2 June 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 JPY10,200,000,000 Subordinated Instruments ("Tier 2 Subordinated Instruments")

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

1. Westpac will issue the Tier 2 Subordinated Instruments today. Offers of the Tier 2 Subordinated Instruments do not require disclosure to investors under Part 6D.2 of the Act.

2. The terms and conditions of the Tier 2 Subordinated Instruments ("**Conditions**") are set out on pages 43 to 104 of the Information Memorandum relating to Westpac's U.S.$70,000,000,000 Programme for the Issuance of Debt Instruments dated 25 January 2016 ("**Information Memorandum**"), as supplemented by the Pricing Supplement dated 30 May 2016, the form of which is attached to this notice as Annex A ("**Pricing Supplement**"). The Information Memorandum was released to the Australian Securities Exchange ("**ASX**") on 27 January 2016 and may be viewed on www.asx.com.au.

3. The Tier 2 Subordinated Instruments will be treated as Tier 2 regulatory capital under the Basel III capital adequacy framework as implemented in Australia by the Australian Prudential Regulation Authority ("**APRA**").

4. If APRA determines that Westpac is or would become non-viable, the Tier 2 Subordinated Instruments may be:

   (a) Converted into fully paid ordinary shares in the capital of Westpac; or

   (b) immediately and irrevocably Written-off (and rights attaching to the Tier 2 Subordinated Instruments terminated) if for any reason Conversion does not occur within five ASX Business Days of APRA notifying Westpac of the determination,

   in accordance with the Conditions.

5. In order to enable ordinary shares in the capital of Westpac issued on Conversion to be sold without disclosure under Chapter 6D of the Act, Westpac has elected to give this notice under section 708A(12H)(e) of the Act as inserted by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71 (the "**Instrument**"). The Conditions and the information in the attached Schedule are included in, and form part of, this notice.[1]

6. Westpac confirms that:

   (a) the information in this notice remains current as at today's date;

[1] Westpac continues to rely on paragraph 5(a) of ASIC Instrument 15-0632 in relation to the definition of "continuously quoted securities".

(b) this notice complies with section 708A of the Act, as notionally modified by the Instrument; and

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

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

Yours faithfully

Timothy Hartin
Company Secretary
Westpac Banking Corporation

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

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

SCHEDULE

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

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

The proceeds from the issue of the Tier 2 Subordinated Instruments will be used for general 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 Tier 2 Subordinated Instruments will not have a material impact on Westpac's financial position.

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

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

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

C. Effect on Westpac of the issue of the ordinary shares if the Tier 2 Subordinated Instruments are required to be Converted[2]

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

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

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

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

The Maximum Conversion Number is 206,306.0497 Westpac ordinary shares per Tier 2 Subordinated Instrument (with a nominal value of JPY100,000,000), based on the Issue Date VWAP of $30.47. If Conversion of any Tier 2 Subordinated Instruments does not occur for any reason within five ASX Business Days after the occurrence of the Non-Viability Trigger Event, the Tier 2 Subordinated Instruments will be Written-off, and all corresponding rights and claims of Holders under the Conditions (including to payments of interest, the repayment of principal and Conversion into Ordinary Shares) will be immediately and irrevocably terminated, with effect on and from the Non-Viability Trigger Event Date and investors will lose all or some of their investment.

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

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

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

In addition, the rights and liabilities attaching to the ordinary shares in the capital of Westpac are described on pages 267 to 268 of the 2015 Westpac Group Annual Report[3]. 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 Tier 2 Subordinated Instruments is contained in the Information Memorandum and the Pricing Supplement.

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

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

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 Tier 2 Subordinated Instruments and the issuer of ordinary shares, then on Conversion Holders will be issued with fully paid ordinary shares in the capital of the Approved Successor.

ANNEX A

Form of Pricing Supplement dated 30 May 2016

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

PRICING SUPPLEMENT

Series No.: 1265

Tranche No.: 1

WESTPAC BANKING CORPORATION ABN 33 007 457 141

Programme for the Issuance of Debt Instruments

Issue of

JPY10,200,000,000

Fixed Rate Subordinated Instruments due 2 June 2026

by Westpac Banking Corporation

This document constitutes the Pricing Supplement relating to the issue of Subordinated Instruments described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the "**Conditions**") set forth in the Information Memorandum dated 25 January 2016 (the "**Information Memorandum**"). This Pricing Supplement must be read in conjunction with the Information Memorandum.

Full information on the Issuer and the Subordinated Instruments described herein is only available on the basis of a combination of this Pricing Supplement and the Information Memorandum dated 25 January 2016. The Information Memorandum is available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom and copies may be obtained from the Specified Offices of the Paying Agents.

Part A: Contractual Terms

The Subordinated Instruments being purchased have the following terms:

1	Issuer	:	Westpac Banking Corporation, acting through its head office
2	Date of Board Approval of the Issuer	:	Not applicable, save as discussed in Section 2 of the "General Information" section of the

			Information Memorandum
3	Status	:	Subordinated The primary method of loss absorption is Conversion, subject to possible Write-off in accordance with Condition 5.3. For the purposes of: • Condition 6.1, the formula to be used for calculating the Conversion Number, P is 0.99; and • Condition 6.10(b), the Clearing System Cut-off Date is 10 Business Days prior to the Non-Viability Trigger Event Date.
4	Specified Currency:		
	(i) of denomination	:	Japanese Yen ("**JPY**")
	(ii) of payment	:	JPY
5	Aggregate Principal Amount of Tranche	:	JPY10,200,000,000
6	If interchangeable with existing Series, Series No.	:	Not applicable
7	Issue Date	:	2 June 2016
8	Interest Commencement Date	:	Issue Date
9	Issue Price	:	100 per cent. of the Aggregate Principal Amount of Tranche
10	Maturity Date	:	2 June 2026, subject to adjustment in accordance with the Business Day Convention specified at paragraph 16(ix)
11	Total Expenses related to admission to trading	:	Not applicable
12	Form of Subordinated Instruments:	:	Bearer
	(i) Initially represented by a Temporary Global Instrument or Permanent Global Instrument	:	Temporary Global Instrument

	(ii) Temporary Global Instrument exchangeable for a Permanent Global Instrument or for Definitive Instruments	:	Yes. The Exchange Date shall be no earlier than 40 days after the Issue Date
	(iii) Permanent Global Instrument exchangeable at the option of the bearer for Definitive Instruments	:	No. Permanent Global Instruments are only exchangeable for Definitive Instruments in the limited circumstances set out in Condition 2.5(a) and (b)
	(iv) Talons for future Coupons to be attached to Definitive Instruments	:	Not applicable
13	Denomination	:	JPY100,000,000
14	Type of Subordinated Instrument(s)	:	Fixed Rate Subordinated Instruments
15	Interest	:	1.16 per cent. Fixed Rate (further particulars specified below)
16	Fixed Rate Subordinated Instruments	:	Applicable
	(i) Fixed Coupon Amount	:	JPY580,000 per Calculation Amount
	(ii) Interest Rate	:	1.16 per cent. per annum payable semi-annually in arrear
	(iii) Interest Commencement Date (if not Issue Date)	:	Issue Date
	(iv) Interest Payment Date(s)	:	2 June and 2 December of each year commencing on 2 December 2016 up to and including the Maturity Date, subject in each case to adjustment in accordance with the Business Day Convention specified at paragraph 16(ix) below
	(v) Interest Period End Date(s)	:	2 June and 2 December of each year commencing on 2 December 2016 up to and including 2 June 2026
	(vi) Day Count Fraction	:	30/360
	(vii) Broken Amount	:	Not Applicable
	(viii) Determination Date	:	Not applicable
	(ix) Applicable Business Day Convention - for Interest Payment Dates: - for Interest Period End Dates: - for Maturity Date:	:	 Modified Following Business Day Convention No Adjustment Modified Following Business Day Convention

	- any other date:		No Adjustment
	(x) Additional Business Centre(s)	:	London, New York, Tokyo and Sydney
17	Floating Rate Subordinated Instruments	:	Not applicable
18	Final Redemption Amount of each Subordinated Instrument	:	JPY100,000,000 per Calculation Amount
19	Early Redemption at the option of the Issuer (Call)	:	Not applicable
20	Early Redemption (Adverse Tax Event)		Condition 8.4 is applicable
	(i) Early Redemption Amount (Adverse Tax Event) of each Subordinated Instrument	:	JPY100,000,000 per Calculation Amount
	(ii) Series redeemable in part	:	Not applicable
	(iii) Notice period(s)	:	As set out in Condition 8.7
	(iv) Specify any additional conditions to exercise of option	:	Not applicable
21	Early Redemption (Regulatory Event)		Condition 8.5 is applicable
	(i) Early Redemption Amount (Regulatory Event) of each Subordinated Instrument	:	JPY100,000,000 per Calculation Amount
	(ii) Series redeemable in part	:	Not applicable
	(iii) Notice period(s)	:	As set out in Condition 8.7
	(iv) Specify any additional conditions to exercise of option	:	Not applicable
22	Early Termination (Event of Default)	:	Condition 11 is applicable
	Early Termination Amount	:	JPY100,000,000 per Calculation Amount
23	Taxation	:	Condition 10.1 is applicable
24	Other terms and conditions	:	Not applicable
25	Lead Manager	:	Morgan Stanley & Co. International plc
26	Relevant Dealer	:	Lead Manager
27	Paying Agent(s)	:	As set out in the Information Memorandum

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

Part B: Other Information

1.	**Listing**	:	None
2.	**Ratings**	:	[●]
3.	**Interests of natural and legal persons involved in the issue**	:	Save as discussed in the "Subscription and Sale" section of the Information Memorandum, so far as the Issuer is aware, no person involved in the offer of the Subordinated Instruments has an interest material to the offer.
4.	**Operational Information**		
	(i) ISIN	:	XS1422773876
	(ii) Common Code	:	142277387
	(iii) Common Depository/Lodging Agent	:	The Bank of New York Mellon
	(iv) Any Clearing System other than Euroclear and Clearstream	:	Not applicable
	(v) CMU Service Instrument Number:		Not applicable
	(vi) Settlement procedures		Customary medium term note settlement and payment procedures apply
5.	**Other**		
	(i) Distribution of Information Memorandum	:	See pages 1 to 4 and the "Subscription and Sale" section of the Information Memorandum
	(ii) Other selling restrictions	:	See pages 145 to 154 of the Information Memorandum
	(iii) Stabilisation Manager	:	Not applicable
	(iv) Other amendments	:	Not applicable
	(v) Additional disclosure	:	On 2 May 2016, Westpac Banking Corporation released its Interim Financial Report, attached hereto as Annex A. That Interim Financial Report contains the unaudited consolidated interim financial statements (including the auditor's review report thereon and the notes thereto) as at and for the six-month period ended 31 March 2016, as set out on pages 82 to 115 (inclusive) of the Interim Financial Report, which are incorporated into this Pricing Supplement.

ANNEX A – INTERIM FINANCIAL REPORT

[See Westpac 2016 Interim Financial Results Announcement filed on ASX on 2 May 2016]