

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Name of entity

Westpac Banking Corporation (Westpac)

ABN

33 007 457 141

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | Class of securities issued or to be issued | Tranche No. 1 of Series 2018-1 fully paid callable floating rate subordinated instruments due February 2028 (the "Series 2018-1 Notes") |
| 2 | Number of securities issued or to be issued (if known) or maximum number which may be issued | 2,500 Series 2018-1 Notes |
| 3 | Principal terms of the securities (eg, if options, exercise price and expiry date; if partly paid securities, the amount outstanding and due dates for payment; if convertible securities, the conversion price and dates for conversion) | The Series 2018-1 Notes are fully paid subordinated instruments paying floating rate interest in denominations of AUD100,000 as more fully described in the Information Memorandum dated 5 March 2014 and the Pricing Supplement dated 14 February 2018 (which is attached to this Appendix 3B). |
| 4 | Do the securities rank equally in all respects from the issue date with an existing class of quoted securities?
If the additional securities do not rank equally, please state: <ul style="list-style-type: none">• the date from which they do• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment• the extent to which they do | In a Winding-Up of Westpac, the Series 2018-1 Notes rank for payment ahead of Ordinary Shares and any other Junior Ranking Capital Instruments, equally among themselves and with Equal Ranking Instruments and behind the claims of Senior Creditors.

If the Series 2018-1 Notes have been Converted into Ordinary Shares, those Ordinary Shares will rank equally with other holders of Ordinary Shares. |

	not rank equally, other than in relation to the next dividend, distribution or interest payment	
5	Issue price or consideration	AUD100,000 fully paid per note
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	The net proceeds of the issue of the Series 2018-1 Notes will be used for Westpac's general funding purposes. The Series 2018-1 Notes will satisfy the requirements of the Australian Prudential Regulation Authority to qualify as Tier 2 Capital of Westpac.
6a	Is the entity an eligible entity that has obtained security holder approval under rule 7.1A? If Yes, complete sections 6b – 6h in relation to the securities the subject of this Appendix 3B, and comply with section 6i	<i>Not Applicable</i>
6b	The date the security holder resolution under rule 7.1A was passed	<i>Not Applicable</i>
6c	Number of securities issued without security holder approval under rule 7.1	<i>Not Applicable</i>
6d	Number of securities issued with security holder approval under rule 7.1A	<i>Not Applicable</i>
6e	Number of securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	<i>Not Applicable</i>
6f	Number of securities issued under an exception in rule 7.2	<i>Not Applicable</i>
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	<i>Not Applicable</i>

6h If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements

Not Applicable

6i Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements

Not Applicable

7 Issue dates

Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.

16 February 2018

8 Number and class of all securities quoted on ASX (including the securities in clause 2 if applicable)

Number	Class
3,404,172,038	Fully Paid Ordinary Shares
3,900	Series 2010-1 Fully Paid Senior Fixed Rate Medium Term Notes ASX Code WBCHAM
21,000	Series 2014-1 Fully Paid Senior Floating Rate Medium Term Notes ASX Code WBCHBB
11,000	Series 2014-2 Fully Paid Senior Fixed Rate Medium Term Notes ASX Code WBCHBC
10,000	Series 2014-3 Fully Paid Subordinated Floating Rate Medium Term Notes ASX Code WBCHBD
24,500	Series 2015-1 Fully Paid Senior Floating Rate Medium Term Notes ASX Code WBCHBF
3,250	Series 2015-2 Fully Paid Senior Fixed Rate Medium Term Notes ASX Code WBCHBE
27,000	Series 2015-9 Fully Paid Senior Floating Rate Medium Term Notes ASX Code WBCHBI
2,000	Series 2015-10 Fully Paid Senior Fixed Rate Medium Term Notes ASX Code WBCHBJ
30,500	Series 2015-15 Fully Paid Senior Floating Rate Medium Term Notes ASX Code WBCHBL
1,750	Series 2015-16 Fully Paid Senior Fixed Rate

	Medium Term Notes ASX Code WBCHBM
4,250	Series 2015-20 Fully Paid Senior Fixed Rate Medium Term Notes ASX Code WBCHBN
7,000	Series 2016-1 Fully Paid Subordinated Floating Rate Medium Term Notes ASX Code WBCHBP
23,500	Series 2016-2 Fully Paid Senior Floating Rate Medium Term Notes ASX Code WBCHBQ
5,000	Series 2016-3 Fully Paid Senior Fixed Rate Medium Term Notes ASX Code WBCHBR
21,000	Series 2016-4 Fully Paid Senior Floating Rate Medium Term Notes ASX Code WBCHBS
23,500	Series 2017-1 Fully Paid Senior Floating Rate Medium Term Notes ASX Code WBCHBX
2,500	Series 2017-2 Fully Paid Senior Fixed Rate Medium Term Notes ASX Code WBCHBY
11,000	Series 2017-4 Fully Paid Senior Fixed Rate Medium Term Notes ASX Code WBCHCB
19,500	Series 2017-5 Fully Paid Senior Fixed Rate Medium Term Notes ASX Code WBCHCC
3,000	Series 2017-6 Fully Paid Senior Fixed Rate Medium Term Notes ASX Code WBCHCD
2,500	Series 2018-1 Fully Paid Subordinated Floating Rate Medium Term Notes ASX Code WBCHCF
11,893,605	Westpac CPS ASX Code WBCPC
13,835,690	Westpac Capital Notes ASX Code WBCPD
9,252,850	Westpac Subordinated Notes II ASX Code WBCHB
13,105,705	Westpac Capital Notes 2 ASX Code WBCPE
13,244,280	Westpac Capital Notes 3 ASX Code WBCPF
17,020,534	Westpac Capital Notes 4 ASX Code WBCPG
Approximately 14,500,000 but may be more or less	Westpac Capital Notes 5 ASX Code WBCPH ¹
	Series 1183 CNY1,250,000,000 Fixed Rate Subordinated Instruments due February 2025 ASX Code WBCHBG
	Series 1187 AUD350,000,000 Fixed Rate Subordinated Instruments due March 2027 ASX Code WBCHBH
	Series 1198 SGD325,000,000 Fixed Rate Subordinated Instruments due August 2027 ASX Code WBCHBK
	Series 1227 USD100,000,000 Fixed Rate Subordinated Instruments due February 2046 ASX Code WBCHBO
	Series 1267 JPY10,000,000,000 Fixed Rate Subordinated

¹ See Appendix 3B lodged on 5 February 2018 and the replacement prospectus lodged on 13 February 2018.

Instruments due June 2026 ASX Code WBCHBT				
Series 1269	AUD175,000,000	Fixed Rate	Subordinated	Instruments due June 2028 ASX Code WBCHBU
Series 1331	HKD600,000,000	Fixed Rate	Subordinated	Instruments due July 2027 ASX Code WBCHBZ
Series 1333	AUD 350,000,000	Fixed Rate	Subordinated	Instruments due August 2029 ASX Code WBCHCA
Series 1361	AUD 185,000,000	Fixed Rate	Subordinated	Instruments due February 2048 ASX Code WBCHCE

	Number	Class
9	732,817	Chief Executive Officer Agreements
	692,403	Westpac Performance Plan
	5,029,273	Westpac Reward Plan
	USD1.25 billion 5.00% Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities	
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	
	<i>Not Applicable</i>	

Part 2 - Pro rata issue

11	Is security holder approval required?	<i>Not Applicable</i>
12	Is the issue renounceable or non-renounceable?	<i>Not Applicable</i>
13	Ratio in which the securities will be offered	<i>Not Applicable</i>
14	Class of securities to which the offer relates	<i>Not Applicable</i>
15	Record date to determine entitlements	<i>Not Applicable</i>
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	<i>Not Applicable</i>
17	Policy for deciding entitlements in relation to fractions	<i>Not Applicable</i>

18	Names of countries in which the entity has security holders who will not be sent new offer documents <i>Note: Security holders must be told how their entitlements are to be dealt with.</i>	<i>Not Applicable</i>
19	Closing date for receipt of acceptances or renunciations	<i>Not Applicable</i>
20	Names of any underwriters	<i>Not Applicable</i>
21	Amount of any underwriting fee or commission	<i>Not Applicable</i>
22	Names of any brokers to the issue	<i>Not Applicable</i>
23	Fee or commission payable to the broker to the issue	<i>Not Applicable</i>
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	<i>Not Applicable</i>
25	If the issue is contingent on security holders' approval, the date of the meeting	<i>Not Applicable</i>
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	<i>Not Applicable</i>
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	<i>Not Applicable</i>
28	Date rights trading will begin (if applicable)	<i>Not Applicable</i>
29	Date rights trading will end (if applicable)	<i>Not Applicable</i>
30	How do security holders sell their entitlements in full through a broker?	<i>Not Applicable</i>
31	How do security holders sell part of their entitlements through a broker and accept for the	<i>Not Applicable</i>

	balance?	
32	How do security holders dispose of their entitlements (except by sale through a broker)?	<i>Not Applicable</i>
33	Issue date	<i>Not Applicable</i>

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities (tick one)
- (a) Securities described in Part 1
- (b) All other securities
 Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the securities are equity securities, the names of the 20 largest holders of the additional securities, and the number and percentage of additional securities held by those holders
- 36 If the securities are equity securities, a distribution schedule of the additional securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional securities

Entities that have ticked box 34(b)

- | | | |
|----|--|-----------------------|
| 38 | Number of securities for which quotation is sought | <i>Not Applicable</i> |
| 39 | Class of securities for which quotation is sought | <i>Not Applicable</i> |

40 Do the securities rank equally in all respects from the date of allotment with an existing class of quoted securities?

Not Applicable

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now
Example: In the case of restricted securities, end of restriction period

Not Applicable

(if issued upon conversion of another security, clearly identify that other security)

42 Number and class of all securities quoted on ASX (including the securities in clause 38)

Number	Class
<i>Not Applicable</i>	

Quotation agreement

- 1 Quotation of our additional securities is in ASX's absolute discretion. ASX may quote the securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those securities should not be granted quotation.
 - An offer of the securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any securities to be quoted and that no-one has any right to return any securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the securities to be quoted under section 1019B of the Corporations Act at the time that we request that the securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before quotation of the securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 16 February 2018

Company Secretary

Print name: Timothy Hartin

Series No.: 2018-1

Tranche No.: 1



Westpac Banking Corporation
(ABN 33 007 457 141)

Debt Issuance Programme

Issue of

A\$250,000,000 Callable Floating Rate Subordinated Notes due 16 February 2028
("Subordinated Notes")

The date of this Supplement is 14 February 2018.

This Supplement (as referred to in the Information Memorandum in relation to the above Programme dated 5 March 2014 ("**Information Memorandum**") relates to the Tranche of Subordinated Notes referred to above. It is supplementary to, and should be read in conjunction with the Subordinated Note Deed Poll dated 5 March 2014 made by Westpac Banking Corporation ("**Deed Poll**") and the Information Memorandum.

This Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Subordinated Notes or the distribution of this Supplement in any jurisdiction where such action is required.

Terms used but not otherwise defined in this Supplement have the meaning given in the applicable Conditions set forth in the Information Memorandum.

The particulars to be specified in relation to the Tranche of Subordinated Notes referred to above are as follows:

- | | | |
|---|--|---|
| 1 | Issuer | : Westpac Banking Corporation
(ABN 33 007 457 141) |
| 2 | Lead Manager | : Westpac Banking Corporation
(ABN 33 007 457 141) |
| 3 | Relevant Dealer | : Westpac Banking Corporation
(ABN 33 007 457 141) |
| 4 | Registrar and Australian Paying Agent | : BTA Institutional Services Australia Limited (ABN 48 002 916 396) of Level 2, 1 Bligh Street, Sydney NSW 2000 |

5	Calculation Agent	: BTA Institutional Services Australia Limited (ABN 48 002 916 396)
6	Issuing and Paying Agent (Offshore)	: Not applicable
7	If to form a single Series with an existing Series, specify date on which all Subordinated Notes of the Series become fungible, if not the Issue Date	: Not applicable
8	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: <ul style="list-style-type: none"> • the formula in Condition 6.1(a) 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.
9	Currency	: Australian dollars ("A\$")
10	Aggregate Principal Amount of Tranche	: A\$250,000,000
11	If interchangeable with existing Series, Series No.	: Not applicable
12	Issue Date	: 16 February 2018
13	Issue Price	: 100 per cent. per Denomination
14	Commissions Payable	: As set out in the Subscription Acknowledgement dated 14 February 2018 between the Issuer and the Lead Manager and Dealer
15	Selling Concession	: Not applicable
16	Purchase Price	: A\$100,000 fully paid per Denomination
17	Denomination	: A\$100,000 The minimum aggregate consideration for offers or transfers of the Subordinated Notes in Australia must be at least A\$500,000 (disregarding moneys lent by the transferor or its associates to the transferee), unless the offer or invitation resulting in the transfer does not otherwise require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act 2001 of Australia.
18	Partly Paid Senior Notes	: Not applicable

19	Type of Debt Instruments	:	Floating Rate Subordinated Notes
20	If interest-bearing, specify which of the relevant Conditions is applicable, and then specify the matters required for the relevant Condition, namely	:	Condition 7.3 is applicable
21	Fixed Rate Debt Instruments	:	Not applicable
22	Floating Rate Debt Instruments	:	Applicable
	Interest Commencement Date, if not Issue Date	:	Issue Date
	Interest Rate	:	Condition 7.3(b)(i) (ISDA Determination) is applicable
	Interest Payment Dates	:	Each 16 February, 16 May, 16 August, and 16 November, commencing 16 May 2018 to and including the Maturity Date, subject to adjustment in accordance with the Applicable Business Day Convention
	Applicable Business Day Convention	:	
	- for Interest Payment Dates:		Modified Following Business Day Convention
	- for Interest Period End Dates:		Modified Following Business Day Convention
	- for Maturity Date:		Modified Following Business Day Convention
	- any other date:		Not applicable
	Additional Business Centre(s)	:	Sydney
	Floating Rate Option	:	AUD-BBR-BBSW (to four decimal places)
	Designated Maturity	:	3 months
	Reset Date	:	Each Interest Payment Date
	Margin	:	Plus 1.40 per cent. per annum
	Minimum/Maximum Interest Rate	:	Not applicable
	Day Count Fraction	:	Actual/365 (Fixed)
	Fallback Interest Rate	:	Not applicable
23	Index-Linked Interest Debt Instrument provisions	:	Not applicable
24	Other rates	:	Not applicable
25	Accrual of interest	:	Not applicable
26	Default Rate	:	Not applicable
27	Overdue Rate	:	Not applicable

28	Zero Coupon Debt Instrument	:	Not applicable
29	Reference Price	:	Not applicable
30	Maturity Date	:	16 February 2028
31	Maturity Redemption Amount	:	100% of the Outstanding Principal Amount
32	Early Redemption Amount (Tax)		
	Specify if applicable	:	Not applicable
33	Early Redemption Amount (Call)		
	Specify if applicable	:	Condition 8.3 is applicable, but only in respect of the Interest Payment Date scheduled to fall on 16 February 2023 and each Interest Payment Date thereafter
	Specify minimum notice period	:	15 days
	Specify maximum notice period	:	45 days
	Specify any additional conditions to exercise the call option	:	Not applicable
	Specify first date on which the call option may be exercised in the case of Subordinated Notes	:	16 February 2023
	Specify if Early Redemption Amount (Call) is not the Outstanding Principal Amount, together with accrued interest (if any) thereon of the Subordinated Notes, insert amount or full calculation provisions	:	Not applicable
	Specify whether redemption is permitted in respect of some only of the Subordinated Notes and, if so, any minimum aggregate principal amount and the means by which Subordinated Notes will be selected for redemption	:	Yes, the Issuer may redeem all or some Subordinated Notes at its discretion under Condition 8.3
34	Early Redemption Amount (Put)		
	Specify if applicable	:	Not applicable
35	Early Redemption Amount (Adverse Tax Event)		
	Specify if applicable	:	Condition 8.4 is applicable
	Specify minimum notice period	:	15 days
	Specify maximum notice period	:	45 days

Specify any additional conditions to exercise of option : Not applicable

Specify if Early Redemption Amount (Adverse Tax Event) is not the Outstanding Principal Amount, together with accrued interest (if any) thereon of the Subordinated Notes, insert amount or full calculation provisions : Not applicable

Specify whether redemption is permitted in respect of some only of the Subordinated Notes and, if so, any minimum aggregate principal amount and the means by which Subordinated Notes will be selected for redemption : Not applicable

36 Early Redemption Amount (Regulatory Event)

Specify if applicable : Condition 8.5 is applicable

Specify minimum notice period : 15 days

Specify maximum notice period : 45 days

Specify any additional conditions to exercise of option : Not applicable

Specify if Early Redemption Amount (Regulatory Event) is not the Outstanding Principal Amount, together with accrued interest (if any) thereon of the Subordinated Notes, insert amount or full calculation provisions : Not applicable

Specify whether redemption is permitted in respect of some only of the Subordinated Notes and, if so, any minimum aggregate principal amount and the means by which Subordinated Notes will be selected for redemption : Not applicable

37 Early Termination Amount

If Early Termination Amount is not the Outstanding Principal Amount of the Subordinated Notes, insert amount or full calculation provisions : Not applicable

Specify if Holders are not to receive accrued interest on early redemption on default : Not applicable

38	Redemption of Zero Coupon Debt Instruments	:	Not applicable
39	Deed Poll	:	Subordinated Note Deed Poll dated 5 March 2014
40	Taxation	:	Condition 10.8 is applicable
41	Other relevant terms and conditions	:	Not applicable
42	ISIN	:	AU3FN0040754
43	Common Code	:	177158194
44	Common Depository	:	Not applicable
45	Austraclear Number	:	WP2218
46	Any Clearing System other than Euroclear / Clearstream / Austraclear	:	Not applicable
47	Settlement procedures	:	Customary medium term note settlement and payment procedures apply
48	U.S. selling restrictions	:	As set out in the Information Memorandum
49	Distribution of Information Memorandum	:	As set out in the Information Memorandum
50	Other selling restrictions	:	As set out in the Information Memorandum
51	Australian interest withholding tax	:	<p>The Issuer intends to issue the Subordinated Notes in a manner consistent with the public offer test set out in section 128F(3) of the Income Tax Assessment Act 1936 of Australia (the "Tax Act"). If the requirements of section 128F of the Tax Act are not satisfied, Condition 10.8 will be applicable (subject to Item 40 above), and accordingly the Issuer may, subject to certain exceptions, be obliged to pay Additional Amounts in accordance with Condition 10.8.</p> <p>See also the section of the Information Memorandum entitled "Australian Taxation".</p>
52	Transaction Documents	:	Not applicable
53	Listing	:	It is intended that the Subordinated Notes will be quoted on the Australian Securities Exchange
54	Events of Default	:	Condition 9 is applicable
55	Additional or alternate newspapers	:	Not applicable
56	Stabilisation Manager	:	Not applicable
57	Other amendments	:	The "Conditions of the Subordinated Notes" contained in the Information Memorandum are

amended as set out in the Schedule 1

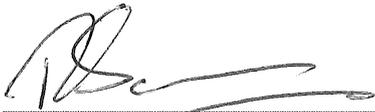
58 Other disclosure

: As set out in Schedule 2 to this Pricing Supplement

CONFIRMED

For and on behalf of

Westpac Banking Corporation

By: 

Name Richard Salmon

Position Director, Group Treasury

Date: 14 February 2018

Schedule 1

1. Condition 1.1 is amended as follows:

- the definition of "Write-down" is deleted; and
- the definition of "Write-off" is deleted and replaced with the following:

Write-off has the meaning given to it in Condition 5.3(c). **Written-off** shall have a corresponding meaning.

2. Condition 4.4(b)(ii) is deleted and replaced with the following:

- (ii) shall rank equally with the obligations of the Issuer to the holders of other Subordinated Notes that have not been Converted or Written-off (or that have been partially Converted or Written-off), and the obligations of the Issuer to holders of Equal Ranking Instruments; and

3. Condition 4.8 is deleted and replaced with the following:

No amendment to the Conditions of a Subordinated 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 Subordinated Note as Tier 2 Capital as described in the Prudential Standards.

4. Condition 5.1(a) is deleted and replaced with the following:

5.1 Non-Viability Trigger Event

- (a) If a Non-Viability Trigger Event occurs, the Issuer must:
 - (i) subject to Condition 5.3 ("No further rights"), Convert; or
 - (ii) if the Supplement specifies that the primary method of loss absorption will be Write-off without Conversion in accordance with Condition 5.3, Write-off,

all Subordinated Notes or, if paragraph (a) of the definition of "Non-Viability Trigger Event" applies, subject to the provisions described in Condition 5.1(b), all or some Subordinated Notes (or a percentage of the Outstanding Principal Amount of each Subordinated Note), such that the aggregate Outstanding Principal Amount of all Subordinated Notes Converted or Written-off, together with the face value or outstanding principal amount of all other Relevant Securities converted, written-off or written-down as described in Condition 5.1(b), is equal to the aggregate face value or outstanding principal amount of Relevant Securities which APRA has notified the Issuer must be converted, written-off or written-down (or, if APRA has not so notified the Issuer, all or some Subordinated Notes (or a percentage of the Outstanding Principal Amount of each Subordinated Note), as is necessary to satisfy APRA that the Issuer will no longer be non-viable).

5. **Condition 5.1(b) is deleted and replaced with the following:**

- (b) In determining the Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note which must be Converted or Written-Off in accordance with this Condition 5.1, the Issuer will:
- (i) first, convert, write-off or write-down an amount of the face value or outstanding principal amount of all outstanding Relevant Tier 1 Securities before Conversion or Write-off of the Subordinated Notes; and
 - (ii) second, if conversion, write-off or write-down of those Relevant Tier 1 Securities is not sufficient to satisfy APRA that the Issuer would not become non-viable, Convert or Write-off (in the case of the Subordinated 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 the Issuer, fair and reasonable, the face value or Outstanding Principal Amount of the Subordinated Notes and any Relevant Tier 2 Securities (subject to such adjustments as the Issuer may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Subordinated Notes or Relevant Tier 2 Securities remaining on issue, and the need to effect the conversion immediately),

but such determination will not impede the immediate Conversion or Write-off of the relevant Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note (as the case may be).

6. **Condition 5.1(c) is deleted and replaced with the following:**

- (c) If a Non-Viability Trigger Event occurs:
- (i) the Subordinated Notes or the percentage of the Outstanding Principal Amount of each Subordinated Note determined in accordance with Conditions 5.1(a) and (b), shall be Converted or Written-off immediately upon the occurrence of the Non-Viability Trigger Event in accordance with Conditions 5.2 ("Automatic Conversion or Write-off upon the occurrence of a Non-Viability Trigger Event") and 6 ("Procedures for Conversion"). The Conversion or Write-off will be irrevocable;
 - (ii) the Issuer must give notice to Holders in accordance with Condition 13 ("Notices") and the ASX as soon as practicable that a Non-Viability Trigger Event has occurred and that Conversion or Write-off has occurred on the Non-Viability Trigger Event Date;
 - (iii) the notice must specify (A) the date on which Conversion or Write-off occurred (**Non-Viability Trigger Event Date**) and the Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note which was Converted or, if Condition 5.3 ("No further rights") is applicable, Written-off, and (B) details of the Relevant Securities converted, written-off or written down in accordance with Condition 5.1(b); and

- (iv) in the case of Conversion, 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 Subordinated Notes remaining on issue.

Failure to undertake any of the steps in Conditions 5.1(c)(ii) to (iv) does not prevent, invalidate, delay or otherwise impede Conversion or Write-off.

7. Condition 5.2 is deleted and replaced with the following:

5.2 If a Non-Viability Trigger Event has occurred and all or some Subordinated Notes are (or a percentage of the Outstanding Principal Amount of each Subordinated Note is) required to be Converted or Written-off in accordance with Condition 5.1 ("Non-Viability Trigger Event"), then

- (a) Conversion or Write-off of such Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note will occur in accordance with Condition 5.1 ("Non-Viability Trigger Event") and, if applicable Condition 5.3 ("No further rights"), immediately upon the Non-Viability Trigger Event Date;
- (b) in the case of Conversion and subject to Condition 6.10 ("Conversion: Clearing Systems, where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder"), the entry with respect to a Holder's Subordinated Notes in the Register will constitute an entitlement of that Holder to (i) the Conversion Number of Ordinary Shares in respect of such Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note in accordance with Condition 6.1, and (ii) unless the Subordinated Notes shall have been Converted or Written-off in full, to Subordinated Notes with an Outstanding Principal Amount equal to the aggregate of the remaining percentage of the Outstanding Principal Amount of each Subordinated Note, and the Issuer will recognise the Holder as having been issued the Conversion Number of Ordinary Shares for all purposes, in each case without the need for any further act or step by the Issuer, the Holder or any other person (and the Issuer will, as soon as possible thereafter and without delay on its part, take any appropriate procedural steps to effect such Conversion, including updating the Ordinary Share register); and
- (c) a Holder has no further right or claim under these Conditions in respect of such Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note (including to payments of interest or accrued interest and the repayment of the Outstanding Principal Amount), except the Holder's entitlement, if any, to Subordinated Notes which have not been required to be Converted or Written-off or Subordinated Notes representing the Outstanding Principal Amount of such Subordinated Notes which have not been required to be Converted or Written-off and, in the case of Conversion, subject to Condition 6.10 ("Conversion: Clearing Systems, where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder") to the Conversion Number of Ordinary Shares issuable in accordance with Condition 6 ("Procedures for Conversion").

8. Condition 5.3 is deleted and replaced with the following:

5.3 No further rights

If:

- (a) for any reason, Conversion of any Subordinated Notes (or a percentage of the Outstanding Principal Amount of any Subordinated Notes) required to be Converted under Condition 5.1 ("Non-Viability Trigger Event") does not occur within five ASX Business Days after the Non-Viability Trigger Event Date; or
- (b) the Pricing Supplement specifies that the primary method of loss absorption will be Write-off without Conversion in accordance with Condition 5.3 ("No further rights"),

then:

- (c) the relevant Holders' rights and claims under these Conditions in relation to such Subordinated Notes or the percentage of the Outstanding Principal Amount of such Subordinated Notes to be Converted or Written-off (including to payments of interest or accrued interest, and the repayment of the Outstanding Principal Amount and, in the case of Conversion, to be issued with the Conversion Number of Ordinary Shares in respect of such Subordinated Notes or percentage of the Outstanding Principal Amount of each Subordinated Note), are immediately and irrevocably written-off and terminated with effect on and from the Non-Viability Trigger Event Date ("**Write-off**"); and
- (d) the Outstanding Principal Amount of the Subordinated Notes is reduced on that date by the Outstanding Principal Amount of the Subordinated Notes to be Converted or Written-off, as determined in accordance with Conditions 5.1(a) and (b) and any accrued and unpaid interest and any unpaid Additional Amounts shall be correspondingly reduced.

9. Condition 5.4(a) is deleted and replaced with the following:

5.4 Subject to any Write-off required in accordance with Condition 5.3 ("No further rights"), each Holder by its purchase or holding of a Subordinated Note irrevocably agrees that:

- (a) upon Conversion in accordance with Condition 5 ("Non-viability, Conversion and Write-off") and Condition 6 ("Procedures for Conversion"), it consents to becoming a member of the Issuer and agrees to be bound by the constitution of the Issuer;

10. Conditions 6.1(a), (b) and (c) are deleted and replaced with the following:

6.1 Conversion

On the Non-Viability Trigger Event Date, subject to Condition 5.3 ("No further rights") and Condition 6.10 ("Conversion: Clearing Systems, where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder"), the following provisions will apply.

- (a) The Issuer will allot and issue the Conversion Number of Ordinary Shares for each Subordinated Note to each Holder of a Subordinated Notes. The Conversion Number is, subject always to the Conversion Number being no greater than the Maximum Conversion Number, either (x) the number specified, or determined in accordance with the relevant provisions in, the Supplement or, (y) if no Conversion Number and no such provisions are specified in the Supplement, calculated according to the following formula:

$$\text{Conversion Number for each Subordinated Note} = \frac{\text{Outstanding Principal Amount of the Subordinated Note (translated if necessary into Australian Dollars in accordance with paragraph (d) of the definition of Outstanding Principal Amount, except that the calculation date shall be the Conversion Date)}}{P \times \text{VWAP}}$$

where:

Outstanding Principal Amount has the meaning given to it in Condition 1.1 ("Definitions"), as adjusted in accordance with Condition 6.13 ("Conversion or Write-off of a percentage of Outstanding Principal Amount").

P means the number specified in the Supplement.

VWAP means the VWAP during the VWAP Period.

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

$$\text{Maximum Conversion Number} = \frac{\text{Outstanding Principal Amount of the Subordinated Note (translated if necessary into Australian Dollars in accordance with paragraph (d) of the definition of Outstanding Principal Amount)}}{0.20 \times \text{Issue Date VWAP}}$$

where:

Outstanding Principal Amount has the meaning given to it in Condition 1.1 ("Definitions"), as adjusted in accordance with Condition 6.13 ("Conversion or Write-off as a percentage of Outstanding Principal Amount").

- (b) Subject to Condition 6.10 ("Conversion: Clearing Systems, where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder"), each Holder's rights in relation to each Subordinated Note that is being Converted as determined in accordance with Conditions 5.1(a) and (b) will be immediately and irrevocably written-off and terminated for an amount equal to the Outstanding Principal Amount and the Issuer will apply such Outstanding Principal Amount of each such Subordinated Note to be so Converted to subscribe 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 Subordinated Notes includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will not be issued or delivered on Conversion.

11. Condition 6.3 (a) is deleted and replaced with the following:

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 or the giving of another form of consideration 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 such daily VWAP 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

12. Condition 6.9(a) is deleted and replaced with the following:

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 Non-Viability Trigger Event Date (or such other time required by APRA).

13. Condition 6.10(a) is deleted and replaced with the following:

- (a) If Subordinated Notes are required to be Converted and the Holder is the operator of a Clearing System or a nominee for a common depository for any one or more Clearing Systems (such operator or nominee for a common depository acting in such capacity as is specified in the rules and regulations of the relevant Clearing System or Clearing Systems), then, with effect from the Non-Viability Trigger Event Date, the Holder's rights in relation to each such Subordinated Note being Converted shall be immediately and irrevocably terminated and the Issuer will issue the relevant aggregate Conversion Number of Ordinary Shares issued to one or more Sale and

Transfer Agents for no additional consideration to hold on trust for sale for the benefit of the participants in, or members of, the relevant Clearing System or Clearing Systems who held the corresponding Subordinated Notes through the relevant Clearing System or Clearing Systems immediately prior to Conversion ("**Clearing System Participants**"). A Clearing System Participant will be entitled to receive Ordinary Shares (or the proceeds of the sale of Ordinary Shares) in accordance with this Condition 6.10.

14. Condition 6.10(e) is deleted and replaced with the following:

- (e) If Conversion under this Condition 6.10 does not occur within five ASX Business Days, then the Holder's rights will be immediately and irrevocably written-off and terminated in accordance with Condition 5.3 ("No further rights").

15. Condition 6.13 is deleted and replaced with the following:

If under these Conditions it is necessary to Convert or Write-off a percentage only of the Outstanding Principal Amount of each Subordinated Note upon the occurrence of a Non-Viability Trigger Event then Condition 6 ("Procedures for Conversion") will apply to the Conversion or Write-off as if references to the Outstanding Principal Amount of each Subordinated Note were references to the relevant percentage of the Outstanding Principal Amount of each Subordinated Note to be Converted or Written-off.

16. Condition 7.5(d)(i) is deleted and replaced with the following:

interest accrues on the Outstanding Principal Amount of each Subordinated Note or as otherwise indicated in the Supplement. Interest ceases to accrue as from the due date for redemption of a Subordinated Note unless the relevant payment is not made in which case interest will continue to accrue thereon (both before and after any demand or judgment) at the rate then applicable to the Outstanding Principal Amount of the Subordinated Note until the date on which the relevant payment is made or, if earlier, the seventh day after the date on which any Agent receives the funds required to make such payment (provided that notice of such circumstance is given to the Holders in accordance with Condition 13 ("Notices")) except to the extent that there is failure in the subsequent payment thereof to the relevant Holder; and

17. Condition 8.3(c)(iii) is deleted and replaced with the following:

- (iii) before or concurrently with redemption, the Issuer:
- (A) replaces the Subordinated Notes with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Subordinated Notes and the replacement of the Subordinated Notes is done under conditions that are sustainable for the income capacity of the Issuer (for the purposes of the Prudential Standards); or
 - (B) obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Issuer and the Westpac Group, that the Issuer does not have to replace the Subordinated Notes.

18. Condition 8.4(c)(ii) is deleted and replaced with the following:

- (ii) before or concurrently with redemption, the Issuer:
 - (A) replaces the Subordinated Notes with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Subordinated Notes and the replacement of the Subordinated Notes is done under conditions that are sustainable for the income capacity of the Issuer (for the purposes of the Prudential Standards); or
 - (B) obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Issuer and the Westpac Group, that the Issuer does not have to replace the Subordinated Notes.

19. Condition 8.5(c)(iii) is deleted and replaced with the following:

- (iii) before or concurrently with redemption, the Issuer:
 - (A) replaces the Subordinated Notes with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Subordinated Notes and the replacement of the Subordinated Notes is done under conditions that are sustainable for the income capacity of the Issuer (for the purposes of the Prudential Standards); or
 - (B) obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Issuer and the Westpac Group, that the Issuer does not have to replace the Subordinated Notes.

20. The final paragraph of Condition 8.7 is deleted and replaced with the following:

Except where Subordinated Notes the subject of a notice of redemption are required to be Converted or Written-off pursuant to Condition 5.1(c), a notice of redemption is irrevocable and, subject to Condition 4.3 ("Solvency condition"), obliges the Issuer to redeem the Notes at the time and in the manner specified in the notice.

21. The following words are added at the end of Condition 10.4:

This Condition 10.4(b) does not apply to the payment referred to in Condition 6.1(b).

Schedule 2

On 14 December 2017, the Australian Government established a Royal Commission into the alleged misconduct of Australia's banks and other financial services entities. The inquiry will consider a number of matters, including the conduct of banks, insurers, financial services providers and superannuation funds (not including self-managed superannuation funds), and how well equipped regulators are to identify and address misconduct. The inquiry will not inquire into other matters such as financial stability or the resilience of Australia's banks. The Royal Commissioner is required to have regard to the implications of any proposed changes to laws on the general economy, the cost of financial services for consumers, competition in the financial sector and financial system stability.

Under its terms of reference, the Royal Commission will be required to submit its final report by 1 February 2019 (and may provide an interim report by no later than 30 September 2018). The recommendations by, and the adopted outcomes of, the Royal Commission are uncertain and could, either individually or in aggregate with other regulatory action, adversely affect Westpac's business, reputation, prospects, financial performance or financial condition.