paid ordinary shares in the capital of Westpac; or
 - (b) immediately and irrevocably Written-off (and rights attaching to the Notes terminated) if for any reason Conversion does not occur within five ASX Business Days of APRA notifying Westpac of the determination,in accordance with the Conditions.
5. In order to enable ordinary shares in the capital of Westpac issued on Conversion to be sold without disclosure under Chapter 6D of the Act, Westpac has elected to give this notice under section 708A(12H)(e) of the Act as inserted by the Instrument.¹ The Conditions and the information in the attached Schedule are included in, and form part of, this notice.

¹ Westpac notes that, at its request, the Australian Securities and Investments Commission (“**ASIC**”) made a further modification (under *ASIC Instrument 16-0729*) to the definition of “technical relief instrument” in section 9 of the Act as modified by *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*, which ensures that Westpac is able to satisfy the definition of “continuously quoted securities” in section 9 of the Act for the purposes of the Instrument.

6. Westpac confirms that:
- (a) the information in this notice remains current as at today's date;
 - (b) this notice complies with section 708A of the Act, as notionally modified by the Instrument; and
 - (c) this notice complies with the content requirements of section 708A(12I) of the Act as inserted by the Instrument.
7. Unless otherwise defined, capitalised expressions used in this notice have the meanings given to them in the Conditions.

Yours faithfully

Timothy Hartin
Company Secretary
Westpac Banking Corporation

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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

SCHEDULE

A. Effect on Westpac of the offer of the Notes

The issuance of the Notes raises Tier 2 Capital to satisfy Westpac's regulatory capital requirements and maintain the diversity of Westpac's sources and types of capital funding.

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

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

B. Rights and liabilities attaching to the Notes

The rights and liabilities attaching to the Notes are described on pages 7 to 10 of the PDS and are set out in the Conditions, which form Annex A to this Schedule.

For the purposes of Condition 3.3 of the Notes, the Margin (determined under the Bookbuild) is 2.60%. The Interest Rate for the Notes for each Interest Period that ends before the First Optional Redemption Date will therefore be 4.6950% per annum, being the sum of the 5 Year Swap Rate on the Rate Set Date and the Margin. The Margin is set until the Maturity Date (or an earlier redemption date), although the Interest Rate will be reset on the First Optional Redemption Date (based on the 5 Year Swap Rate on that date).

C. Effect on Westpac of the issue of the ordinary shares if the Notes are required to be Converted²

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

If a Non-Viability Trigger Event occurs and Westpac Converts the Notes and issues ordinary shares to Holders, the effect of Conversion on Westpac would be to reduce loan capital by the principal amount, less any unamortised costs of the issue, of the Notes being Converted and increase Westpac's shareholders' equity (ordinary share capital) by a corresponding amount. 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.

The number of ordinary shares issued on Conversion is variable, but is limited to the Maximum Conversion Number. Limiting the number of ordinary shares which may be issued to the Maximum Conversion Number means that Holders may receive a number of ordinary shares that have a market value that is significantly less than the principal amount of the Notes.

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

The Maximum Conversion Number is 0.1598 Westpac ordinary shares per Note (with a nominal value of NZD1.00), based on the Issue Date VWAP of AUD30.13. If Conversion of any Notes does not occur for any reason within five ASX Business Days after the occurrence of the Non-Viability Trigger Event, the Notes will be Written-off, and all corresponding rights and claims of Holders under the Conditions (including to payments of interest and the repayment of principal and to be issued with the relevant number of ordinary shares in

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

respect of such Notes) will be immediately and irrevocably Written-off with effect upon the Non-Viability Trigger Event Date and investors will lose all or some of their investment.

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

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

In addition, the rights and liabilities attaching to the ordinary shares in the capital of Westpac are described on pages 267 to 268 of the 2015 Westpac Group Annual Report³. The Annual Report was released to ASX on 11 November 2015 and may be viewed at www.asx.com.au, and is also available on the Westpac website at www.westpac.com.au/investorcentre.

E. Additional information

Information about the Notes is contained in the PDS and in Annex A to this Schedule.

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

Copies of documents lodged with ASIC can be obtained from, or inspected at, an ASIC office and Westpac's ASX announcements may be viewed on www.asx.com.au.

Any person has the right to obtain copies of:

- Westpac's half-yearly and annual financial reports; and
- any continuous disclosure notices given by Westpac after the lodgement of the 2015 Westpac Group Annual Report, but before the date of this notice,

from www.westpac.com.au/investorcentre, or by request made in writing to Westpac at:

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

³ If, in accordance with the Conditions, Westpac is replaced by an Approved Successor as debtor of the Notes and the issuer of ordinary shares, then on Conversion Holders will be issued with fully paid ordinary shares in the capital of the Approved Successor.

ANNEX A

**Terms and Conditions of the Notes – extracted from Schedule 1 to the Supplemental Deed Poll dated
25 July 2016**

Conditions of Westpac NZD Subordinated Notes

1 Constitution

1.1 Deed Poll, Register and Face Value

The Notes:

- (a) are fully paid, redeemable, subordinated, unsecured and registered debt obligations of Westpac;
- (b) are designated as being of a particular series as set out in the PDS;
- (c) rank equally among themselves and are subordinated to the claims of Senior Creditors of Westpac;
- (d) are constituted by, owing under, and subject to the Deed Poll;
- (e) take the form of entries in the Register; and
- (f) are denominated in New Zealand dollars and issued with a Face Value of NZ\$1.00 per Note.

1.2 Register conclusive

Entries in the Register constitute conclusive evidence that the person so entered is the Holder of the relevant Notes, subject to:

- (a) rectification for fraud or manifest or proven error; and
- (b) the other provisions of these Conditions and the Deed Poll.

1.3 Transfer and title

- (a) The Deed Poll contains provisions with respect to the transfer of Notes. Title to Notes is acquired and passes when details of the acquisition or transfer are entered in the Register in accordance with the Deed Poll.
- (b) No transfer of any part of a Holder's holding may, subject to Conditions 5.2, 5.3, 5.4 or 5.5, be effected if such transfer would result in the transferor or the transferee holding or continuing to hold a Non-marketable Parcel of Notes.

1.4 Independent obligations

The obligations of Westpac in respect of each Note constitute separate and independent obligations which the Holder is entitled to enforce without having to join any other Holder or any predecessor in title of a Holder.

1.5 No certificates

At the request of a Holder, or otherwise as required by any applicable law, Westpac shall procure the Registrar to issue to that Holder a holding statement or notice of registration in relation to the Notes held by that Holder. Such holding statement or notice of registration shall be in the form agreed between Westpac and the Registrar and shall comply with any applicable law.

A holding statement or notice of registration issued in respect of a Note will not constitute a document of title. Entitlement will be determined solely by entry in the Register and, in the case of the beneficial interest in Notes lodged in a Clearing System, the records of that Clearing System.

1.6 NZX

While a Note remains quoted on the NZX Debt Market:

- (a) the rights of a person holding an interest in the Note; and
- (b) all dealings (including transfers and payments) in relation to the Note,

will be governed by and subject to the settlement system operated by NZX (but without affecting any of these Conditions which affect the eligibility of the Notes as Tier 2 Capital). To the extent of any inconsistency:

- (i) between these Conditions (other than any of these Conditions which affect the eligibility of the Notes as Tier 2 Capital) and the rules and regulations of NZX, the rules and regulations of NZX prevail; and
- (ii) between any of these Conditions which affect the eligibility of the Notes as Tier 2 Capital and the rules and regulations of NZX, those Conditions prevail.

1.7 No other rights

The Notes confer no rights on a Holder:

- (a) to vote at, or receive notices of, any meeting of shareholders or members of Westpac;
- (b) to subscribe for new securities or to participate in any bonus issues of securities of Westpac; or
- (c) to otherwise participate in the profits or property of Westpac,

except as set out in these Conditions.

1.8 Selling restrictions

A Holder may only offer for sale or sell any Note in conformity with all applicable laws in any jurisdiction in which it is offered, sold or delivered. No prospectus, product disclosure statement, information memorandum, advertisement or other offering material in respect of any Note may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws.

2 Status and subordination

*Westpac is an **ADI** (authorised deposit-taking institution) as that term is defined under the Banking Act. Under sections 13A(3) and 16(2) of the Banking Act and section 86 of the Reserve Bank Act, certain debts of Westpac are preferred by law, as described below.*

Section 13A(3) of the Banking Act provides that, in the event that an ADI becomes unable to meet its obligations or suspends payment, the ADI's assets in Australia are available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including, in the case of Westpac,

*the Notes). These specified liabilities include certain obligations of the ADI to APRA in respect of amounts payable by APRA to holders of protected accounts, other liabilities of the ADI in Australia in relation to protected accounts, debts to the Reserve Bank of Australia (RBA) and certain other debts to APRA. A **protected account** is either (a) an account where the ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account, or (b) another account or financial product prescribed by regulation. Certain assets, such as the assets of Westpac in a cover pool for covered bonds issued by Westpac, are excluded from constituting assets in Australia for the purposes of section 13(A) of the Banking Act, and those assets are subject to the prior claims of the covered bond holders and certain other secured creditors in respect of the covered bonds.*

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

The liabilities which will rank in priority to the rights and claims of a Holder are substantial and these Conditions do not limit the amount of such liabilities which may be incurred or assumed by Westpac from time to time.

2.1 Not deposits or protected accounts

The Notes are not:

- (a) deposits with, nor deposit liabilities of, Westpac;
- (b) protected accounts for the purposes of the depositor protection provisions of the Banking Act or the financial claims scheme established under the Banking Act; nor
- (c) guaranteed or insured by the Australian Government or under any compensation scheme of the Australian Government, or by any other government, under any other compensation scheme or by any government agency or any other party.

2.2 Status

- (a) Holders do not have any right to prove in a Winding-Up in respect of Notes, except as permitted under Condition 2.4(b).
- (b) The Notes constitute direct and unsecured subordinated obligations of Westpac and will rank for payment in a Winding-Up as set out in Condition 2.4(b).

2.3 Solvency Condition

Prior to a Winding-Up:

- (a) the obligation of Westpac to make any payment of principal, interest or Additional Amounts in respect of a Note shall be conditional upon Westpac being Solvent at the time the payment or other amount owing falls due; and
- (b) no payment of principal, interest or Additional Amounts shall be made in respect of a Note, except to the extent that Westpac may

make such payment and still be Solvent immediately after so doing.

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

For the avoidance of doubt, and provided that a Note has not been Converted or Written-off:

- (i) interest will continue to accrue on any principal not paid as a consequence of this Condition 2.3 at the Interest Rate; and
- (ii) any interest not paid as a consequence of this Condition 2.3 remains and accumulates with compounding.

Any amount not paid as a consequence of this Condition 2.3: (x) remains a debt owing to the Holder by Westpac until it is paid and shall be payable on the first date on which paragraphs (a) and (b) of this Condition 2.3 would allow payment of that amount (whether or not such date is otherwise an Interest Payment Date or other date on which such amount falls due); and (y) shall not constitute an Event of Default.

2.4 Winding-Up

In a Winding-Up:

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

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

In a Winding-Up, Holders shall only be entitled to prove for any sums payable in respect of their Notes as a liability which is subject to prior

payment in full of Senior Creditors. Holders of Notes waive in respect of any Note, to the fullest extent permitted by law, any right to prove in any such Winding-Up as a creditor ranking for payment in any other manner.

2.5 No Set-Off

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

2.6 Clawback

Each Holder by its purchase or holding of a Note is taken to have irrevocably acknowledged and agreed that it shall pay or deliver to the Liquidator any payment or asset, whether voluntary or in any other circumstances, received by the Holder from or on account of Westpac (including by way of credit, set-off or otherwise howsoever) or from any Liquidator (or any provisional or other liquidator, receiver, manager or statutory manager of Westpac) in breach of either this Condition 2 or Condition 7.

2.7 Acknowledgements and agreements of Holders

- (a) Each Holder, by its purchase or holding of a Note, is taken to have irrevocably acknowledged and agreed:
 - (i) that this Condition 2 constitutes a debt subordination for the purposes of section 563C of the Corporations Act;
 - (ii) without limiting its rights existing otherwise than as a Holder of a Note, that it must not exercise its voting rights as an unsecured creditor in the Winding-Up of Westpac to defeat, negate or in any way challenge the enforceability of the subordination in this Condition 2; and
 - (iii) that the debt subordination effected by this Condition 2 is not affected by any act or omission of Westpac or a Senior Creditor which might otherwise affect it at law or in equity.
- (b) Each Holder, by its purchase or holding of a Note, is taken to have acknowledged that:
 - (i) Westpac intends that Notes constitute Tier 2 Capital and be able to absorb losses at the point of non-viability as described in the Prudential Standards; and
 - (ii) Notes are subject to Conversion or Write-off in accordance with Conditions 5 and 6 and that the primary method of loss absorption is Conversion, subject to possible Write-off in accordance with Condition 5.5.

No consent of any Senior Creditor shall be required to any amendment of this Condition 2 in relation to any outstanding Notes.

3 Interest

3.1 Payment of interest

Interest is payable on the Face Value of a Note from (and including) the date on which it is issued to (but excluding) its Maturity Date, or an earlier Redemption Date or Conversion Date at the Interest Rate.

3.2 Interest Payment Dates

Subject to these Conditions, interest in respect of a Note is payable quarterly in arrear on the following dates (each an **Interest Payment Date**):

- (a) 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 (each a **Scheduled Interest Payment Date**); and
- (b) the Maturity Date or an earlier Redemption Date.

3.3 Interest Rate determination

The **Interest Rate** (expressed as a percentage per annum) in respect of a Note for an Interest Period is the sum of the Margin and the 5 Year Swap Rate for the Interest Period, where:

Margin (expressed as a percentage per annum) means the rate determined under the Bookbuild and announced to NZX on or before the Opening Date.

5 Year Swap Rate (expressed as a percentage per annum) means:

- (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 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 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 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 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).

3.4 Calculation of interest

The amount of interest payable on each Note on an Interest Payment Date will be calculated in accordance with the following formulae:

- (a) For each Interest Period that is not a Partial Interest Period:

$$\text{Interest} = \frac{\text{Face Value} \times \text{Interest Rate}}{4}$$

- (b) For each Interest Period that is a Partial Interest Period:

$$\text{Interest} = \frac{\text{Face Value} \times \text{Interest Rate} \times \text{N}}{365}$$

where **N** is the number of days in the Interest Period.

3.5 Interest continues to accrue

If payment of principal or interest in respect of a Note is improperly withheld or refused when due and payable, interest will continue to accrue (after as well as before any demand or judgment) on the amount improperly withheld or refused at the Interest Rate in the manner provided in Condition 3 until (but excluding) the date such amount is paid.

3.6 Notification

- (a) In relation to each Interest Period, subject to any waiver or approval issued by NZX, Westpac must notify NZX and the Registrar of the Interest Rate in respect of each Note.
- (b) Westpac must give notice under this Condition 3.6 as soon as practicable after it makes its calculations and, in any event, by no later than the fifth Business Day of the relevant Interest Period.
- (c) Westpac may amend the calculation of any amount (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of an Interest Period without prior notice, but must notify NZX and the Registrar promptly after so doing.

3.7 Calculations final

The calculation by Westpac of all rates and amounts payable by it in relation to Notes is, in the absence of manifest or proven error, final and binding on Westpac, the Registrar and each Holder.

4 Redemption and purchase

4.1 Scheduled redemption

Subject to Condition 2.3, a Note must be redeemed by Westpac on its Maturity Date at its Face Value together with accrued interest unless:

- (a) it has been previously redeemed;
- (b) it has been previously purchased by Westpac and cancelled; or
- (c) it has been Converted or Written-off.

4.2 Early redemption: Tax Event or Regulatory Event

If a Tax Event or Regulatory Event occurs, Westpac may, subject to Conditions 2.3, 4.4 and 4.8, redeem all (but not some) Notes for their Face Value, together with accrued interest (if any), on an Interest Payment Date.

4.3 Early redemption: option of Westpac

Westpac may, subject to Conditions 2.3, 4.4 and 4.8, redeem all or some Notes for their Face Value together with accrued interest (if any) on any Interest Payment Date on or after the Interest Payment Date falling on the First Optional Redemption Date.

If some Notes are to be redeemed under this Condition they will be specified in the notice and selected:

- (a) in a fair and reasonable manner; and
- (b) in compliance with any applicable law, directive or requirement of NZX.

4.4 Notice of early redemption; supporting opinions

- (a) Westpac must give at least 15 Business Days (and no more than 45 Business Days) notice to the Registrar, the Holders and NZX of any early redemption of Notes in accordance with this Condition 4. Such notice must be given in accordance with the Deed Poll.
- (b) Before Westpac gives the notice under Condition 4.4(a), it must have received:
 - (i) in the case of a Tax Event, a supporting opinion of reputable legal counsel or other tax adviser in Australia or New Zealand experienced in such matters, in relation to such Tax Event; and
 - (ii) in the case of a Regulatory Event, a supporting opinion of reputable legal counsel in Australia experienced in such matters, or confirmation from APRA, in relation to such Regulatory Event.

4.5 Notice irrevocable

Any notice of early redemption given under this Condition 4 is irrevocable.

4.6 No Holder option for early redemption

A Holder cannot require Westpac to redeem a Note prior to the Maturity Date.

4.7 Purchase

- (a) Westpac or any of its controlled entities may, subject to prior written approval having been obtained from APRA (which approval is at the discretion of APRA and may or may not be given), at any time purchase Notes in the open market or otherwise and at any price provided that such Notes are not acquired by a controlled entity that is not a tax resident of Australia unless such Notes are acquired by it as part of a business carried on by it through a permanent establishment located within Australia. All unmatured Notes purchased in accordance with this Condition 4.7 may be held, resold or cancelled at the discretion of Westpac, subject to compliance with applicable law.
- (b) For the purposes of the meetings provisions contained in the Deed Poll, in determining whether the provisions relating to quorum are complied with, any Notes held in the name of Westpac or any of its controlled entities will be disregarded.

4.8 Consent of APRA

Westpac may only redeem Notes under Condition 4.2 or 4.3 if:

- (a) either:

- (i) before or concurrently with redemption, Westpac replaces Notes with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Notes and the replacement of Notes is done under conditions that are sustainable for the income capacity of Westpac; or
 - (ii) Westpac obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of Westpac and the Westpac Group, that Westpac does not have to replace the Notes; and
- (b) APRA has given its prior written approval to the redemption of Notes. Approval is at the discretion of APRA and may or may not be given.

5 Non-Viability and Conversion

5.1 Non-Viability Trigger Event

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

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

5.2 Consequences of a Non-Viability Trigger Event

- (a) If a Non-Viability Trigger Event occurs, Westpac must, subject to Condition 5.5, Convert all Notes or, if Condition 5.1(a) applies, some Notes, subject to Condition 5.2(b), as is equal (following any conversion, write-off or write-down of Relevant Capital Securities as referred to in Condition 5.2(b)) to the aggregate face value or principal amount of capital instruments which:
 - (i) APRA has notified Westpac must be converted, written-off or written-down; or
 - (ii) if APRA has not so notified Westpac, all or some Notes as is necessary to satisfy APRA that Westpac will no longer be non-viable.
- (b) In determining the number of Notes which must be Converted in accordance with this Condition 5, Westpac will:
 - (i) first, convert, write-off or write-down such number or amount of the face value of outstanding Relevant Tier 1 Securities before Conversion of the Notes; and
 - (ii) second, if conversion, write-off or write-down of those Relevant Tier 1 Securities is not sufficient to satisfy APRA that Westpac would not become non-viable, Convert (in the case of the Notes) and convert, write-off or write-down (in the case of any Relevant Tier 2 Securities), on a pro-rata basis or in a manner that is otherwise, in the opinion of Westpac, fair and reasonable, the Face Value of each Note and the face value of any other Relevant Tier 2

Securities (subject to such adjustments as Westpac may determine to take into account the effect on marketable parcels and the need to round to whole numbers of Ordinary Shares and the authorised denominations of any Notes or Relevant Tier 2 Securities remaining on issue and the need to effect conversion immediately), and, for the purposes of this Condition 5.2(b)(ii), where the currency of the principal amount of the Relevant Tier 2 Securities is not the same for all Relevant Tier 2 Securities, Westpac may treat them as if converted into a single currency of Westpac's choice at such rate of exchange as Westpac in good faith considers reasonable,

but such determination will not impede the immediate Conversion of the relevant number of Notes.

5.3 Conversion following a Non-Viability Trigger Event

If a Non-Viability Trigger Event occurs:

- (a) the relevant number of Notes must be Converted immediately upon the occurrence of the Non-Viability Trigger Event in accordance with Conditions 5.4 and 6. The Conversion will be irrevocable;
- (b) Westpac must give notice to the Holders, the Registrar and the NZX as soon as practicable that a Non-Viability Trigger Event has occurred and that Conversion has occurred on the Non-Viability Trigger Event Date;
- (c) the notice must specify:
 - (i) the date on which Conversion occurred (**Non-Viability Trigger Event Date**) and the relevant number of Notes which were Converted or, if Condition 5.5 is applicable, Written-off; and
 - (ii) details of the Relevant Capital Securities converted, written-off or written-down in accordance with Condition 5.2; and
- (d) the notice must specify the details of the Conversion process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any Notes remaining on issue.

Failure to undertake any of the steps in this Condition 5.3 does not prevent, invalidate or otherwise impede Conversion.

5.4 Automatic Conversion upon the occurrence of a Non-Viability Trigger Event

If a Non-Viability Trigger Event has occurred and all or some Notes are required to be Converted in accordance with this Condition 5, then:

- (a) Conversion of the relevant Notes will occur in accordance with Condition 6 and, if Condition 5.5 applies, Write-off will occur, immediately upon the Non-Viability Trigger Event Date;
- (b) subject to Condition 6.10, a Holder will be entitled to the relevant number of Ordinary Shares and Westpac will recognise the Holder as having been issued the relevant Ordinary Shares for all

purposes, in each case without the need for any further act or step by Westpac, the Holder or any other person (and Westpac will, as soon as possible thereafter and without delay on its part, take any appropriate procedural steps to record such Conversion, including updating the Register and the Ordinary Share register); and

- (c) subject to Condition 6.10, upon Conversion a Holder has no further right or claim under these Conditions in respect of the Notes Converted (including to payments of interest or the repayment of the Face Value of such Note), except in relation to the Holder's entitlement to the relevant number of Ordinary Shares and the Holder's entitlement, if any, to Notes representing the Face Value of such Notes which have not been required to be Converted.

5.5 No further rights

If, for any reason, Conversion of any Notes required to be Converted under Conditions 5.2 and 5.3 does not occur within five ASX Business Days after the Non-Viability Trigger Event Date, then:

- (a) the relevant Holders' rights and claims under these Conditions in relation to such Notes (including to payments of interest and the repayment of the Face Value of such Notes and to be issued with the relevant number of Ordinary Shares in respect of such Notes) are immediately and irrevocably written-off and are terminated (**Written-off**); and
- (b) such Write-off will occur immediately upon the Non-Viability Trigger Event Date.

5.6 Consent to receive Ordinary Shares and other acknowledgements

Subject to any Write-off required in accordance with Condition 5.5, each Holder by its purchase or holding of a Note shall be taken to have irrevocably agreed that:

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

- (ii) Conversion must occur immediately on the Non-Viability Trigger Event Date and that may result in disruption or failures in trading or dealings in the Notes;
 - (iii) it will not have any rights to vote in respect of any Conversion (whether as a Holder of a Note or as a prospective holder of an Ordinary Share); and
 - (iv) notwithstanding Condition 6.9, Ordinary Shares issued on Conversion may not be quoted at the time of Conversion or at all;
- (d) where Condition 5.5 applies, no other conditions or events will affect the operation of that Condition and it will not have any rights to vote in respect of any Write-off under that Condition;
 - (e) it has no right to determine whether Notes are Converted;
 - (f) that it has no remedies on account of the failure of Westpac to issue Ordinary Shares in accordance with this Condition 5 other than, subject to Condition 5.5, to seek specific performance of Westpac's obligation to issue Ordinary Shares; and
 - (g) if it creates or permits to subsist any Encumbrance over any Notes, that Encumbrance takes effect subject to the Deed Poll and the secured party will be taken to have authorised the dealing constituted by Conversion of those Notes for the purposes of section 45(1) of the Personal Property Securities Act 1999 (New Zealand).

5.7 Issue of ordinary shares of successor holding company

Where there is a Replacement of Westpac as the ultimate holding company of the Westpac Group and the successor holding company is an Approved Successor, Conversion of the Notes may not occur as a consequence of the Replacement. Instead, these Conditions may be amended in accordance with Condition 10.4.

5.8 No Conversion at the option of Holders

Holdings do not have a right to request Conversion of their Notes at any time.

6 General provisions applicable to Conversion

6.1 Conversion

On the Conversion Date, subject to Conditions 5.5 and 6.10, the following provisions will apply.

- (a) Westpac will allot and issue the Conversion Number of Ordinary Shares for each Note to each Holder. The Conversion Number is, subject always to the Conversion Number being no greater than the Maximum Conversion Number, calculated according to the following formula:

$$\begin{array}{lcl} \text{Conversion Number} & & \text{Conversion Date Face Value} \\ \text{for} & = & 0.99 \times \text{VWAP} \\ \text{each Note} & & \end{array}$$

where:

Conversion Date Face Value means the Face Value translated into Australian dollars in accordance with paragraph (b) of the definition of Face Value, except that the calculation date shall be the Conversion Date;

VWAP (expressed in dollars and cents) means the VWAP during the VWAP Period; and

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

$$\text{Maximum Conversion Number} = \frac{\text{Issue Date Face Value}}{0.20 \times \text{Issue Date VWAP}}$$

where:

Issue Date Face Value means the Face Value translated into Australian dollars in accordance with paragraph (b) of the definition of Face Value; and

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

- (b) Subject to Condition 6.10, each Holder's rights in relation to each Note that is being Converted as determined in accordance with Condition 5.2 will be immediately and irrevocably terminated for an amount equal to the Face Value and Westpac will apply the Face Value of each Note by way of payment for the subscription for the Ordinary Shares to be allotted and issued under Condition 6.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this Condition 6.1 is to be applied as provided for in this Condition 6.1 without delay (notwithstanding any other provisions in these Conditions providing for payments to be delayed) and Holders do not have any right to payment in any other way.
- (c) Any calculation under Condition 6.1(a) shall, unless the context requires otherwise, be rounded to four decimal places provided that if the total number of Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Notes includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will not be issued or delivered on Conversion.
- (d) Subject to Condition 6.10, where Notes are Converted, Westpac will allot and issue the Ordinary Shares to the Holder on the basis that a Holder's name, address and security account set out in the Register (or, if not set out in the Register, otherwise held by the Registrar) are:
 - (i) the name and address for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares issued on Conversion; and
 - (ii) the account to which the Ordinary Shares issued on Conversion are to be credited,

unless a Holder has notified Westpac a different name, address or account details, together with such other information as is reasonably requested by Westpac, which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date.

6.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under Condition 6.1:

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

6.3 Adjustments to VWAP for capital reconstruction

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

immediately before the date of any such Reclassification by the following formula:

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

where:

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

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

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

6.4 Adjustments to Issue Date VWAP generally

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

- (a) may be made by Westpac in accordance with Conditions 6.5, 6.6 and 6.7; and
- (b) if so made, will be effective and binding on Holders under these Conditions and these Conditions will be construed accordingly.

6.5 Adjustments to Issue Date VWAP for bonus issues

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

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

where:

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

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

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

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

- (b) Condition 6.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.

- (c) For the purposes of this Condition 6.5, an issue will be regarded as a bonus issue notwithstanding that Westpac does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing Westpac is not in contravention of the ASX Listing Rules.

6.6 Adjustments to Issue Date VWAP for capital reconstruction

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

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

where:

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

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

6.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of Conditions 6.5 and 6.6, no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded if applicable) would be less than one per cent of the Issue Date VWAP then in effect.

6.8 Announcement of adjustments to Issue Date VWAP

Westpac will notify any adjustment to the Issue Date VWAP under this Condition 6 to NZX and the Holders within 10 Business Days of Westpac determining the adjustment and the adjustment will be final and binding.

6.9 Status and listing of Ordinary Shares

- (a) Ordinary Shares issued or arising from Conversion will rank equally with all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued or arising from Conversion do not take effect until 5.00pm (Sydney time) on the Conversion Date.
- (b) Westpac will use all reasonable endeavours to list the Ordinary Shares issued on Conversion of Notes on ASX.

6.10 Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder

- (a) If Notes are required to be Converted and:
 - (i) the Holder has notified Westpac that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date; or
 - (ii) the Holder is an Ineligible Holder; or

- (iii) for any reason (whether or not due to the fault of the Holder), Westpac or the Registrar has not received the information required by Condition 6.1(d) prior to the Conversion Date and the lack of such information would prevent Westpac from issuing the Ordinary Shares to the Holder on the Conversion Date; or
- (iv) FATCA Withholding is required to be made in respect of the Ordinary Shares to be issued upon the Conversion,

then, on the Conversion Date, the Holder's rights (including to payments of interest or Additional Amounts, or the repayment of principal) in relation to each such Note being Converted are immediately and irrevocably terminated and Westpac will issue the relevant aggregate Conversion Number of Ordinary Shares due to such Holder to one or more Nominees for no additional consideration to hold on trust for sale for the benefit of the relevant Holder. At the first opportunity to sell the Ordinary Shares, each Nominee will arrange for their sale at market value and pay the proceeds less selling costs, stamp duty and other taxes (including, without limitation, FATCA Withholding) and charges to the relevant Holder, in each case arising in connection with the issuance or sale of such Ordinary Shares, and each Nominee shall use the proceeds from such sale to pay any such fees, duties, taxes, charges and any FATCA Withholding arising in connection with such issuance or sale.

- (b) If Conversion under this Condition 6.10 does not occur within five ASX Business Days, then Holders' rights will be immediately and irrevocably Written-off in accordance with Condition 5.5.
- (c) The provisions of this Condition 6.10 will not impede the immediate Conversion of the relevant Notes.

6.11 Conversion if amounts not paid

For the avoidance of doubt, Conversion may occur even if an amount is not paid to a Holder as a consequence of Condition 2.3.

6.12 Conversion after Winding-Up commences

If an order is made by a court, or an effective resolution is passed for Winding-Up, and a Non-Viability Trigger Event occurs, then Conversion shall occur (subject to Condition 5.5) in accordance with Conditions 5.2, 5.3 and 5.4.

6.13 Cancellation

All Notes Converted will forthwith be cancelled and may not be re-issued or resold.

7 Events of Default

7.1 Events of Default

An Event of Default occurs in relation to a Note if:

- (a) Westpac fails to pay:
 - (i) any amount of principal in respect of a Note within seven Business Days of the Maturity Date; or

- (ii) 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 Condition 2.3 applying; or

- (b) a Winding-Up occurs in Australia.

7.2 Consequences of an Event of Default

- (a) In the event of an occurrence of an Event of Default set out at Condition 7.1(a), the Holder of any Note may bring proceedings:
 - (i) 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);
 - (ii) to obtain an order for specific performance of any other obligation in respect of that Note; or
 - (iii) for a Winding-Up of Westpac.
- (b) In the event of an occurrence of an Event of Default set out at Condition 7.1(b) above, the Notes will, without further action, become immediately due and payable and a Holder of any Note may, subject to Condition 2, prove or claim in any Winding-Up in Australia.
- (c) In the event of an occurrence of an Event of Default set out at either Condition 7.1(a) or 7.1(b) above, no remedy against Westpac (including, without limitation, any right to sue for a sum of damages which has the same economic effect of an acceleration of Westpac's payment obligations), other than the institution of proceedings for the Winding-Up or, subject to Condition 2, for proving or claiming in any Winding-Up, shall be available to Holders for the recovery of amounts owing in respect of Notes or in respect of any breach by Westpac of any obligation, condition or provision binding on it under these Conditions.

7.3 Early Termination Amount

If any Note becomes due and repayable pursuant to this Condition 7, it shall be repaid at its early termination amount (the **Early Termination Amount**) (which shall be its principal amount) together with all interest (if any) accrued thereon.

7.4 Rectification

A Holder's right to declare a Note held by it due and payable terminates if the Event of Default giving rise to such right has been cured before such right is exercised.

7.5 Notification

If an Event of Default occurs and is continuing, Westpac must promptly, after becoming aware of it, notify the Registrar, Holders and NZX of the occurrence of the Event of Default and specify details of it.

8 Payments

8.1 General

All payments in respect of Notes:

- (a) must be made:
 - (i) in New Zealand dollars; and
 - (ii) free of any set off, deduction or counter claim except as required by law;
- (b) are subject to applicable fiscal and other laws and the administrative practices and procedures of fiscal and other authorities;
- (c) will be made in accordance with:
 - (i) the rules and regulations of NZX while Notes remain quoted on the NZX Debt Market;
 - (ii) the particulars recorded in the Register on the relevant Record Date; and
 - (iii) these Conditions.

If the date scheduled for any payment under these Conditions (other than the payment referred to in Condition 6.1(b)) is not a Business Day, then the payment will be made on the next Business Day (and without any additional interest or other payment in respect of such delay).

All calculations of payments will be rounded to four decimal places. For the purposes of making any payment in respect of a Holder's aggregate holding of Notes, any fraction of a cent will be disregarded.

8.2 Payments to Holders

- (a) Each payment in respect of a Note will be made to the person that is recorded in the Register as the Holder of that Note on the Record Date for that payment.
- (b) A payment to any one joint Holder of a Note will discharge Westpac's liability in respect of the payment.

8.3 Method of payments (Notes not held in a Clearing System)

- (a) Westpac may, in its absolute discretion, pay to a Holder or any other person entitled to any amount payable in respect of a Note:
 - (i) by crediting an account nominated in writing by that Holder or person; or
 - (ii) in any other manner as Westpac determines (provided that payments must always be paid in cash).
- (b) If Westpac decides to make a payment by electronic or other means determined under Condition 8.3(a)(ii) and an account is not nominated by the Holder or joint Holder, or the transfer of any amount for payment to the credit of the nominated account does not complete for any reason, then Westpac may hold the amount payable in a separate account of Westpac until the Holder or joint

Holder (as the case may be) nominates an account to which payment may be credited, without any obligation to pay interest, and the amount so held is to be treated as having been paid to the Holder or joint Holder at the time it is credited to that separate account of Westpac.

- (c) Westpac (or any person through whom payments are made), in its absolute discretion, may withhold payment to a Holder where it is required to do so under any applicable fiscal or other law or any administrative practice or procedure of any fiscal or other authority (including any law prohibiting dealings with terrorist organisations or money laundering, or any other type of sanction and any withholding or deduction arising under or in connection with FATCA), or where it has reasonable grounds to suspect that the Holder may be subject to any such law, administrative practice or procedure or sanction or involved in acts of terrorism or money laundering, and may deal with such payment and the Holder's Note in accordance with such applicable law, administrative practice or procedure or the requirements of any relevant government or regulatory authority.
- (d) Westpac shall not be liable for any costs or loss suffered by a Holder in exercising its discretion under Condition 8.3(c), even where a Holder later demonstrates that they were not subject to such law, administrative practice or procedure or sanction.

8.4 Method of payment (Notes held in a Clearing System)

All payments in respect of Notes held in a Clearing System shall be made by Westpac crediting (either directly or through any paying agent) on the relevant payment date the amount due to the account previously notified by the Clearing System (or the paying agent where applicable) to Westpac in accordance with the Clearing System's rules and regulations.

8.5 Unclaimed money

- (a) If any payment made by Westpac to any Holder to the address, or into the bank account, last specified by that Holder to Westpac or the Registrar is returned unclaimed, the amount concerned will (unless Westpac or the Registrar has in the meantime received notice of a change of address or bank account to be entered in the Register) be retained by the Registrar to be held by it for the relevant Holder without any obligation to invest or pay interest on that amount.
- (b) Any money not claimed within a period of six months from the original date of payment must be returned to Westpac and may be retained by Westpac unless the relevant Holder produces evidence satisfactory to Westpac of its entitlement to such amount. Westpac will have no liability in respect of the unclaimed amount if it remains unclaimed six years after the original date of payment.

9 Taxation

9.1 Taxation

- (a) All payments in respect of Notes will be made without set-off or counterclaim and free and clear of, and without deduction of or withholding on account of any taxes, levies, duties, charges, deductions or withholding of any nature now or in the future imposed, levied, collected, withheld or assessed by any authority (together, **Taxes**) unless such withholding or deduction is required by law or permitted by this Condition 9. Westpac shall withhold or

deduct any such amount required by law from the relevant payment in respect of the Notes.

- (b) Deductions of any Taxes will be made at the maximum rates from time to time applicable unless a Holder provides evidence satisfactory to the Registrar that a lesser rate is applicable.
- (c) If any such deduction has been made and the amount of the deduction accounted for by Westpac to the relevant revenue authority and the balance of the interest payable has been paid to the relevant Holder, the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by Westpac.
- (d) If, in relation to any Note, Westpac becomes liable to make any payment of or on account of tax payable by the Holder and in respect of which Additional Amounts are not payable, Westpac is indemnified by the Holder in relation to such liability. Any moneys paid by Westpac in relation to any such liability may be recovered from the Holder as a debt due to Westpac and may be withheld from further payments in respect of Notes to that Holder. Nothing in this clause prejudices or affects any other right or remedy of Westpac.

9.2 Deductions for New Zealand withholding tax

- (a) If New Zealand non-resident withholding tax (**NRWT**) is required to be deducted from payments of interest:
 - (i) if Westpac is satisfied that the application of the approved issuer levy as defined in section 86F of the Stamp and Cheque Duties Act 1971 (New Zealand) (**AIL**) in relation to payments of interest to a Holder would result in NRWT applying at the rate of zero per cent., Westpac will not deduct NRWT but will instead apply the AIL regime unless the Holder requests in writing that NRWT be deducted from such interest instead of applying the AIL regime. If Westpac applies the AIL regime Westpac will: (A) apply the zero rate under the AIL regime to the extent Westpac is able to do so; and (B) to the extent Westpac is not able to do so, pay AIL. Westpac will pay any such AIL to the appropriate authority and will deduct the amount paid from any payments of interest payable to that Holder in lieu of deducting NRWT at the rate otherwise applicable from that payment;
 - (ii) if Westpac does not apply the AIL regime, or if the application of the AIL regime does not result in NRWT applying at the rate of zero per cent, Westpac will deduct NRWT at the rate applicable to that payment.
- (b) New Zealand resident withholding tax (**RWT**) will be deducted from payments of interest in respect of which RWT is required by law to be deducted. If RWT would be required to be deducted unless the Holder holds an appropriate exemption certificate, RWT will be deducted unless the appropriate exemption certificate is produced to the Registrar no later than five Business Days before the relevant payment date. In the case of a New Zealand resident deriving the interest jointly with a non-resident, NRWT will be deducted at the RWT rate.
- (c) Westpac shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such

payment without incurring any penalty under the applicable law and shall, if required by any Holder, deliver to that Holder a copy of any relevant receipt issued by the revenue authority (to the extent issued) without delay after it is received by Westpac.

- (d) A Holder must notify the Registrar of: (i) its country of residence for tax purposes; (ii) if the Holder is not a New Zealand tax resident, whether the Holder is engaged in business in New Zealand through a fixed establishment (as that term is defined in the Income Tax Act 2007 (New Zealand)) in New Zealand; and (iii) any other information requested by the Registrar in order to determine the payment or withholding obligations of Westpac. A Holder must also notify the Registrar prior to any Interest Payment Date of any change in circumstances from those previously notified that could affect the payment or withholding obligations of Westpac.
- (e) By accepting payment of any interest or any other amount payable in accordance with these Conditions, the Holder indemnifies Westpac for all purposes in respect of any liability Westpac may incur for not deducting any amount from such payment on account of NRWT, AIL or RWT.

9.3 Additional Amounts for Australian withholding tax

If a deduction or withholding is made under Condition 9.1 for withholding taxes imposed by the Commonwealth of Australia (**Australian Taxes**), Westpac will pay such additional amounts (**Additional Amounts**) as may be necessary in order that the net amount received by the Holders after such withholding or deduction equals the amount which would otherwise have been receivable in respect of Notes in the absence of such withholding or deduction, except that no Additional Amounts are payable to any Holder who is liable for any Australian Taxes in respect of Notes by reason of the Holder or any other person:

- (a) having some connection with the Commonwealth of Australia other than the mere holding of Notes or the receipt of any payment in respect of Notes;
- (b) failing to comply with any statutory requirements or make a declaration of non-residence or similar cause for an exemption to any tax authority;
- (c) not validly quoting an appropriate Australian tax file number or Australian Business Number or not supplying details of an applicable exemption from these requirements not less than five Business Days prior to the due date;
- (d) being an associate of Westpac for the purposes of section 128F(9) of the Income Tax Assessment Act 1936;
- (e) being party to or participating in a scheme to avoid Taxes; or
- (f) being issued any Ordinary Shares upon Conversion.

9.4 FATCA

Notwithstanding anything to the contrary in Conditions 9.1, 9.2 or 9.3, if Westpac or any other person is required to withhold amounts under or in connection with FATCA from any payments made with respect to Notes or with respect to the issuance of any Ordinary Shares upon any Conversion, Holders and beneficial owners of Notes, and holders of Ordinary Shares

issued upon any Conversion, will not be entitled to receive any gross up or other amount to compensate them for such withholding.

10 General

10.1 Further issues

Westpac may from time to time, without the consent of any Holder, issue any securities ranking equally with Notes (on the same terms or otherwise) or ranking in priority or junior to the Notes.

10.2 Amendment: general provisions

These Conditions may be amended by Westpac without the consent of any Holder for the purposes of curing any ambiguity, correcting or supplementing any defective or inconsistent provisions (including any amendment that is of a formal, minor or technical nature) or in any other manner which Westpac deems necessary or desirable and which, in the opinion of Westpac, does not materially adversely affect the rights of Holders, including, without limitation, any amendment that:

- (a) is necessary or expedient for the purpose of enabling the Notes to be listed or to remain listed on a stock exchange or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place;
- (b) is necessary or expedient for the purpose of complying with the provisions of any law, the requirements of any statutory authority, NZX Listing Rules or the listing or quotation requirements of any securities exchange on which Westpac may propose to seek a listing or quotation of the Notes; or
- (c) is made to amend the terms of the Notes to align them with any relevant class of capital instruments issued by Westpac on or after the Issue Date.

10.3 Amendment: regulatory treatment

No amendment to the Conditions of a Note that at the time of such amendment qualifies as Tier 2 Capital is permitted without the prior written consent of APRA if such amendment may affect the eligibility of the Note as Tier 2 Capital as described in the Prudential Standards.

10.4 Amendment: successor holding company

- (a) If:
 - (i) it is proposed that Westpac be replaced as the ultimate holding company of the Westpac Group by an Approved Successor (**Replacement**); and
 - (ii) the Approved Successor agrees to expressly assume Westpac's obligations in respect of the Notes by entering into a deed poll for the benefit of Holders under which it agrees (among other things):
 - (A) to deliver fully paid ordinary shares in the capital of the Approved Successor (**Approved Successor Shares**) under all circumstances when Westpac would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions as set out in these

Conditions as amended in accordance with this Condition 10.4; and

- (B) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of the Approved Successor Shares issued under these Conditions on the stock exchanges on which the other Approved Successor Shares are quoted at the time of a Conversion,

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

- (b) An Approved Replacement Notice must specify the amendments to these Conditions in respect of the Notes which will be made in accordance with this Condition 10.4, being those amendments which in Westpac's reasonable opinion are necessary, expedient or appropriate to effect the substitution of the Approved Successor as the debtor in respect of Notes and the issuer of Approved Successor Shares on Conversion (including such amendments as are necessary, expedient or appropriate for the purposes of complying with the provisions of Chapter 2L of the Corporations Act where the Approved Successor is not an authorised deposit-taking institution under the Banking Act) or which are necessary, expedient or convenient in relation to taxes where the Approved Successor is incorporated outside Australia.
- (c) An Approved Replacement Notice, once given, is irrevocable.
- (d) If Westpac gives an Approved Replacement Notice to Holders in accordance with Condition 10.4(a), then with effect on and from the date specified in the Approved Replacement Notice:
 - (i) the Approved Successor will assume all of the obligations of, and succeed to, and be substituted for, and may exercise every right and power of, Westpac in respect of the Notes with the same effect as if the Approved Successor had been the original issuer of the Notes;
 - (ii) Westpac (or any corporation which has previously assumed the obligations of Westpac) will be released from its liability under these Conditions in respect of the Notes; and
 - (iii) references to Westpac in these Conditions will be taken to be references to the Approved Successor and references to Ordinary Shares in these Conditions will be taken to be references to Approved Successor Shares.
- (e) If Westpac gives an Approved Replacement Notice to Holders in accordance with Condition 10.4(a), then each Holder by its purchase and holding of a Note shall be taken to have irrevocably consented to becoming a member of the Approved Successor and agrees to be bound by the constitution of the Approved Successor, in each case in respect of Approved Successor Shares issued on Conversion.

- (f) Westpac must not issue an Approved Replacement Notice unless either:
- (i) APRA is satisfied that the capital position of Westpac on a Level 1 basis and Level 2 basis as described in the Prudential Standards will not be adversely affected by the Replacement; or
 - (ii) the Approved Successor or another entity which is not a member of the Westpac Group (other than an entity which is a direct or indirect parent entity of Westpac) and is approved by APRA subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or takes other steps acceptable to APRA to ensure that the capital position of Westpac on a Level 1 basis and Level 2 basis as described in the Prudential Standards will not be adversely affected by the Replacement, including, if required by APRA or the Prudential Standards, undertaking any capital injection in relation to Westpac to replace the Notes.

Any capital injection carried out pursuant to Condition 10.4(f)(ii) must:

- (A) be unconditional;
- (B) occur simultaneously with the substitution of the Approved Successor; and
- (C) be of equal or better quality capital and at least the same amount as the Notes, unless otherwise approved by APRA in writing.

Nothing in this Condition 10.4 prevents Westpac from proposing, or limits, any scheme of arrangement or other similar proposal that may be put to Holders or shareholders or members of Westpac.

10.5 Power of Attorney

Each Holder irrevocably appoints each of Westpac, its officers and any Liquidator or administrator of Westpac (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order to give effect to, or for the Holder to observe or perform the Holder's obligations under, these Conditions.

The power of attorney given in this Condition 10.5 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Conditions and is irrevocable.

10.6 Meetings

The Deed Poll contains provisions for convening meetings of the Holders. Any such meeting may consider any matters affecting the interests of Holders, including, without limitation, the amendment of the terms of Notes and the granting of approvals, consents and waivers.

10.7 Notices

The Deed Poll contains provisions for the giving of notices.

10.8 Governing law

Notes (other than Conditions 2, 5, 6, 10.4 and 10.5) are governed by and construed in accordance with the laws in force in New Zealand and Conditions 2, 5, 6, 10.4 and 10.5 are governed by and construed in accordance with the laws in force in New South Wales, Australia.

11 Interpretation and definitions

11.1 Interpretation

In these Conditions, except where the context otherwise requires:

- (a) a law includes:
 - (i) common law, principles of equity, any decree and any statute or other law made by any parliament (and a statute or other law made by a parliament includes any regulation or other instrument under it, and any consolidation, amendment, re-enactment or replacement of it); and
 - (ii) a treaty, official directive, request, regulation, guideline or policy (whether or not in any such case having the force of law) with which responsible participants in the relevant market generally comply;
- (b) the singular includes the plural and vice versa;
- (c) a person includes:
 - (i) a firm, body corporate, an unincorporated association or an authority; and
 - (ii) a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (d) a reference to any thing (including, without limitation, any amount) is a reference to the whole and each part of it;
- (e) an agreement, representation or warranty in favour of two or more persons is for the benefit of each of them jointly and each of them individually;
- (f) a reference to a group of persons is a reference to all of them collectively and to each of them individually;
- (g) the words including, for example or such as when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (h) another grammatical form of a defined word or expression has a corresponding meaning;
- (i) a time of day is a reference to Sydney time;
- (j) a reference to a document includes:
 - (i) all schedules or annexes to it, and
 - (ii) the document as novated, altered, supplemented or replaced from time to time;

- (k) a reference to **New Zealand dollars** and **NZ\$** is a reference to the lawful currency of New Zealand;
- (l) a reference to the **Corporations Act** is a reference to the Corporations Act 2001 of Australia;
- (m) a reference to the **Banking Act** is a reference to the Banking Act 1959 of Australia;
- (n) a reference to the **Reserve Bank Act** is a reference to the Reserve Bank Act 1959 of Australia;
- (o) any provision which refers to the Prudential Standards, the requirements of APRA or any other prudential regulatory requirements will apply to Westpac only if Westpac is subject to regulation and supervision by APRA at the relevant time;
- (p) any provision which requires APRA's consent:
 - (i) will apply only if APRA requires that such consent be given at the relevant time; and
 - (ii) does not imply that APRA has given its consent as of the date of issue of any Note;
- (q) a reference to a matter which is described in the Prudential Standards is a reference to that matter as it is updated, varied or replaced and described in the Prudential Standards, from time to time; and
- (r) a reference to an event occurring "after" the elapse of a period of time means the relevant period not including the day on which the relevant event which triggered the commencement of the period of time occurred.

11.2 Definitions

In these Conditions, these meanings apply unless the contrary intention appears:

5 Year Swap Rate has the meaning given in Condition 3.3.

Additional Amount has the meaning specified in Condition 9.3.

Administrative Action means 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).

Approved Replacement Notice has the meaning specified in Condition 10.4(a).

Approved Successor means 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:

- (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 Condition 10.4;
- (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 these Conditions and the 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.

APRA means the Australian Prudential Regulation Authority.

Assets means, 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 or, as the case may be, the Liquidator may determine to be appropriate.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

ASX Business Day means a day which is a business day within the meaning of the ASX Listing Rules.

ASX Listing Rules means the listing rules of ASX from time to time with any modifications or waivers in their application to Westpac, which ASX may grant.

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived by ASX from time to time.

Australian Taxes has the meaning specified in Condition 9.3

Bookbuild means the process conducted by Westpac or its agents (including any placement agents or dealers) before the Opening Date whereby certain institutional investors and brokers lodge bids for Notes and, on the basis of those bids, Westpac determines the Margin and announces its determination on NZX on or before the Opening Date.

Business Day means:

- (a) for the purposes of giving notices, a day which is a business day within the meaning of the NZX Listing Rules; and
- (b) 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.

Clearing System means 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).

Conversion means the conversion of all or some Notes into Ordinary Shares of Westpac in accordance with these Conditions. **Convert** and **Converted** shall have corresponding meanings.

Conversion Date means the applicable Non-Viability Trigger Event Date.

Conversion Date Face Value has the meaning given in Condition 6.1(a).

Conversion Number has the meaning given in Condition 6.1(a).

Cum Value has the meaning given in Condition 6.2(a).

Deed Poll means the deed poll entitled "Westpac NZD Subordinated Notes Master Deed Poll" executed by Westpac and dated on or about 25 July, 2016.

Early Termination Amount has the meaning given in Condition 7.3.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 1999 (New Zealand)) and any other arrangement of any kind having the same effect as any of the foregoing.

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

- (a) any instruments, present and future, issued by Westpac after 1 January 2013 which:
 - (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);
- (b) the Perpetual Capital Notes (irrespective of whether or not such instruments are treated as constituting Tier 2 Capital in accordance with any transitional arrangements approved by APRA); or
- (c) any other instruments, present and future, issued by Westpac where, the right to repayment ranks, or is expressed to rank, in a Winding-Up equally with the claims of Holders (irrespective of whether or not such instruments qualify as Tier 2 Capital of Westpac as described in the Prudential Standards).

Event of Default has the meaning given in Condition 7.1.

Face Value means, in respect of any Note which is outstanding at any time, the principal amount of the Note and for such purposes:

- (a) prior to any Conversion or Write-off, the principal amount is NZ\$1.00 per Note; and
- (b) if an amount is required to be determined in Australian dollars, the Australian dollar equivalent of New Zealand dollars is to be 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 on the relevant calculation date. Except as otherwise provided in these Conditions, the calculation date is, at the discretion of Westpac, either the Issue Date for such Notes or the preceding day on which commercial banks and foreign exchange markets are open for business in Sydney.

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

FATCA Withholding means any deduction or withholding made for or on account of FATCA.

First Optional Redemption Date means 1 September, 2021.

Foreign Holder means 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 Ordinary 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.

Holder means, in respect of a Note, the person whose name is for the time being entered in the Register as the owner of it or, where it is held jointly by two or more persons, the persons whose names appear in the Register as the joint owners of the Note.

Ineligible Holder means a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 of Australia, the Financial Sector (Shareholdings) Act 1998 of Australia and Part IV of the Competition and Consumer Act 2010 of Australia) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its 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 means each date specified in Condition 3.2.

Interest Period means 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 an earlier Redemption Date of that Note).

Interest Rate means the rate set out in Condition 3.3.

Issue Date means the date on which the Notes are issued, which is expected to be on or about 1 September, 2016.

Issue Date Face Value has the meaning given in Condition 6.1(a).

Issue Date VWAP has the meaning given in Condition 6.1(a).

Junior Ranking Capital Instruments means 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).

Liabilities means, 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 means the liquidator or other official responsible for the conduct and administration of a Winding-Up.

Margin has the meaning given in Condition 3.3.

Maturity Date means 1 September, 2026.

Maximum Conversion Number has the meaning given in Condition 6.1(a).

Nominee means 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 Ordinary Shares issued on Conversion on behalf of certain Holders referred to in Condition 6.10 in accordance with Condition 6.10. For the avoidance of doubt, Westpac may appoint more than one Nominee in respect of the Conversion of Notes.

Non-marketable Parcel of Notes means a parcel of Notes registered in the same name or same joint names which has an aggregate Face Value of less than NZ\$5,000 or not in multiples having an aggregate Face Value of NZ\$1,000;

Non-Viability Trigger Event has the meaning given in Condition 5.1.

Non-Viability Trigger Event Date has the meaning given in Condition 5.3(c)(i).

Note means an unsecured and subordinated debt obligation of Westpac, constituted by the Deed Poll and designated and evidenced in the manner set out in Condition 1.1 and the PDS.

NZX Debt Market means the debt market operated from time to time by NZX.

NZX means NZX Limited (New Zealand Co. No. 1266120).

NZX Listing Rules means the listing rules of NZX and the NZX Debt Market, as amended, varied or waived from time to time.

Offer means the invitation made under the PDS by Westpac for persons to subscribe for Notes and Westpac to issue Ordinary Shares upon Conversion.

Opening Date means the date on which the Offer opens, which is expected to be on or about 5 August, 2016.

Ordinary Share means a fully paid ordinary share in the capital of Westpac.

Partial Interest Period means an Interest Period that either ends on (and excludes) or commences on (and includes) a date that is not a Scheduled Interest Payment Date.

PDS means the product disclosure statement or limited disclosure document (howsoever described) relating to the offer of Westpac NZD Subordinated Notes dated on or about 26 July, 2016 issued by Westpac and any supplementary or replacement disclosure document.

Perpetual Capital Notes means 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.

Prudential Standards means the prudential standards and guidelines published by APRA and applicable to Westpac from time to time.

Rate Set Date means the date on which the Interest Rate is set, which is expected to be on or about 4 August, 2016.

Reclassification has the meaning given in Condition 6.3(a).

Record Date means, in the case of:

- (a) payments of interest, the date which is 10 calendar days before the relevant Interest Payment Date or, if that date does not fall on a Business Day, the immediately preceding Business Day (or such other date as may be prescribed under the NZX Listing Rules or, if not prescribed by the NZX Listing Rules, a date determined by Westpac and notified to NZX); and
- (b) payments of principal, a date determined by Westpac and notified to NZX (or such other date as may be prescribed by NZX).

Redemption Date means the date, other than the Maturity Date, on which Notes are to be redeemed in accordance with these Conditions.

Register means the register of Holders established and maintained by, or on behalf of, Westpac in which is entered the names and addresses of Holders, the amount of Notes held by each Holder, details of the transfer of those Notes and any other particulars which Westpac sees fit or is required to enter as matter of law.

The term Register includes:

- (a) any sub-register maintained by, or on behalf of Westpac under the Corporations Act, the NZX Listing Rules; and
- (b) any branch register,

provided that, in the event of any inconsistency, the principal register will prevail over any sub-register or branch register.

Registrar means Link Market Services Limited (ABN 54 083 214 537), whose address is at Level 12, 680 George Street, Sydney 2000, Australia, acting through its New Zealand subsidiary, Link Market Services Limited (NZ Co. No. 1582925), or any other registrar that Westpac appoints to maintain a register of Notes in accordance with the Deed Poll.

Regulatory Event means that either:

- (a) as a result of:
 - (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,

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

- (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.

Relevant Capital Securities means Relevant Tier 1 Securities and Relevant Tier 2 Securities.

Relevant Tier 1 Security means a security forming part of the Tier 1 Capital of 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:

- (a) converted into Ordinary Shares; or
- (b) written-off or written-down (and all rights and claims of the holders terminated).

Relevant Tier 2 Security means a security (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:

- (a) converted into Ordinary Shares; or
- (b) written-off or written-down (and all rights and claims of the holders terminated).

Replacement has the meaning given in Condition 10.4(a)(i).

Scheduled Interest Payment Date means each date specified in Condition 3.2.

Senior Creditors means all depositors and other creditors (present and future) of Westpac, including all holders of Westpac's debt:

- (a) whose claims are admitted in a Winding-Up; and
- (b) whose claims are not made as holders of indebtedness arising under:
 - (i) an Equal Ranking Instrument; or
 - (ii) a Junior Ranking Capital Instrument.

Senior Creditors include holders of any instruments issued by 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.

Solvent means that each of the following is satisfied:

- (a) Westpac is able to pay its debts as they fall due; and
- (b) Westpac's Assets exceed its Liabilities.

Solvent Reconstruction means 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.

Tax Event means Westpac determines that as a result of:

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

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),

- (i) there is a material risk that Westpac would be exposed to a more than de minimis adverse tax consequence in relation to the Notes;
- (ii) *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*
- (iii) *Westpac has or will become obliged to pay Additional Amounts in accordance with Condition 9.3.*

Tax Legislation means:

- (a) 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);
- (b) the Income Tax Act 2007 (New Zealand) and any other legislation imposing Taxes in New Zealand;
- (c) any other law setting the rate of income tax payable; and
- (d) any regulation made under such laws.

Taxes has the meaning specified in Condition 9.1.

Tier 1 Capital means Tier 1 capital of Westpac under the Prudential Standards.

Tier 2 Capital means the Tier 2 capital of Westpac under the Prudential Standards.

VWAP means, subject to any adjustments under Conditions 6.2 and 6.3, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "crossing" transacted outside the "Open Session State" or any "special crossing" transacted at any time, each as defined in the ASX Operating Rules or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period means:

- (a) in the case of a Conversion resulting from a Non-Viability Trigger Event, the period of 5 ASX Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Trigger Event Date; or
- (b) otherwise, the period for which the VWAP is to be calculated in accordance with these Conditions.

Westpac means Westpac Banking Corporation (ABN 33 007 457 141), acting through its head office.

Westpac Group means Westpac and its controlled entities taken as a whole.

Winding-Up means:

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

other than in connection with a Solvent Reconstruction.

A Winding-Up must be commenced by a court order or an effective resolution of shareholders or members. Neither (i) the making of an application, the filing of a petition, or the taking of any other steps for the winding-up of 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 these Conditions.

Written-off, in relation to a Note, means that the Holders' rights have been irrevocably terminated in accordance with Condition 5.5. **Write-off** shall have a corresponding meaning.

11.3 Headings

Headings are inserted for convenience and do not affect the interpretation of these Conditions.

11.4 Inconsistency with NZX Listing Rules

So long as Notes are quoted on the NZX Debt Market, these Conditions as they relate to those Notes are to be interpreted in a manner consistent with the applicable NZX Listing Rules provided always that where a Condition is required to give effect to the Prudential Standards, the interpretation which gives effect to that APRA requirement shall prevail.