

# Westpac Capital Notes 7

## Prospectus and Westpac Capital Notes 3 Reinvestment Offer Information

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**Issuer**

Westpac Banking Corporation  
ABN 33 007 457 141

**Date of this Prospectus**

13 November 2020

**Arranger**

Westpac Institutional Bank

**Joint Lead Managers**

Westpac Institutional Bank  
ANZ Securities Limited  
Citigroup Global Markets Australia Pty Limited  
Commonwealth Bank of Australia  
E&P Corporate Advisory Pty Limited  
Morgans Financial Limited  
Ord Minnett Limited  
Shaw and Partners Limited

**Co-Managers**

Bell Potter Securities Limited



# Important notices

## About this Prospectus

This Prospectus relates to the offer of Westpac Capital Notes 7 (“Notes”) at an Issue Price of \$100 each to raise approximately \$1.4 billion with the ability to raise more or less.

The Westpac Capital Notes 7 offered under this Prospectus are designated as Series 2020-1.

This Prospectus is dated 13 November 2020 and was lodged with the Australian Securities and Investments Commission (“ASIC”) on that date. This is a replacement prospectus which replaces the prospectus dated 4 November 2020 and lodged with ASIC on that date (“Original Prospectus”). ASIC and ASX Limited (“ASX”) take no responsibility for the content of this Prospectus nor for the merits of the investment to which this Prospectus relates. This Prospectus expires on the date which is 13 months after the date of the Original Prospectus (“Expiry Date”) and no Notes will be issued or transferred on the basis of this Prospectus after the Expiry Date.

## Status of Westpac Capital Notes 7

Westpac Capital Notes 7 are fully paid, non-cumulative, convertible, transferable, redeemable, subordinated<sup>1</sup>, perpetual, unsecured notes issued by Westpac.

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

Investment-type products are subject to investment risk, including possible delays in payment and loss of income and principal invested. Except as required by law, and only to the extent so required, neither Westpac nor any other person in any way warrants or guarantees the capital value or performance of the Notes, the performance of Westpac or any particular rate of return on any investment made under this Prospectus. If a Capital Trigger Event or Non-Viability Trigger Event occurs, Westpac will be required to Convert some or all of the Notes (or, where Conversion does not occur for any reason and Ordinary Shares are not issued for any reason by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), then: (i) those Notes will not be Converted in respect of such Capital Trigger Event or Non-Viability Trigger Event (as the case may be) and will not be Converted, Redeemed or Transferred on any subsequent date; (ii) all rights in relation to those Notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be); and (iii) Holders will suffer loss as a consequence).

If Conversion occurs in these circumstances, Holders may (in the case of a Capital Trigger Event) and are likely to (in the case of a Non-Viability Trigger Event) receive Ordinary Shares that are worth significantly less than the Face Value of the Notes. If Holders receive Ordinary Shares worth less than the Face Value of the Notes, they will suffer loss as a consequence.

## Defined words and expressions

Some words and expressions used in this Prospectus are capitalised as they have defined meanings. The Glossary in Appendix A and clause 16.2 of the Westpac Capital Notes 7 Terms in Appendix B define these words and expressions.

A reference to time in this Prospectus is to Sydney time, unless otherwise stated. A reference to \$, A\$, dollars and cents is to Australian currency, unless otherwise stated.

## No representations other than in this Prospectus

You should rely only on information in this Prospectus. No person is authorised to provide any information or to make any representations in connection with the Offer which are not contained in this Prospectus. Any information or representations not contained in this Prospectus may not be relied upon as having been authorised by Westpac in connection with the Offer.

## Past performance information

The financial information provided in this Prospectus is for information purposes only and is not a forecast of operating results to be expected in future periods. Past performance is not a reliable indication of future performance.

This Prospectus does not provide investment advice – you should seek your own professional investment advice.

The information in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation and particular needs (including financial and taxation considerations) as an investor. You should consider the appropriateness of the Notes having regard to these factors before deciding to apply for any Notes. It is important that you read the entire Prospectus (including the investment risks described in Sections 1.5 and 5) and seek professional investment advice from your financial adviser or other professional adviser before deciding whether to apply for any Notes.

Except for any liability which cannot be excluded by law, each Joint Lead Manager and its respective directors, officers, employees and advisers expressly disclaims and does not accept any liability for the contents of this Prospectus, the Notes or the Offer.

This Prospectus also contains information in relation to (amongst other things) the Reinvestment Offer. Neither Westpac nor any other person is providing any investment advice or making any recommendation to Eligible Westpac Capital Notes 3 Holders in respect of the Reinvestment Offer.

Note:

1. See Sections 1.4 and 2.7 for a description of how the Notes will rank in a Winding Up.

## Restrictions in foreign jurisdictions

This Offer is being made in Australia only and this Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Notes or the Offer or to otherwise permit a public offering of the Notes in any jurisdiction outside Australia. The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law.

You should read the foreign selling restrictions (including, in particular, the restrictions in the United States and on US Persons) in Section 7.13. If you come into possession of this Prospectus in jurisdictions outside Australia, you should seek advice on, and observe, any such restrictions. If you fail to comply with such restrictions that failure may constitute a violation of applicable securities laws.

## Exposure period

The Corporations Act prohibits the acceptance of Applications during the seven day period after the date the Original Prospectus was lodged with ASIC. This period is referred to as the “exposure period”. The purpose of the exposure period was to enable the Original Prospectus to be examined by market participants before the Opening Date.

## How to access a Prospectus and Apply

The Prospectus will only be available via the Offer website at [www.westpac.com.au/westpaccapnotes7](http://www.westpac.com.au/westpaccapnotes7).

During the Offer Period:

- Eligible Westpac Capital Notes 3 Holders may apply for Notes by following the Reinvestment Application instructions via the Offer website at [www.westpac.com.au/westpaccapnotes7](http://www.westpac.com.au/westpaccapnotes7);
- Eligible Securityholders may apply for Notes by following the Securityholder Application instructions via the Offer website at [www.westpac.com.au/westpaccapnotes7](http://www.westpac.com.au/westpaccapnotes7); and
- Broker Firm Applicants can access a copy of this Prospectus, including a Broker Firm Application Form, by downloading an electronic copy at [www.westpac.com.au/westpaccapnotes7](http://www.westpac.com.au/westpaccapnotes7) or from their Syndicate Broker.

The Prospectus is only available electronically to persons accessing and downloading it in Australia. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The Corporations Act prohibits any person from passing the Broker Firm Application Form on to another person unless it is attached to the complete and unaltered electronic version of this Prospectus.

For information on who is eligible to apply for any Notes under the Offer and how to make an Application – see Section 8 and the Broker Firm Application Form or the online Reinvestment Application instructions or online Securityholder Application instructions (as applicable).

## No withdrawal of Application

You cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

## Refunds

If you are Allocated less than the number of Notes that you applied for, you will receive a refund as soon as possible after the Issue Date. If the Offer does not proceed, any Application Payment you have made will be refunded to you. No interest will be payable on Application Payments.

## Trading in Westpac Capital Notes 7

It is your responsibility to determine your Allocation before trading in Notes to avoid the risk of selling Notes you do not own. To assist you in determining your Allocation before the receipt of your Holding Statement, you may call the **Westpac Capital Notes 7 Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 668 378 (within Australia) and +61 1300 668 378 (from outside Australia)** if you are an Eligible Securityholder, or contact your Syndicate Broker if you are a Broker Firm Applicant. If you sell Notes before you receive confirmation of your Allocation, you do so at your own risk.

## Providing personal information

You will be asked to provide personal information to Westpac (directly or via its agents, including the Registrar) if you apply for any Notes. See Section 7.14 for information on how Westpac (and its agents, including the Registrar on its behalf) collects, holds and uses this personal information. You can also obtain a copy of Westpac’s privacy policy at [www.westpac.com.au/privacy](http://www.westpac.com.au/privacy).

## Incorporation by reference

Information contained in or accessible through the documents or websites mentioned in this Prospectus does not form part of this Prospectus unless it is specifically stated that the document or website is incorporated by reference and forms part of this Prospectus.

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## Guidance for retail investors

<p><b>1. Read this Prospectus in full</b></p>	<ul style="list-style-type: none"> <li>• If you are considering applying for any Notes under the Offer, this Prospectus is important and should be read in its entirety (including the “Westpac Capital Notes 7 Terms” in Appendix B).</li> <li>• You should have particular regard to the: <ul style="list-style-type: none"> <li>– “Investment overview” in Section 1;</li> <li>– “Information about Westpac Capital Notes 7” in Section 2;</li> <li>– “Reinvestment Offer for Westpac Capital Notes 3” in Section 3; and</li> <li>– “Investment risks” in Section 5.</li> </ul> </li> <li>• In considering whether to apply for any Notes, it is important to consider all risks and other information regarding an investment in the Notes in light of your particular investment objectives and circumstances.</li> <li>• Westpac Capital Notes 7 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.</li> </ul>
<p><b>2. Speak to your professional adviser</b></p>	<ul style="list-style-type: none"> <li>• You should seek professional advice from your stockbroker, solicitor, accountant or other independent and qualified professional adviser about the Offer.</li> <li>• ASIC has published guidance on how to choose a professional adviser on its MoneySmart website. You can also search ‘choosing a financial adviser’ at <a href="http://www.moneysmart.gov.au">www.moneysmart.gov.au</a>.</li> </ul>
<p><b>3. Consider the ASIC guidance for retail investors</b></p>	<ul style="list-style-type: none"> <li>• Further guidance on investing in bank hybrid securities can be found on ASIC’s MoneySmart website at <a href="http://www.moneysmart.gov.au">www.moneysmart.gov.au</a> or via a link at <a href="http://www.westpac.com.au/westpaccapnotes7">www.westpac.com.au/westpaccapnotes7</a>.</li> <li>• A free copy of the ASIC guidance may also be obtained by calling ASIC on 1300 300 630 (from within Australia) or +61 3 5177 3988 (from outside Australia).</li> </ul>
<p><b>4. Learn more about investing in bank hybrid securities</b></p>	<ul style="list-style-type: none"> <li>• Westpac’s Guide to Bank Hybrids, a web-based guide to help investors understand some of the typical features and risks associated with an investment in bank hybrid securities, is available at <a href="http://www.westpac.com.au/bankhybridguide">www.westpac.com.au/bankhybridguide</a>. The Guide to Bank Hybrids provides a brief overview of hybrid investments, including how to invest in an Australian bank and the typical features and risks of different types of bank hybrids. The Guide to Bank Hybrids may be helpful when you are considering an investment in the Notes.</li> </ul>
<p><b>5. Obtain further information about Westpac and Westpac Capital Notes 7</b></p>	<ul style="list-style-type: none"> <li>• Westpac is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations 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 securities, including the Notes.</li> <li>• Copies of documents lodged with ASIC can be obtained from, or inspected at, an ASIC office and Westpac’s ASX announcements may be viewed at <a href="http://www.asx.com.au">www.asx.com.au</a> (ASX code WBC). Further information about Westpac, including Westpac’s half-yearly and annual financial reports, presentations and other investor information, can be obtained from <a href="http://www.westpac.com.au/investorcentre">www.westpac.com.au/investorcentre</a>.</li> </ul>
<p><b>6. Use of franking credits</b></p>	<ul style="list-style-type: none"> <li>• The value and availability of franking credits to you will depend on your particular circumstances and the tax rules that apply at the time of each Distribution.</li> </ul>
<p><b>7. Enquiries</b></p>	<ul style="list-style-type: none"> <li>• If you have any questions in relation to the Offer, please call the Westpac Capital Notes 7 Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 668 378 (within Australia) and +61 1300 668 378 (from outside Australia) (local call cost within Australia) or contact your financial adviser or other professional adviser.</li> </ul>

# Key dates

## Key dates for the Offer

Record date for determining Eligible Securityholders (7.00pm Sydney time)	28 October 2020
Announcement of the Offer and lodgement of the Original Prospectus with ASIC	4 November 2020
Bookbuild period commenced	4 November 2020
Announcement of the Margin	11 November 2020
Lodgement of this Prospectus with ASIC	13 November 2020
Opening Date	13 November 2020
Closing Date for the Securityholder Offer (5.00pm Sydney time)	30 November 2020
Closing Date for the Broker Firm Offer (5.00pm Sydney time)	30 November 2020
Issue Date of Notes	4 December 2020
Commencement of normal settlement trading	7 December 2020
Holding Statements dispatched by	8 December 2020

## Key dates for Westpac Capital Notes 7

Record Date for first Distribution	12 March 2021
First Distribution Payment Date <sup>1</sup>	22 March 2021
Option for Westpac to Convert <sup>2</sup> , Redeem <sup>3</sup> or Transfer the Notes	22 March 2027
Scheduled Conversion Date <sup>4</sup>	22 March 2029

## Key dates for the Reinvestment Offer

Reinvestment Offer Record Date for determining Eligible Westpac Capital Notes 3 Holders (7.00pm Sydney time)	28 October 2020
Opening Date for the Reinvestment Offer	13 November 2020
Record date for First Pro-Rata Westpac Capital Notes 3 Distribution (7.00pm Sydney time)	26 November 2020
Closing Date for the Reinvestment Offer (5.00pm Sydney time)	30 November 2020
Expected date of transfer of Participating Westpac Capital Notes 3 to Westpac Capital Notes 3 Nominated Party	4 December 2020
Issue Date of Notes for the Reinvestment Offer	4 December 2020
Payment date for First Pro-Rata Westpac Capital Notes 3 Distribution <sup>5</sup>	4 December 2020

## Key dates for the Non-Participating Westpac Capital Notes 3

Record date for First Pro-Rata Westpac Capital Notes 3 Distribution (7.00pm Sydney time)	26 November 2020
Payment date for First Pro-Rata Westpac Capital Notes 3 Distribution <sup>5</sup>	4 December 2020
Record date for Second Pro-Rata Westpac Capital Notes 3 Distribution (7.00pm Sydney time)	14 December 2020
Payment date for Second Pro-Rata Westpac Capital Notes 3 Distribution <sup>5</sup>	22 December 2020
Record date for intended Final Westpac Capital Notes 3 Distribution on Non-Participating Westpac Capital Notes 3 (7.00pm Sydney time)	12 March 2021
Last day of trading in Westpac Capital Notes 3	12 March 2021
Payment date for intended Final Westpac Capital Notes 3 Distribution <sup>5</sup> on Non-Participating Westpac Capital Notes 3	22 March 2021
Expected date of transfer of Non-Participating Westpac Capital Notes 3 to Westpac Capital Notes 3 Nominated Party	22 March 2021

## Dates may change

These dates are indicative only and may change. Westpac and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice. Westpac may also withdraw the Offer at any time before Notes are issued. Accordingly, if you wish to apply for any Notes, you are encouraged to do so as soon as possible after the Opening Date.

Except as otherwise specified in the Westpac Capital Notes 7 Terms, if any of these dates are not Business Days and an event under the Westpac Capital Notes 7 Terms is stipulated to occur on that day, then the event will occur on the next Business Day.

### Note:

1. Distributions are payable quarterly, subject to satisfaction of the Distribution Payment Conditions – see Section 2.1.9.
2. Subject to satisfaction of the Optional Conversion Restriction – see Section 2.4.2.
3. There can be no certainty that APRA will provide its prior written approval for any such Redemption.
4. Conversion of the Notes to Ordinary Shares on this date is subject to satisfaction of the Scheduled Conversion Conditions – see Section 2.2.3.
5. Subject to satisfaction of the distribution payment conditions in the Westpac Capital Notes 3 Terms.

# Investment overview

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## SECTION 1

This Section sets out:

- 1.1 Key features of the Offer and Westpac Capital Notes 7**
- 1.2 Summary of the Distributions payable on Westpac Capital Notes 7**
- 1.3 Summary of certain events which may affect what Holders of Westpac Capital Notes 7 receive and when they receive it**
- 1.4 Ranking of Westpac Capital Notes 7 in a Winding Up of Westpac**
- 1.5 Key risks associated with an investment in Westpac Capital Notes 7 and Westpac**
- 1.6 Comparison of the Westpac Capital Notes 7 with certain other Westpac investments or products**
- 1.7 Structure of the Offer and how to apply for Westpac Capital Notes 7**

**CAUTION - Westpac Capital Notes 7 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.**

## 1.1 Key features of the Offer and Westpac Capital Notes 7

Topic	Summary	Further information	Page(s)
1.1.1 The Offer	<ul style="list-style-type: none"> <li>The Offer is for the issue of Westpac Capital Notes 7 to raise approximately \$1.4 billion, with the ability to raise more or less. The Offer includes the Reinvestment Offer, which is a priority offer to Eligible Westpac Capital Notes 3 Holders to reinvest all or some of their Westpac Capital Notes 3 in the Westpac Capital Notes 7.</li> </ul>	Sections 2, 3 and 8	18, 38 and 87
1.1.2 The issuer	<ul style="list-style-type: none"> <li>Westpac Banking Corporation ABN 33 007 457 141.</li> </ul>	Section 4	45
1.1.3 Key features of Westpac Capital Notes 7	<p>Westpac Capital Notes 7 are:</p> <ul style="list-style-type: none"> <li><b>fully paid</b> – the Issue Price (\$100 per Note, which will also be the Initial Face Value of the Note) must be paid to Westpac before the Notes are issued;</li> <li><b>non-cumulative</b> – they offer Distributions which are discretionary and unpaid Distributions do not accumulate. Holders will not have any right to compensation if Westpac does not pay a Distribution;</li> <li><b>convertible</b> – in certain circumstances, Westpac will be required or permitted to Convert the Notes into Ordinary Shares;</li> <li><b>redeemable and transferable</b> – in certain circumstances, Westpac may be permitted to repay the Face Value (initially \$100 per Note) of the Notes to Holders or transfer the Notes to a third party (but there are significant restrictions on repayment of the Notes);</li> <li><b>perpetual</b> – they do not have a fixed maturity date and could exist indefinitely if not Redeemed, Converted or Transferred (in which case you would not receive your capital back, although you may sell your Notes on the ASX at the prevailing market price to realise your investment. However, that price may be less than the Face Value (initially \$100 per Note) and there may be no liquid market in the Notes);</li> <li><b>unsecured</b> – they are not guaranteed nor are they deposit liabilities or protected accounts of Westpac under the Banking Act or Financial Claims Scheme and they are not subject to the depositor protection provisions of Australian banking legislation;</li> <li><b>subject to a Capital Trigger Event and Non-Viability Trigger Event</b> – where such an event occurs (which includes where Westpac suffers significant losses), some or all of the Notes must be Converted into Ordinary Shares or, if Conversion does not occur for any reason and Ordinary Shares are not issued for any reason by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), the rights of Holders attaching to those Notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), and Holders will lose all the value of their investment in those Notes and they will not receive any compensation or unpaid Distributions;</li> <li><b>subordinated</b> – in the event of a Winding Up, if the Notes are still on issue and have not been Redeemed or Converted, or otherwise had the rights attaching to them terminated, they will rank ahead of Ordinary Shares, equally among themselves and with Equal Ranking Capital Securities and behind Senior Creditors. However, it is likely that a Capital Trigger Event or Non-Viability Trigger Event would occur prior to a Winding Up and the Notes would have been Converted into Ordinary Shares or otherwise had the rights attaching to them terminated; and</li> </ul>	<p>Section 2</p> <p>Westpac Capital Notes 7 Terms</p>	<p>18</p> <p>105</p>

Topic	Summary	Further information	Page(s)
1.1.3 Key features of Westpac Capital Notes 7 (continued)	<ul style="list-style-type: none"> <li><b>listed</b> – Westpac has applied for the Notes to be quoted on ASX and the Notes are expected to trade under ASX code WBCPJ.</li> </ul> <p>The Westpac Capital Notes 7 Terms are complex and derive from the detailed capital requirements that APRA applies to these instruments. Westpac's ability to pay Distributions or to Convert or Redeem the Notes is subject to a number of restrictions, including APRA not objecting to the Distributions and APRA giving prior written approval to a Redemption.</p>		
1.1.4 Use of proceeds of the Westpac Capital Notes 7	<ul style="list-style-type: none"> <li>Westpac is issuing the Notes to raise regulatory capital which satisfies the regulatory capital requirements of APRA. The proceeds received under the Offer will be used by Westpac for general business purposes.</li> </ul>	Sections 4.1.5 and 4.2.1	49

## 1.2 Summary of the Distributions payable on Westpac Capital Notes 7

Topic	Summary	Further information	Page(s)
1.2.1 Distributions payable on Westpac Capital Notes 7	<ul style="list-style-type: none"> <li>The Notes offer Holders quarterly, floating rate Distributions until the Notes are Converted at their full Face Value (or terminated following a failure to Convert) or Redeemed.</li> <li>The Distribution Payment Dates are quarterly, being 22 March, 22 June, 22 September and 22 December of each year. The first Distribution is scheduled to be paid on 22 March 2021.</li> <li>The Distribution Rate is determined in accordance with the following formula: <b>(3 month BBSW Rate + Margin) x (1 - Tax Rate<sup>1</sup>)</b></li> <li>The Margin is 3.40% per annum.</li> <li>Distributions are expected to be fully franked.</li> </ul>	Section 2.1  Westpac Capital Notes 7 Terms clause 3	19 to 24  106 to 108
1.2.2 Distributions may not be paid on Westpac Capital Notes 7	<ul style="list-style-type: none"> <li>Payments of Distributions are within the absolute discretion of Westpac, which means Westpac does not have to pay them. Distributions are also only payable if the other Distribution Payment Conditions are satisfied.</li> <li>Distributions are non-cumulative, which means that unpaid Distributions will not be made up or accumulate. Holders will not have any rights to compensation if Westpac does not pay Distributions. Failure to pay any Distribution is not an event of default<sup>2</sup> and Holders have no right to apply for a Winding Up on the grounds of non-payment of a Distribution.</li> <li>If for any reason a Distribution has not been paid in full for a relevant Distribution Payment Date, then until a Distribution is paid in full on a subsequent Distribution Payment Date (or all Notes are Converted at their full Face Value, Redeemed or terminated following a failure to Convert), Westpac must not: <ul style="list-style-type: none"> <li>determine or pay any Dividends on its Ordinary Shares; or</li> <li>undertake any discretionary Buy Back or Capital Reduction,</li> </ul> <p>unless the amount of the unpaid Distribution is paid in full within 20 Business Days of the relevant Distribution Payment Date (and in certain other limited circumstances). These restrictions would not apply where the reason a Distribution was not paid was because the Distribution Rate was zero or negative (see Section 2.1.3).</p> </li> </ul>	Sections 2.1.1 and 2.1.9 to 2.1.11  Westpac Capital Notes 7 Terms clauses 3.3, 3.4, 3.7 and 3.8	19, 23 to 24  107 to 108

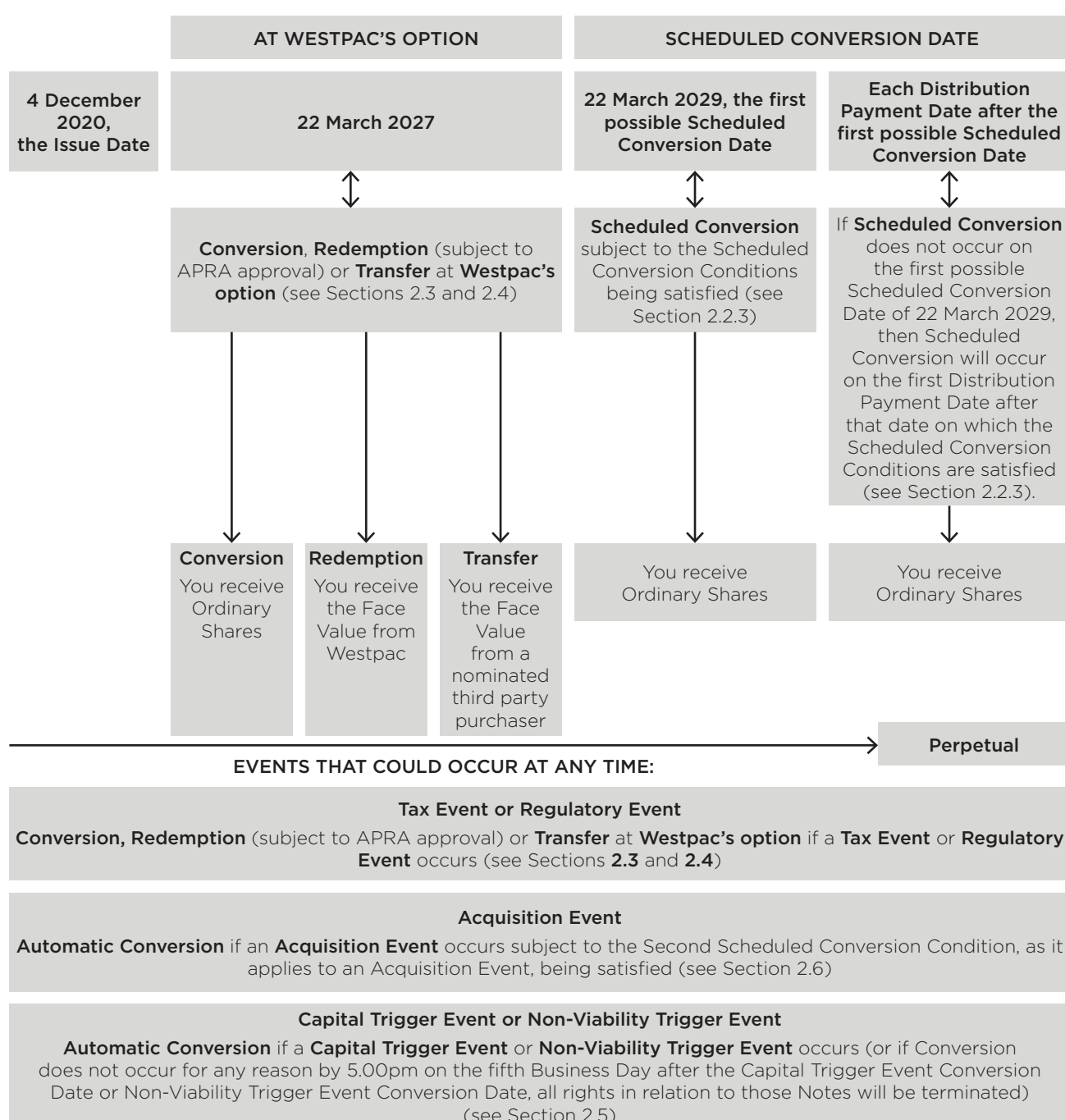
Note:

- The Tax Rate is 30% (or 0.30 expressed as a decimal) as at the date of this Prospectus but that rate may change.
- The Westpac Capital Notes 7 Terms do not include any events of default.



### 1.3 Summary of certain events which may affect what Holders of Westpac Capital Notes 7 receive and when they receive it

Topic	Summary	Further information	Page(s)
1.3.1 Events that may affect the Westpac Capital Notes 7	<ul style="list-style-type: none"> <li>The Notes do not have a fixed maturity date and Holders do not have a right to request or require Westpac to Convert, Redeem or arrange for the Transfer of the Notes. Accordingly, what will happen to the Notes is uncertain.</li> <li>It is possible that the Notes could remain on issue indefinitely and the Face Value (initially \$100 per Note) will not be repaid.</li> <li>The diagram and table in this Section 1.3.1 summarise certain events that may occur while the Notes are on issue and what Holders may receive in relation to the Notes under the Westpac Capital Notes 7 Terms.</li> </ul>	Sections 2.2 to 2.6	24 to 35
		Westpac Capital Notes 7 Terms clauses 4 to 8	108 to 113



Event	When?	Is APRA approval required?	Are there other pre-conditions to the event?	What value will a Holder receive?	In what form will that value be provided to Holders?	Where to find further information?
<b>Redemption at Westpac's option</b>	22 March 2027 or if a Tax Event or Regulatory Event occurs	Yes <sup>3</sup>	Yes, before or concurrently with Redemption <sup>4</sup>	Face Value (initially \$100 per Note) plus a Distribution <sup>5</sup>	Cash	Sections 2.3.1 to 2.3.4  Westpac Capital Notes 7 Terms clause 7
<b>Transfer at Westpac's option</b>	22 March 2027 or if a Tax Event or Regulatory Event occurs	No	No	Face Value (initially \$100 per Note) plus a Distribution <sup>5</sup>	Cash <sup>6</sup>	Sections 2.3.1 and 2.3.5  Westpac Capital Notes 7 Terms clause 8
<b>Conversion at Westpac's option</b>	22 March 2027 or if a Tax Event or Regulatory Event occurs	No	Yes <sup>7</sup>	Ordinary Shares worth approximately \$101.01 <sup>8</sup> per Note plus a Distribution <sup>5</sup>	A variable number of Ordinary Shares plus a cash Distribution <sup>5</sup>	Section 2.4  Westpac Capital Notes 7 Terms clauses 6 and 9
<b>Scheduled Conversion</b>	22 March 2029	No	Yes <sup>7</sup>	Ordinary Shares worth approximately \$101.01 <sup>8</sup> per Note plus a Distribution <sup>5</sup>	A variable number of Ordinary Shares plus a cash Distribution <sup>5</sup>	Section 2.2  Westpac Capital Notes 7 Terms clauses 4 and 9
<b>Conversion upon an Acquisition Event</b>	If an Acquisition Event occurs	No	Yes <sup>7</sup>	Ordinary Shares worth approximately \$101.01 <sup>8</sup> per Note plus a Distribution <sup>5</sup>	A variable number of Ordinary Shares plus a cash Distribution <sup>5</sup>	Section 2.6  Westpac Capital Notes 7 Terms clauses 5.9 and 9

## Note:

3. Holders should not expect that APRA's approval will be given if requested.
4. Westpac may only Redeem Notes if it replaces them with capital of the same or better quality (and the replacement is done under conditions that are sustainable for the income capacity of Westpac) or obtains confirmation that APRA is satisfied that Westpac does not have to replace the Notes.
5. The Distribution would be for the period from (but excluding) the last Distribution Payment Date to (and including) the relevant Conversion Date, Redemption Date or Transfer Date (as applicable). Payments of Distributions are within the absolute discretion of Westpac, which means Westpac does not have to pay them. Distributions are also only payable if the Distribution Payment Conditions are satisfied.
6. On Transfer, Holders will receive the Face Value in cash from the Nominated Party to whom the Notes are transferred.
7. Conversion is conditional on Westpac's share price being above a specified level in the period prior to Conversion.
8. Based on the Initial Face Value of \$100 per Note and the VWAP of Ordinary Shares during the relevant VWAP Period before the Conversion Date, with the benefit of a 1% discount. The value of Ordinary Shares received on the Conversion of one Note may be worth more or less than \$101.01 depending on the market price of Ordinary Shares before Conversion and the Face Value of the Notes at the Conversion Date.

Event	When?	Is APRA approval required?	Are there other pre-conditions to the event?	What value will a Holder receive?	In what form will that value be provided to Holders?	Where to find further information?
<b>Conversion upon a Capital Trigger Event or Non-Viability Trigger Event</b>	If a Capital Trigger Event or Non-Viability Trigger Event occurs	No	No	A variable value, depending on the price of the Ordinary Shares at the relevant time. However, Holders may (in the case of a Capital Trigger Event) and are likely to (in the case of a Non-Viability Trigger Event) receive significantly less than approximately \$101.01 for each Note (based on the Initial Face Value of \$100 per Note), and the value may be nothing if Conversion does not occur for any reason and Ordinary Shares are not issued for any reason by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be). <sup>9</sup>	A variable number of Ordinary Shares up to the Maximum Conversion Number. However, if Conversion of the Notes does not occur for any reason and Ordinary Shares are not issued for any reason by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), then the rights of Holders attaching to those Notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be) and Holders will lose all of the value of their investment in those Notes and they will not receive any compensation or unpaid Distributions.	Sections 2.5 and 5.1.9 to 5.1.11  Westpac Capital Notes 7 Terms clauses 5.1 to 5.8 and 9

Note:

9. Section 2.5 provides further detail on the circumstances in which Holders are likely to receive significantly less than \$101.01 due to a Capital Trigger Event or Non-Viability Trigger Event.

## 1.4 Ranking of Westpac Capital Notes 7 in a Winding Up of Westpac

The table in this Section 1.4 illustrates how the Notes would rank upon a winding up of Westpac, if they are on issue at that time. It is likely that a Capital Trigger Event or Non-Viability Trigger Event would occur prior to a Winding Up and the Notes would have been Converted into Ordinary Shares or otherwise had the rights attaching to them terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be) where Conversion does not occur for any reason and Ordinary Shares are not issued for any reason by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be).

Higher ranking		Illustrative examples <sup>10</sup>
	<b>Preferred and secured debt</b>	Liabilities in Australia in relation to protected accounts (generally, savings accounts and term deposits) and other liabilities preferred by law including employee entitlements and secured creditors
	<b>Unsubordinated unsecured debt</b>	Trade and general creditors, bonds, notes and debentures and other unsubordinated unsecured debt obligations. This includes covered bonds which are an unsecured claim on Westpac, though they are secured over assets that form part of the Westpac Group
	<b>Subordinated unsecured debt and subordinated perpetual debt</b>	Westpac NZD Subordinated Notes, other subordinated bonds, notes and debentures and other subordinated unsecured debt obligations with a fixed maturity date and subordinated perpetual floating rate notes issued in 1986
	<b>Additional Tier 1 Capital securities</b>	<b>Westpac Capital Notes 7</b> , Westpac Capital Notes 2, Westpac Capital Notes 3, Westpac Capital Notes 4, Westpac Capital Notes 5, Westpac Capital Notes 6 and Westpac USD AT1 Securities
	<b>Ordinary shares</b>	Ordinary Shares
Lower ranking		

## 1.5 Key risks associated with an investment in Westpac Capital Notes 7 and Westpac

Before applying for any Notes, you should consider whether the Notes are a suitable investment for you. There are risks involved with investing in the Notes and in Westpac. Many of these risks are outside the control of Westpac and the Westpac Directors. These risks include those in this Section 1.5 and Section 5 and any other matters referred to in this Prospectus.

### 1.5.1 Key risks of the Westpac Capital Notes 7

Topic	Summary	Further information	Page(s)
<b>Distributions may not be paid</b>	<ul style="list-style-type: none"> <li>There is a risk that Distributions will not be paid. Distributions are discretionary and are only payable subject to the satisfaction of the Distribution Payment Conditions. For example, this includes the Distribution not resulting in a breach of capital requirements and APRA not otherwise objecting to the payment of the Distribution.</li> <li>Distributions are non-cumulative. If a Distribution is not paid in full because the Distribution Payment Conditions are not satisfied, Holders are not entitled to receive the unpaid Distribution.</li> </ul>	Section 2.1.9 and 5.1.1	23 and 55

Note:

10. This diagram and the descriptions are simplified and illustrative only, and do not include every type of security or obligation that may be issued or entered into by Westpac, or every potential claim against Westpac in a Winding Up. Westpac will from time to time issue additional securities or incur other obligations that rank ahead of, equally with, or subordinated to, the Notes. Further, some of the securities represented in the diagram (for example, Westpac NZD Subordinated Notes and Additional Tier 1 Capital securities) may be converted into Ordinary Shares, which will then rank equally with other Ordinary Shares.

Topic	Summary	Further information	Page(s)
<b>It is not certain whether and when the Westpac Capital Notes 7 will be Converted, Redeemed or Transferred</b>	<ul style="list-style-type: none"> <li>Conversion may not occur on 22 March 2029, being the first possible Scheduled Conversion Date, or at all if the Scheduled Conversion Conditions are not satisfied.</li> <li>Conversion, Redemption or Transfer may occur in certain circumstances before the Scheduled Conversion Date, which may be disadvantageous to Holders in light of market conditions or your individual circumstances.</li> <li>Holder's have no right to request that their Notes be Converted, Redeemed or Transferred. Unless their Notes are Converted, Redeemed or Transferred, Holders would need to sell their Notes on ASX at the prevailing market price to realise their investment. That price may be less than the Face Value (initially \$100 per Note) and there may be no liquid market in the Notes.</li> </ul>	Sections 5.1.14 to 5.1.16	59 to 60
<b>Westpac Capital Notes 7 are not deposit liabilities or protected accounts</b>	<ul style="list-style-type: none"> <li>The Notes are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act or Financial Claims Scheme and are not subject to the depositor protection provisions of Australian banking legislation (including the Australian Government guarantee of certain bank deposits).</li> </ul>	Important Notices and Section 5.1.3	Inside front cover and 56
<b>Market price of the Westpac Capital Notes 7 may fluctuate</b>	<ul style="list-style-type: none"> <li>The Notes may trade at a market price below Face Value (initially \$100 per Note).</li> <li>Circumstances in which the market price of the Notes may decline include general conditions, changes in government policy, changes in regulatory policy, impacts of regulatory change, changes in investor perception and sentiment in relation to Westpac, changes in the market price of other securities issued by Westpac or other issuers and the occurrence of or increase in the likelihood of the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event.</li> </ul>	Sections 5.1.1 and 5.1.4	55 and 56
<b>Liquidity of the Westpac Capital Notes 7 may be low</b>	<ul style="list-style-type: none"> <li>The market for the Notes will likely be less liquid than the market for Ordinary Shares.</li> <li>Holder's who wish to sell their Notes may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for the Notes.</li> </ul>	Section 5.1.5	56
<b>Use of franking credits</b>	<ul style="list-style-type: none"> <li>The value and availability of franking credits to a Holder will depend on that Holder's particular circumstances and the tax rules that apply at the time of each Distribution.</li> </ul>	Sections 2.1.6, 5.1.7 and 6.3.1	22 to 23, 57 and 75 to 76
<b>Changes in the Distribution Rate</b>	<ul style="list-style-type: none"> <li>The Distribution Rate will fluctuate (and may increase and/or decrease) over time with movements in the 3 month BBSW Rate. It is possible for the 3 month BBSW Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate (but there is no obligation on Holders to pay Westpac if the Distribution Rate becomes negative and there would be no Distribution in those circumstances).</li> <li>There is a risk that the Distribution Rate may become less attractive compared to returns available on comparable securities or investments.</li> </ul>	Sections 2.1.2 and 5.1.6	19 and 56 to 57

Topic	Summary	Further information	Page(s)
<b>Conversion or termination of rights on account of a Capital Trigger Event or a Non-Viability Trigger Event</b>	<ul style="list-style-type: none"> <li>• The value of Ordinary Shares received for each Note that is Converted upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event may (in the case of a Capital Trigger Event) and is likely to (in the case of a Non-Viability Trigger Event) be significantly less than approximately \$101.01 for each Note (based on the Initial Face Value of \$100 per Note). This is because the number of Ordinary Shares issued on Conversion is limited by the Maximum Conversion Number, as required by APRA. The Maximum Conversion Number applied on a Conversion of this kind is based on an Ordinary Share price that reflects 20% of the Ordinary Share price at the time of issue of the Notes.</li> <li>• If Conversion of Notes does not occur for any reason and Ordinary Shares are not issued for any reason by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be) (including, for example, due to applicable law, order of a court or action of any government authority, including regarding the insolvency, Winding Up or other external administration of Westpac, as a result of Westpac's inability or failure to comply with its obligations under the terms and conditions of the Notes in relation to Conversion, or as a result of laws relating to Australian foreign investment laws, Australian financial sector ownership laws, Chapter 6 of the Corporations Act or operational delays), then: <ul style="list-style-type: none"> <li>- those Notes will not be Converted in respect of such Capital Trigger Event or Non-Viability Trigger Event (as the case may be) and will not be Converted, Redeemed or Transferred on any subsequent date; and</li> <li>- all rights in relation to those Notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), and Holders will lose all of the value of their investment in those Notes and they will not receive any compensation or unpaid Distributions.</li> </ul> </li> </ul>	Sections 2.5.4, 2.5.5, 2.5.6, 5.1.9, 5.1.10 and 5.1.11	32 to 34, 57 to 59
<b>Credit ratings</b>	<ul style="list-style-type: none"> <li>• Any credit rating assigned to the Notes or other Westpac securities could be reviewed, suspended, withdrawn or downgraded by credit rating agencies, or credit rating agencies could change their rating methodology, at any time which could adversely affect the market price and liquidity of the Notes and other Westpac securities.</li> </ul>	Section 5.1.12	59
<b>The price used to calculate the number of Ordinary Shares to be issued on Conversion may not be the market price</b>	<ul style="list-style-type: none"> <li>• The Ordinary Share price used to calculate the number of Ordinary Shares to be issued on Conversion may be different to the market price of Ordinary Shares at the time of Conversion because the price used in the calculation is based on the VWAP during the relevant period prior to the Conversion Date.</li> <li>• The value of Ordinary Shares Holders receive based on the calculation may therefore be less than the value of those Ordinary Shares based on the market price on the Conversion Date.</li> </ul>	Section 5.1.13	59
<b>No fixed maturity date</b>	<ul style="list-style-type: none"> <li>• As the Notes are perpetual instruments and have no fixed maturity date, there is a risk the Notes could remain on issue indefinitely and Holders may not be repaid their investment.</li> </ul>	Section 5.1.17	60

Topic	Summary	Further information	Page(s)
<b>Ranking of the Westpac Capital Notes 7</b>	<ul style="list-style-type: none"> <li>In the event of a Winding Up, if the Notes are still on issue and have not been Redeemed or Converted, they will rank ahead of Ordinary Shares, equally among themselves and with all Equal Ranking Capital Securities and behind Senior Creditors (including depositors and holders of Westpac's senior or less subordinated debt). This means that if there is a shortfall of funds on a Winding Up to pay all amounts ranking senior to, and equally with, the Notes, Holders will lose all or some of their investment.</li> <li>However, it is likely that a Capital Trigger Event or Non-Viability Trigger Event would occur prior to a Winding Up and the Notes would have been Converted into Ordinary Shares, in which case Holders will hold Ordinary Shares and rank equally with other holders of Ordinary Shares in a Winding Up. If Conversion does not occur for any reason following a Capital Trigger Event or Non-Viability Trigger Event and Ordinary Shares are not issued for any reason by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), all rights attaching to those Notes will be terminated on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), and Holders will lose all of the value of their investment in those Notes and they will not receive any compensation or unpaid Distributions and those Notes will have no ranking in a Winding Up.</li> </ul>	Sections 1.4, 2.7, 5.1.10, 5.1.11, 5.1.24 and 5.1.25	10, 35, 58 to 59, 61 to 62
<b>Changes in regulatory capital requirements</b>	<ul style="list-style-type: none"> <li>Any fall in Westpac's Common Equity Tier 1 Capital Ratio as a result of future changes to regulatory capital requirements may adversely impact the market price of the Notes or potentially increase the chance at a later date that Conversion takes place due to the occurrence of a Capital Trigger Event or Non-Viability Trigger Event.</li> </ul>	Sections 4.2.1, 4.2.2, 4.2.3, 4.2.4 and 5.1.18	49 to 52 and 60
<b>Future issues of securities by Westpac</b>	<ul style="list-style-type: none"> <li>Westpac may issue further securities which rank equally with or ahead of the Notes.</li> </ul>	Section 5.1.24	61 to 62

## 1.5.2 Key risks associated with Westpac and the Westpac Group

Topic	Summary	Further information	Page(s)
<b>COVID-19 and a pandemic like COVID-19</b>	<ul style="list-style-type: none"> <li>The Westpac Group is vulnerable to the impacts of a communicable disease outbreak or a pandemic. The COVID-19 pandemic has had, and may continue to have, a negative impact on Westpac's customers, shareholders, employees and financial performance. The pandemic has also disrupted, and will continue to disrupt, numerous industries and global supply chains, causing a negative effect on economic activity.</li> </ul>	Section 5.2.1	63
<b>Legal or regulatory change and compliance</b>	<ul style="list-style-type: none"> <li>Westpac could be adversely affected by changes in laws, regulations or regulatory policy, by failing to comply with laws, regulations or regulatory policy, or by other regulatory action (including as a result of reviews and inquiries commissioned by governments or regulators).</li> </ul>	Sections 5.2.2 to 5.2.4, 5.2.6 and 5.2.10	63 to 67 and 68
<b>Availability and cost of funding</b>	<ul style="list-style-type: none"> <li>Adverse credit and capital market conditions or depositor preferences, or failure to maintain Westpac's credit ratings, may significantly affect the availability and cost of Westpac's funding.</li> </ul>	Sections 5.2.9 and 5.2.12	67 to 68
<b>Financial market volatility</b>	<ul style="list-style-type: none"> <li>Westpac could be adversely affected by disruptions to global financial markets or other financial market volatility.</li> </ul>	Sections 5.2.11 and 5.2.18	68 and 70
<b>Economic conditions, asset values, commodity prices and credit losses</b>	<ul style="list-style-type: none"> <li>Economic disruptions, declines in asset values or declines in commodity prices may cause Westpac to incur higher credit losses on lending and counterparty exposures.</li> </ul>	Sections 5.2.13 to 5.2.16	69 to 70
<b>Other risks</b>	<ul style="list-style-type: none"> <li>Westpac could be adversely affected by other events such as reputational damage, cyberattacks, technology failures, changes in competition, operational failures, poor data quality or other risks.</li> </ul>	Sections 5.2.5, 5.2.7, 5.2.8, 5.2.17 and 5.2.19 to 5.2.30	66, 67 and 70 to 73

## 1.6 Comparison of the Westpac Capital Notes 7 with certain other Westpac investments or products

Topic	Summary	Further information	Page(s)
<b>Differences between term deposits, Westpac Capital Notes 6, Westpac Capital Notes 7 and Ordinary Shares</b>	<ul style="list-style-type: none"> <li>There are differences between term deposits, Westpac Capital Notes 6, Westpac Capital Notes 7 and Ordinary Shares. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation considerations) before deciding to invest in the Notes.</li> </ul>	See table in this Section 1.6.	15 to 16
	<ul style="list-style-type: none"> <li>Please refer to the table in Section 3.4 setting out the key differences between Westpac Capital Notes 3 (which is the subject of the Reinvestment Offer) and Westpac Capital Notes 7.</li> </ul>	Section 3.4	41 to 42



	Westpac Term Deposit	Westpac Capital Notes 6	Westpac Capital Notes 7	Ordinary Shares
ASX code	Not quoted on ASX	WBCPI	WBCPJ <sup>11</sup>	WBC
Legal form	Deposit	Unsecured subordinated debt obligation		Ordinary share
Protection under the Banking Act or Financial Claims Scheme	Yes <sup>12</sup>	No		
Term	Seven days to 60 months	Perpetual (no fixed maturity date) with the first possible scheduled conversion date on 31 July 2026 <sup>13</sup>	Perpetual (no fixed maturity date) with the first possible Scheduled Conversion Date in approximately Perpetual (no fixed maturity date) with the first possible Scheduled Conversion Date in approximately 8.3 years <sup>14</sup>	Perpetual (no fixed maturity date)
Distribution/interest/dividend rate	Fixed <sup>15</sup>	Floating, calculated as the (margin + 3 month BBSW rate) × (1 - tax rate)	Floating, calculated as the (Margin + 3 month BBSW Rate) × (1 - tax rate)	Variable dividends as determined by Westpac
Margin	N/A	3.70% per annum	The Margin is 3.40% per annum	N/A
Distribution/interest/dividend payment frequency	Either at specific intervals, at maturity or at early closure by the customer	Quarterly (subject to Westpac's absolute discretion and distribution payment conditions)		Semi-annually (if determined)
Are there conditions to payment of distributions/interest/dividend payments?	No, subject to applicable laws <sup>15</sup>	Yes, subject to Westpac's absolute discretion and distribution payment conditions	Yes, subject to Westpac's absolute discretion and Distribution Payment Conditions (see Section 2.1.9)	Yes, subject to Westpac's absolute discretion and applicable laws and regulations
Interest/dividend payments restriction if interest/dividend not paid	N/A	Yes, applies to Ordinary Shares until the next quarterly distribution payment date	Yes, applies to Ordinary Shares until the next quarterly Distribution Payment Date <sup>16</sup>	No
Franking of interest/dividend	N/A	Frankable and grossed-up for a non franked portion	Frankable	

## Note:

11. Westpac has applied for Westpac Capital Notes 7 to be quoted on ASX and they are expected to trade under the code WBCPJ.
12. Customers may be entitled to payment under the Financial Claims Scheme for deposits up to an amount per account holder per ADI of \$250,000.
13. Subject to possible early redemption (with APRA's prior written approval), conversion or transfer in certain circumstances.
14. Subject to possible early Redemption (with APRA's prior written approval), Conversion or Transfer in certain circumstances.
15. Interest rate adjustments may apply if a customer withdraws an amount before the end of the term of the Westpac Term Deposit.
16. These restrictions would not apply where the reason a Distribution was not paid was because the Distribution Rate was zero or negative (see Section 2.1.3).

	Westpac Term Deposit	Westpac Capital Notes 6	Westpac Capital Notes 7	Ordinary Shares
<b>Transferable by holder</b>	No	Yes, quoted on ASX	Yes, quoted on ASX <sup>17</sup>	Yes, quoted on ASX
<b>Investor's ability to withdraw or redeem</b>	Yes, by closing the deposit <sup>18</sup>	No		
<b>Redemption at issuer's option (subject to APRA approval and certain other conditions)</b>	No	Yes, on 31 July 2024, and in certain specified circumstances	Yes, on 22 March 2027, and in certain specified circumstances (see Section 2.3)	No
<b>Transfer to nominated party at issuer's option</b>	No	Yes, on 31 July 2024, and in certain specified circumstances	Yes, on 22 March 2027, and in certain specified circumstances (see Section 2.3)	No
<b>Conversion to Ordinary Shares at issuer's option (subject to certain conditions)</b>	No	Yes, on 31 July 2024, and in certain specified circumstances	Yes, on 22 March 2027, and in certain specified circumstances (see Section 2.4)	N/A
<b>Potential Conversion to Ordinary Shares (other than on a Capital Trigger Event or Non-Viability Trigger Event)</b>	No	Yes, scheduled conversion on 31 July 2026 (subject to the satisfaction of the scheduled conversion conditions), and in certain specified circumstances	Yes, Scheduled Conversion on 22 March 2029, (subject to the satisfaction of the Scheduled Conversion Conditions), and in certain specified circumstances (see Section 2.2)	N/A
<b>Conversion to Ordinary Shares on a Capital Trigger Event or Non-Viability Trigger Event</b>	No	Yes, following a capital trigger event or non-viability trigger event  If a Capital Trigger Event or Non-Viability Trigger Event occurs and conversion of the notes does not occur for any reason and Ordinary Shares are not issued for any reason by 5.00pm on the fifth business day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), then all rights in relation to those notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be) (and holders will lose all of the value of their investment in those notes and they will not receive any compensation or unpaid distributions)  Refer to Section 2.5 for more information in relation to the conversion of Westpac Capital Notes 7 on a Capital Trigger Event or Non-Viability Trigger Event	N/A	
<b>Ranking</b>	See Sections 1.4, 2.7, 5.1.11, 5.1.12, 5.1.25 and 5.1.26			

## Note:

17. Westpac has applied for Westpac Capital Notes 7 to be quoted on ASX and they are expected to trade under the code WBCPJ.
18. For Westpac Term Deposits opened or renewed on or after 1 August 2014, customers must usually give 31 days' notice to close the Westpac Term Deposit during its term.

## 1.7 Structure of the Offer and how to apply for Westpac Capital Notes 7

Topic	Summary	Further information	Page(s)
<b>1.7.1 Offer structure and who can apply</b>	<ul style="list-style-type: none"> <li>The Offer consists of:               <ul style="list-style-type: none"> <li>a Reinvestment Offer – to Eligible Westpac Capital Notes 3 Holders;</li> <li>a Securityholder Offer – to Eligible Securityholders;</li> <li>a Broker Firm Offer – to Australian resident clients of the Syndicate Brokers; and</li> <li>an Institutional Offer – to Institutional Investors invited by Westpac Institutional Bank.</li> </ul> </li> <li>There is no guaranteed Allocation under the Offer, but Westpac will give priority to Applications received under the Reinvestment Offer (including Applications made through Syndicate Brokers). This priority will not extend to Applications for additional Westpac Capital Notes 7 by Eligible Westpac Capital Notes 3 Holders.</li> <li>If there is excess demand, Applications may be scaled back by Westpac.</li> <li>There is no general public offer of the Notes. However, Westpac reserves the right to accept Applications from other persons at its discretion.</li> </ul>	See Sections 3 and 8	38 and 87
<b>1.7.2 How to apply</b>	<ul style="list-style-type: none"> <li>For information on how to apply for the Notes, see Section 8 and the Broker Firm Application Form, online Securityholder Application instructions and online Reinvestment Application instructions.</li> </ul>	Section 8	87
<b>1.7.3 Minimum Application amount</b>	<ul style="list-style-type: none"> <li>Applications must be for a minimum of 50 Notes (\$5,000).</li> <li>If your Application is for more than 50 Notes, you must apply in multiples of 10 Notes (\$1,000) thereafter.</li> <li>If you are an Eligible Westpac Capital Notes 3 Holder, you may apply to reinvest all or some of your Westpac Capital Notes 3 in Westpac Capital Notes 7 under the Reinvestment Offer. However, if you wish to participate in the Reinvestment Offer and:               <ul style="list-style-type: none"> <li>you own 50 Westpac Capital Notes 3 or fewer, you must apply to reinvest all your Westpac Capital Notes 3; or</li> <li>you own more than 50 Westpac Capital Notes 3, you must apply to reinvest a minimum of 50 Westpac Capital Notes 3 (\$5,000).</li> </ul> </li> <li>If you apply to reinvest all your Westpac Capital Notes 3, you may also apply for additional Westpac Capital Notes 7. Your application for additional Westpac Capital Notes 7 must be for a minimum of 50 additional Westpac Capital Notes 7 (\$5,000), and in multiples of 10 Westpac Capital Notes 7 (\$1,000) thereafter (over and above your Application for reinvestment).</li> </ul>	Section 8	87

# Information about Westpac Capital Notes 7

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## SECTION 2

This Section sets out:

- 2.1 Distributions**
- 2.2 Conversion on the Scheduled Conversion Date**
- 2.3 Optional Redemption and optional Transfer**
- 2.4 Optional Conversion**
- 2.5 Automatic Conversion - Capital Trigger Event and Non-Viability Trigger Event**
- 2.6 Automatic Conversion - Acquisition Event**
- 2.7 Ranking of the Westpac Capital Notes 7 in a Winding Up**
- 2.8 Other key features of the Westpac Capital Notes 7**

**CAUTION** - Westpac Capital Notes 7 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.

The following is an overview of the key terms of Westpac Capital Notes 7. It is important that you read this Prospectus, the Westpac Capital Notes 7 Terms, the Notes Deed Poll and Westpac's Constitution in full before deciding to invest in Westpac Capital Notes 7. If you have any questions, you should seek advice from your financial adviser or other professional adviser.

The full Westpac Capital Notes 7 Terms are contained in Appendix B. Rights and liabilities attaching to Westpac Capital Notes 7 may also arise under the Corporations Act, the ASX Listing Rules and other applicable laws.

## 2.1 Distributions

Topic	Summary	Further information	Page(s)																		
<b>2.1.1 Distributions on Westpac Capital Notes 7</b>	<p>Distributions on Notes are calculated based on the Distribution Rate and are expected to be paid quarterly in arrear.</p> <p>Distributions are discretionary, non-cumulative and only payable subject to the satisfaction of the Distribution Payment Conditions.</p> <p>Distributions are expected to be fully franked and accordingly Holders are expected to receive cash Distributions and franking credits.</p>	Westpac Capital Notes 7 Terms clause 3	106 to 108																		
<b>2.1.2 Distribution Rate</b>	<p>The Distribution Rate is a floating rate and will generally be set on the first Business Day of each Distribution Period using the following formula:</p> <table border="1" data-bbox="432 947 1114 1435"> <tr> <td colspan="2"><b>Distribution Rate = (3 month BBSW Rate + Margin) x (1 - Tax Rate)</b></td> </tr> <tr> <td><b>3 month BBSW Rate</b></td> <td>The 3 month BBSW Rate on the first Business Day of the Distribution Period (except for the first Distribution Period, where the 3 month BBSW Rate will be determined on the Issue Date)</td> </tr> <tr> <td><b>Margin</b></td> <td>The Margin is 3.40% per annum</td> </tr> <tr> <td><b>Tax Rate</b></td> <td>The Australian corporate tax rate applicable to the franking account of Westpac at the relevant Distribution Payment Date expressed as a decimal. At the date of this Prospectus, the relevant Tax Rate is 30% or, expressed as a decimal in the formula, 0.30 (but that rate may change)</td> </tr> </table> <p>As an example, given the Margin of 3.40% per annum, if the 3 month BBSW Rate on the Issue Date is the same as on 10 November 2020 and assuming that the Distribution will be fully franked, the Distribution Rate for that Distribution Period would be calculated as follows:<sup>1</sup></p> <table border="1" data-bbox="432 1592 1114 1832"> <tr> <td>3 month BBSW Rate at 10 November 2020</td> <td>0.0216% per annum</td> </tr> <tr> <td>Plus the Margin</td> <td>+ 3.4000% per annum</td> </tr> <tr> <td>Equivalent unfranked Distribution Rate</td> <td>3.4216% per annum</td> </tr> <tr> <td>Multiplied by (1 - Tax Rate)</td> <td>x 0.70</td> </tr> <tr> <td><b>Distribution Rate</b></td> <td><b>2.3951% per annum</b></td> </tr> </table>	<b>Distribution Rate = (3 month BBSW Rate + Margin) x (1 - Tax Rate)</b>		<b>3 month BBSW Rate</b>	The 3 month BBSW Rate on the first Business Day of the Distribution Period (except for the first Distribution Period, where the 3 month BBSW Rate will be determined on the Issue Date)	<b>Margin</b>	The Margin is 3.40% per annum	<b>Tax Rate</b>	The Australian corporate tax rate applicable to the franking account of Westpac at the relevant Distribution Payment Date expressed as a decimal. At the date of this Prospectus, the relevant Tax Rate is 30% or, expressed as a decimal in the formula, 0.30 (but that rate may change)	3 month BBSW Rate at 10 November 2020	0.0216% per annum	Plus the Margin	+ 3.4000% per annum	Equivalent unfranked Distribution Rate	3.4216% per annum	Multiplied by (1 - Tax Rate)	x 0.70	<b>Distribution Rate</b>	<b>2.3951% per annum</b>	Westpac Capital Notes 7 Terms clause 3.1	106 to 107
<b>Distribution Rate = (3 month BBSW Rate + Margin) x (1 - Tax Rate)</b>																					
<b>3 month BBSW Rate</b>	The 3 month BBSW Rate on the first Business Day of the Distribution Period (except for the first Distribution Period, where the 3 month BBSW Rate will be determined on the Issue Date)																				
<b>Margin</b>	The Margin is 3.40% per annum																				
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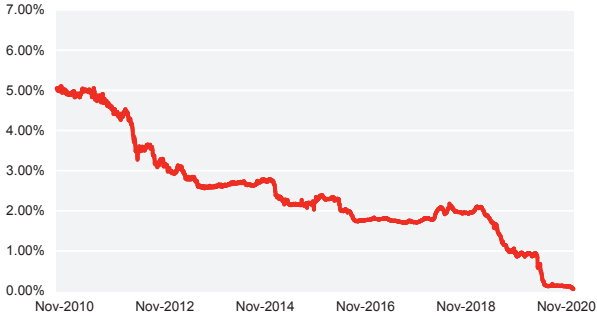
Note:

- The calculation of the Distribution Rate will be rounded to four decimal places. The Distribution Rate in this Section 2.1.2 is for illustrative purposes only and does not indicate the actual Distribution Rate. It is not a guarantee or forecast of the actual Distribution Rate that may be achieved. The actual Distribution Rate may be higher or lower than this and may vary each Distribution Period depending on the applicable 3 month BBSW Rate and the Tax Rate.

Topic	Summary	Further information	Page(s)																																		
<p><b>2.1.3 Calculation of Distributions</b></p>	<p>Distributions will be calculated as follows:</p> <table border="1" data-bbox="432 342 1114 808"> <tr> <td colspan="2" style="text-align: center;"><b>Distribution = <math>\frac{\text{Distribution Rate} \times \text{Face Value} \times \text{N}}{365}</math></b></td> </tr> <tr> <td><b>Distribution Rate</b></td> <td>See Section 2.1.2</td> </tr> <tr> <td><b>Face Value</b></td> <td>Initially \$100 per Note</td> </tr> <tr> <td><b>N</b></td> <td>The number of days in the Distribution Period</td> </tr> <tr> <td><b>Distribution Period</b></td> <td>The period from (but excluding) the Issue Date in the case of the first Distribution Period, or otherwise from (but excluding) each Distribution Payment Date, to (and including) the next Distribution Payment Date</td> </tr> <tr> <td><b>Distribution Payment Date</b></td> <td>See Section 2.1.7</td> </tr> </table> <p>As an example, if the Distribution was fully franked and the Distribution Rate was 2.3951% per annum as calculated in Section 2.1.2, then the cash amount of the Distribution on each Note for the Distribution Period (if the Distribution Period was 90 days) would be calculated as follows:<sup>2,3</sup></p> <table border="1" data-bbox="432 960 1114 1252"> <tr> <td>Distribution Rate</td> <td style="text-align: right;">2.3951% per annum</td> </tr> <tr> <td>Multiplied by the Face Value</td> <td style="text-align: right;">x \$100</td> </tr> <tr> <td>Multiplied by the number of days in the Distribution Period (N)</td> <td style="text-align: right;">x 90</td> </tr> <tr> <td>Divided by</td> <td style="text-align: right;">÷ 365</td> </tr> <tr> <td><b>Cash amount of Distribution</b></td> <td style="text-align: right;"><b>\$0.5906</b></td> </tr> <tr> <td>Franking credits<sup>4</sup> attached to the cash amount of the Distribution</td> <td style="text-align: right;">\$0.2531</td> </tr> </table> <p>It is possible for the 3 month BBSW Rate to become negative. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate.</p> <p>As an example, given the Margin of 3.4000% per annum, if the 3 month BBSW Rate is -1.0000% per annum and assuming that the Distribution will be fully franked, the Distribution Rate for that Distribution Period would be calculated as follows:<sup>5</sup></p> <table border="1" data-bbox="432 1496 1114 1693"> <tr> <td>3 month BBSW Rate</td> <td style="text-align: right;">-1.0000% per annum</td> </tr> <tr> <td>Plus the Margin</td> <td style="text-align: right;">+ 3.4000% per annum</td> </tr> <tr> <td>Equivalent unfranked Distribution Rate</td> <td style="text-align: right;">2.4000% per annum</td> </tr> <tr> <td>Multiplied by (1 - Tax Rate)</td> <td style="text-align: right;">x 0.70</td> </tr> <tr> <td><b>Distribution Rate</b></td> <td style="text-align: right;"><b>1.6800% per annum</b></td> </tr> </table> <p>However, even if the Distribution Rate was negative because the combination of a negative 3 month BBSW Rate and the Margin produced a negative number, there would be no obligation on Holders to pay Westpac and there would be no distribution in those circumstances.</p>	<b>Distribution = <math>\frac{\text{Distribution Rate} \times \text{Face Value} \times \text{N}}{365}</math></b>		<b>Distribution Rate</b>	See Section 2.1.2	<b>Face Value</b>	Initially \$100 per Note	<b>N</b>	The number of days in the Distribution Period	<b>Distribution Period</b>	The period from (but excluding) the Issue Date in the case of the first Distribution Period, or otherwise from (but excluding) each Distribution Payment Date, to (and including) the next Distribution Payment Date	<b>Distribution Payment Date</b>	See Section 2.1.7	Distribution Rate	2.3951% per annum	Multiplied by the Face Value	x \$100	Multiplied by the number of days in the Distribution Period (N)	x 90	Divided by	÷ 365	<b>Cash amount of Distribution</b>	<b>\$0.5906</b>	Franking credits <sup>4</sup> attached to the cash amount of the Distribution	\$0.2531	3 month BBSW Rate	-1.0000% per annum	Plus the Margin	+ 3.4000% per annum	Equivalent unfranked Distribution Rate	2.4000% per annum	Multiplied by (1 - Tax Rate)	x 0.70	<b>Distribution Rate</b>	<b>1.6800% per annum</b>	<p>Westpac Capital Notes 7 Terms clause 3.1</p>	<p>106 to 107</p>
<b>Distribution = <math>\frac{\text{Distribution Rate} \times \text{Face Value} \times \text{N}}{365}</math></b>																																					
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## Note:

- Distribution Periods will generally have 90-92 days in them. The number of days in the first Distribution Period will be 109 days and is longer than the normal Distribution Period.
- 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 rounded to the nearest one Australian cent (with one half of an Australian cent being rounded up to one Australian cent). The Distribution Rate on which this calculation is based, and the Distribution, are for illustrative purposes only and do not indicate the actual Distribution Rate or Distribution. It is not a guarantee or forecast of the actual Distribution that may be obtained. Past performance is not a reliable indicator of future performance.
- See Section 2.1.6 in relation to the use of franking credits by Holders.
- The calculation of the Distribution Rate will be rounded to four decimal places. The Distribution Rate in this Section 2.1.3 is for illustrative purposes only and does not indicate the actual Distribution Rate. It is not a guarantee or forecast of the actual Distribution Rate that may be achieved. The actual Distribution Rate may be higher or lower than this and may vary each Distribution Period depending on the applicable 3 month BBSW Rate and the Tax Rate.

Topic	Summary	Further information	Page(s)
<b>2.1.4 3 month BBSW Rate</b>	<p>The 3 month BBSW Rate is a key benchmark interest rate for the Australian money market. It is the primary short-term interest rate benchmark used in the financial markets for the pricing and valuation of Australian dollar securities and as a lending reference rate. This rate changes to reflect the supply and demand within the cash and currency markets.</p> <p>The movements in the 3 month BBSW Rate over the last 10 years are set out in the graph in this Section 2.1.4.<sup>6</sup> The rate on 10 November 2020 was 0.0216% per annum.</p> <p style="text-align: center;"><b>3 month BBSW Rate (% per annum)</b></p>  <p>If Westpac determines that a “BBSW Rate Disruption Event” has occurred, Westpac may select an Alternative BBSW Rate and make other related changes to the Westpac Capital Notes 7 Terms (subject, in each case, to APRA’s prior written approval, which may or may not be given).</p> <p>Broadly, a “BBSW Rate Disruption Event” occurs where the 3 month BBSW Rate has been discontinued or is no longer generally accepted in the Australian market for securities such as Westpac Capital Notes 7.</p> <p>Westpac is required to act in good faith and in a commercially reasonable manner in selecting an Alternative BBSW Rate, and may consult with sources of market practice that it considers appropriate, but may otherwise exercise its discretion.</p>	Westpac Capital Notes 7 Terms clause 3.1	106 to 107

Note:

6. This graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual 3 month BBSW Rate. Past levels are not necessarily indicative of future levels. The actual 3 month BBSW Rate for the first and any subsequent Distribution Period may be higher or lower than the rates in the graph in this Section 2.1.4. Source: IRESS.

Topic	Summary	Further information	Page(s)								
<p><b>2.1.5 Franking of Distributions</b></p>	<p>Westpac expects, but does not guarantee, that Distributions will be fully franked.</p> <p>If a Distribution is not fully franked then the amount of the cash Distribution entitlement would be adjusted to compensate for the unfranked amount. The formula for determining the adjusted Distribution is:</p> <table border="1" data-bbox="432 479 1114 824"> <thead> <tr> <th data-bbox="432 479 655 568">Adjusted Distribution =</th> <th data-bbox="655 479 1114 568"> <math display="block">\frac{\text{Distribution}}{1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]}</math> </th> </tr> </thead> <tbody> <tr> <td data-bbox="432 568 655 719"><b>Distribution</b></td> <td data-bbox="655 568 1114 719">The Distribution entitlement on that Distribution Payment Date as calculated under clause 3.1 of the Westpac Capital Notes 7 Terms – see Section 2.1.3</td> </tr> <tr> <td data-bbox="432 719 655 757"><b>Tax Rate</b></td> <td data-bbox="655 719 1114 757">See Section 2.1.2</td> </tr> <tr> <td data-bbox="432 757 655 824"><b>Franking Rate</b></td> <td data-bbox="655 757 1114 824">The percentage of the Distribution that would carry franking credits</td> </tr> </tbody> </table> <p>If there is a change in the Tax Rate, the Distribution Rate will change accordingly. For example, if the Tax Rate decreases, the cash amount of any Distribution that Westpac may pay would increase and the franking credits attached to that Distribution would decrease.</p>	Adjusted Distribution =	$\frac{\text{Distribution}}{1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]}$	<b>Distribution</b>	The Distribution entitlement on that Distribution Payment Date as calculated under clause 3.1 of the Westpac Capital Notes 7 Terms – see Section 2.1.3	<b>Tax Rate</b>	See Section 2.1.2	<b>Franking Rate</b>	The percentage of the Distribution that would carry franking credits	<p>Section 2.1.6</p> <p>Westpac Capital Notes 7 Terms clauses 3.1 and 3.2</p>	<p>22 to 23</p> <p>106 to 107</p>
Adjusted Distribution =	$\frac{\text{Distribution}}{1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]}$										
<b>Distribution</b>	The Distribution entitlement on that Distribution Payment Date as calculated under clause 3.1 of the Westpac Capital Notes 7 Terms – see Section 2.1.3										
<b>Tax Rate</b>	See Section 2.1.2										
<b>Franking Rate</b>	The percentage of the Distribution that would carry franking credits										
<p><b>2.1.6 Franking credits in respect of Distributions</b></p>	<p>It is expected (but not guaranteed) that Holders will receive franking credits in respect of Distributions (other than where a Holder’s lack of entitlement to franking credits is a result of an act by, or circumstance affecting, the Holder). The franking credits represent each Holder’s share of tax paid by Westpac on the profits from which the cash Distribution is paid.</p> <p><b>Impact of franking credits</b></p> <p>If the Distribution is fully franked, the potential value of the franking credits attached to a Distribution at the Distribution Rate of 2.3951% per annum in the example in Section 2.1.2 would be 1.0265% per annum. If that potential value is taken into account in full, the combined value of those franking credits and the cash Distribution would be equivalent to an unfranked Distribution Rate of approximately 3.4216% per annum. However, you should be aware that the potential value of the franking credits does not accrue to you at the same time as you receive the cash Distribution and you may not be able to obtain full value for these depending on your circumstances (see the following information in this Section 2.1.6 for more information).</p> <p><b>Use of franking credits by Holders</b></p> <p>Australian resident Holders may be entitled to use franking credits to offset their tax liability and Australian resident Holders that are individuals or complying superannuation entities may be entitled to a refund of excess franking credits, to the extent that the franking credits exceed their tax liability.</p> <p>You should be aware that your ability to use the franking credits, either as an offset to your tax liability or by claiming a refund after the end of the year of income, will depend on your individual tax position.</p>	<p>Sections 5.1.7 and 6</p>	<p>57 and 74</p>								



Topic	Summary	Further information	Page(s)
<b>2.1.6 Franking credits in respect of Distributions (continued)</b>	Investors should refer to the Australian tax summary in Section 6 and the Class Ruling (when published), and should seek professional advice in relation to their tax position. Investors should also monitor any potential changes to government policy relating to franking credits on an ongoing basis.		
<b>2.1.7 Distribution Payment Dates</b>	<p>Distributions are payable quarterly in arrear on the Distribution Payment Dates, subject to satisfaction of the Distribution Payment Conditions.</p> <p>The Distribution Payment Dates are:</p> <ul style="list-style-type: none"> <li>• 22 March, 22 June, 22 September and 22 December of each year commencing on 22 March 2021, until the Notes are Converted at their full Face Value (or terminated following a failure to Convert) or Redeemed; and</li> <li>• the Conversion Date (other than a Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date), Redemption Date or Transfer Date, if those dates are not 22 March, 22 June, 22 September and 22 December.</li> </ul> <p>If a Distribution Payment Date is not a Business Day, then the Distribution will be paid on the next Business Day (without any interest in respect of the delay).</p> <p>The first Distribution Period runs from (but excludes) the Issue Date to (and includes) 22 March 2021. Thereafter, each Distribution Period runs from (but excludes) the previous Distribution Payment Date to (and includes) the next Distribution Payment Date. You should note that the first Distribution Period is a longer period of 109 days and other Distribution Periods will otherwise generally be 90 to 92 days.</p> <p>The Distribution Rate for the first Distribution Period will be determined on the Issue Date.</p> <p>After the first Distribution Period, the Distribution Rate will be determined on the first Business Day of each Distribution Period.</p> <p>Distributions will be paid to persons who are Holders on the Record Date in respect of the Distribution.</p>	Westpac Capital Notes 7 Terms clauses 3.1, 3.5, 3.6 and 11.1(b)	106 to 107 and 117
<b>2.1.8 Method of payment of Distributions</b>	Distributions will be paid in Australian dollars. Westpac will only pay Distributions directly into an Australian dollar account of a financial institution. Westpac reserves the right to vary the way in which any Distribution is paid in accordance with the Westpac Capital Notes 7 Terms (provided that Distributions are always paid in cash).	Section 8.5.1 Westpac Capital Notes 7 Terms clause 11	91 to 92 117
<b>2.1.9 Distribution Payment Conditions</b>	<p>Distributions are only payable subject to satisfaction of the Distribution Payment Conditions, being:</p> <ul style="list-style-type: none"> <li>• Westpac's absolute discretion;</li> <li>• the payment of the Distribution not resulting in a breach of Westpac's capital requirements (on a Level 1 basis) or of the Westpac Group's capital requirements (on a Level 2 basis) under the then current Prudential Standards at the time of the payment;</li> <li>• the payment of the Distribution not resulting in Westpac becoming, or being likely to become, insolvent; and</li> <li>• APRA not otherwise objecting to the payment.</li> </ul> <p>Distributions will also be subject to the Corporations Act and any other law regulating the payment of Distributions.</p>	Section 5.1.1 Westpac Capital Notes 7 Terms clause 3.3	55 107

Topic	Summary	Further information	Page(s)
<b>2.1.10 Consequence if a Distribution is not paid in full</b>	<p>Payments of Distributions are within the absolute discretion of Westpac and are non-cumulative. If a Distribution is not paid in full because the Distribution Payment Conditions are not satisfied or because of any other reason, Holders will not be entitled to receive the unpaid portion of that Distribution. No interest accrues on any unpaid Distributions and Westpac has no liability to the Holder and the Holder has no claim in respect of such non-payment. Non-payment of a Distribution will not be an event of default<sup>7</sup> and Holders have no right to apply for a Winding Up on the grounds of Westpac's failure to pay a Distribution.</p>	Westpac Capital Notes 7 Terms clause 3.4	107
<b>2.1.11 Dividend and capital restrictions may apply to Westpac if a Distribution is not paid</b>	<p>If for any reason a Distribution has not been paid in full for a relevant Distribution Payment Date, then until a Distribution is paid in full on a subsequent Distribution Payment Date (or all Notes are Converted at their full Face Value, Redeemed or terminated following a failure to Convert) Westpac must not:</p> <ul style="list-style-type: none"> <li>determine or pay any Dividends on its Ordinary Shares; or</li> <li>undertake any discretionary Buy Back or Capital Reduction,</li> </ul> <p>unless the amount of the unpaid Distribution is paid in full within 20 Business Days of the relevant Distribution Payment Date (and in certain other limited circumstances). These restrictions would not apply where the reason a Distribution was not paid was because the Distribution Rate was zero or negative (see Section 2.1.3).</p>	Westpac Capital Notes 7 Terms clauses 3.7 and 3.8	107 to 108

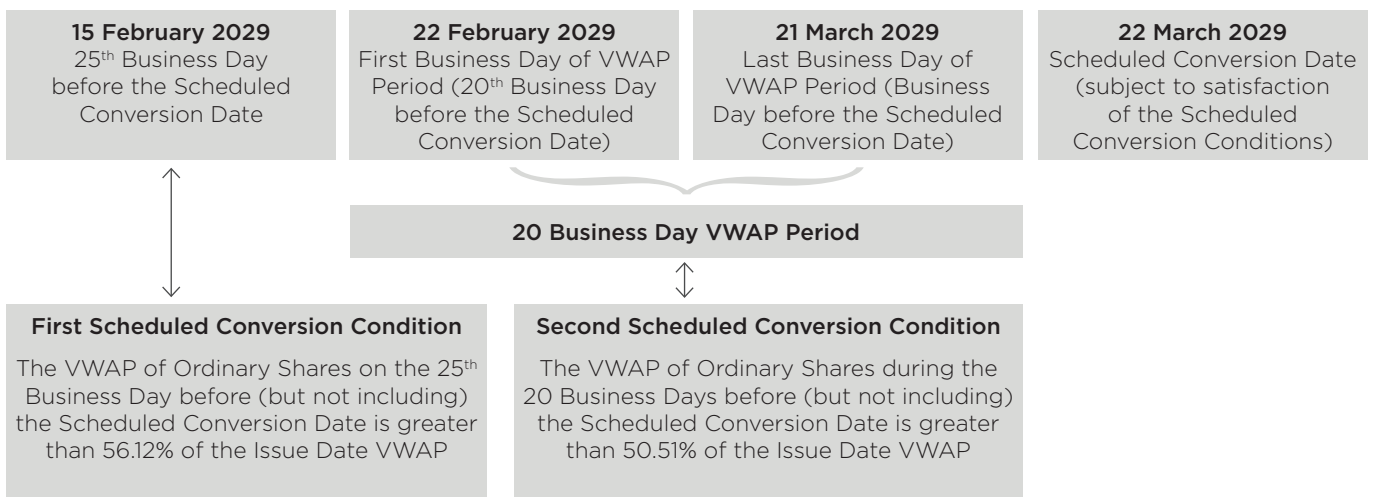
## 2.2 Conversion on the Scheduled Conversion Date

Topic	Summary	Further information	Page(s)
<b>2.2.1 Meaning of Conversion</b>	<p>Conversion means the conversion of the Notes into a variable number of Ordinary Shares in accordance with the formula contained in clause 9.1 of the Westpac Capital Notes 7 Terms.</p> <p>On Conversion of a Note on the Scheduled Conversion Date, the Holder's rights in relation to that Note will be immediately and irrevocably terminated and Westpac will apply the Face Value of each Note by way of payment for the subscription for the Ordinary Shares. The Ordinary Shares issued will have the same rights as other Ordinary Shares on issue at the relevant time.</p>	Westpac Capital Notes 7 Terms clause 9.1	113
<b>2.2.2 Scheduled Conversion Date</b>	<p>The Notes do not have a maturity date but have a Scheduled Conversion Date. Conversion is scheduled to occur on the Scheduled Conversion Date, which will be the earlier of:</p> <ul style="list-style-type: none"> <li>22 March 2029; and</li> <li>the first Distribution Payment Date after 22 March 2029, on which the Scheduled Conversion Conditions are satisfied.</li> </ul>	Westpac Capital Notes 7 Terms clause 4.1	108

Note:

7. The Westpac Capital Notes 7 Terms do not include any events of default.

Topic	Summary	Further information	Page(s)
<b>2.2.3 Scheduled Conversion Conditions</b>	<p>The Scheduled Conversion Conditions in relation to a potential Scheduled Conversion Date are satisfied where:</p> <ul style="list-style-type: none"> <li>• <b>First Scheduled Conversion Condition:</b> the VWAP of Ordinary Shares on the 25<sup>th</sup> Business Day before (but not including) the Scheduled Conversion Date is greater than 56.12% of the Issue Date VWAP; and</li> <li>• <b>Second Scheduled Conversion Condition:</b> the VWAP of Ordinary Shares during the 20 Business Days before (but not including) the Scheduled Conversion Date is greater than 50.51% of the Issue Date VWAP.</li> <li>• The percentages used in the Scheduled Conversion Conditions are derived from market precedents and the cap on the number of Ordinary Shares that are permitted to be issued under applicable Prudential Standards and ratings guidance.</li> <li>• The diagram in this Section 2.2.3 illustrates the timeframes that are relevant for the Scheduled Conversion Conditions using the date 22 March 2029 as a potential Scheduled Conversion Date. These dates are indicative only and may change.</li> </ul>	Westpac Capital Notes 7 Terms clause 4.2	108



Topic	Summary	Further information	Page(s)
<b>2.2.4 Purpose of the Scheduled Conversion Conditions</b>	<p>It is intended that upon a Scheduled Conversion, Holders should receive Ordinary Shares worth approximately \$101.01 per Note (based on the Initial Face Value of \$100 per Note and the VWAP of Ordinary Shares during the 20 Business Days before the Scheduled Conversion Date, with the benefit of a 1% discount)<sup>8</sup>.</p> <p>There is a cap on the number of Ordinary Shares (Maximum Conversion Number) that Holders can be issued upon Scheduled Conversion of the Notes, due to Prudential Standards and ratings guidance. The Maximum Conversion Number in the case of Scheduled Conversion is set by dividing the Face Value (initially \$100 per Note) by 50% of the Issue Date VWAP.</p> <p>If the price of Ordinary Shares were to fall significantly and there were no Scheduled Conversion Conditions, the number of Ordinary Shares that you would receive might be limited by the Maximum Conversion Number. In that case, the value of those Ordinary Shares would be likely to be less than \$101.01 per Note. In order to give Holders some protection against receiving Ordinary Shares worth less than approximately \$101.01 per Note, the Scheduled Conversion Conditions operate, so that where the VWAP of Ordinary Shares has fallen to or is less than the specified percentage of the Issue Date VWAP (see Section 2.2.3), Scheduled Conversion is deferred. However, there can be no guarantee that the Conversion Conditions will be satisfied in the future.</p>	Westpac Capital Notes 7 Terms clauses 4.2 and 9	108 and 113 to 116
<b>2.2.5 Consequences if the Scheduled Conversion Conditions are not satisfied</b>	<p>If the Scheduled Conversion Conditions are not satisfied on 22 March 2029, Conversion will not occur until the next Distribution Payment Date on which the Scheduled Conversion Conditions are satisfied, if ever.</p>	Westpac Capital Notes 7 Terms clauses 4.1 and 4.2	108
<b>2.2.6 VWAP and Issue Date VWAP</b>	<p>In general terms, VWAP refers to the average of the daily volume weighted average sales prices of Ordinary Shares sold on ASX and Chi-X during the relevant period.</p> <p>The Issue Date VWAP means the VWAP of Ordinary Shares during the 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date (as adjusted in accordance with the Westpac Capital Notes 7 Terms).</p> <p>The satisfaction of the Scheduled Conversion Conditions on a potential Scheduled Conversion Date will depend on the price of Ordinary Shares. For example<sup>9</sup>, if the Issue Date VWAP is \$18.00, then, for the First Scheduled Conversion Condition and Second Scheduled Conversion Condition to be satisfied:</p> <ul style="list-style-type: none"> <li>• the VWAP for the First Scheduled Conversion Condition would need to be at least \$10.11 (which is greater than 56.12% of the Issue Date VWAP); and</li> <li>• the VWAP for the Second Scheduled Conversion Condition would need to be at least \$9.10 (which is greater than 50.51% of the Issue Date VWAP).</li> </ul>	Westpac Capital Notes 7 Terms clauses 4.2, 9.1 to 9.8 and 16.2 (definition of "Issue Date VWAP" and "VWAP")	108, 113 to 114, 122 and 124

## Note:

8. However, if the market price of Ordinary Shares on the Scheduled Conversion Date is different to the price used to calculate the number of Ordinary Shares to be issued on Conversion, the value of Ordinary Shares resulting from the Conversion of one Note may be worth more or less than \$101.01. The value of Ordinary Shares Holders receive could also be less than this amount if the Face Value has previously been reduced (following a Capital Trigger Event or Non-Viability Trigger Event – see Section 2.5 for more information). If the Scheduled Conversion Conditions are not met, the Notes will not Convert on the Scheduled Conversion Date and the Scheduled Conversion Conditions will be re-tested on the next possible Scheduled Conversion Date. The Notes may remain on issue indefinitely.
9. This example is for illustrative purposes only and does not indicate whether or not the Scheduled Conversion Conditions will actually be satisfied in respect of a potential Scheduled Conversion Date.

Topic	Summary	Further information	Page(s)																
2.2.7 How many Ordinary Shares will I receive if the Westpac Capital Notes 7 are Converted?	<p>Upon Conversion, Holders will receive for each Note they hold a variable number of Ordinary Shares calculated using the following formula:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;"><b>Face Value</b></th> </tr> <tr> <th colspan="2" style="text-align: center;"><b>0.99 x VWAP</b></th> </tr> </thead> <tbody> <tr> <td style="text-align: right;"><b>Face Value</b></td> <td>Initially \$100 per Note</td> </tr> <tr> <td style="text-align: right;"><b>VWAP</b></td> <td>The VWAP during the VWAP Period</td> </tr> <tr> <td style="text-align: right;"><b>VWAP Period</b></td> <td>In the case of a Scheduled Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date</td> </tr> </tbody> </table> <p>For example, assuming the VWAP is \$18.00, the number of Ordinary Shares that Holders will receive for each Note on the Scheduled Conversion Date would be calculated as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tbody> <tr> <td style="text-align: right;">Face Value</td> <td style="text-align: right;">\$100.00</td> </tr> <tr> <td style="text-align: right;">Divide by 0.99 x VWAP</td> <td style="text-align: right; border-top: 1px solid black;">\$17.82</td> </tr> <tr> <td style="text-align: right;"><b>Ordinary Shares per Note</b></td> <td style="text-align: right;"><b>5.6117</b></td> </tr> </tbody> </table> <p>Assuming the price of the Ordinary Shares on the Scheduled Conversion Date is also \$18.00, the aggregate value of the Ordinary Shares would be approximately \$101.01 (calculated by multiplying 5.6117 Ordinary Shares by the Ordinary Share price of \$18.00).</p> <p>Please be aware, the example in this Section 2.2.7 is for illustrative purposes only. The actual VWAP and number of Ordinary Shares that Holders may receive on Conversion on the Scheduled Conversion Date may be higher or lower than in this example. In addition, 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 be disregarded. This has not been considered in the example in this Section 2.2.7.</p>	<b>Face Value</b>		<b>0.99 x VWAP</b>		<b>Face Value</b>	Initially \$100 per Note	<b>VWAP</b>	The VWAP during the VWAP Period	<b>VWAP Period</b>	In the case of a Scheduled Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date	Face Value	\$100.00	Divide by 0.99 x VWAP	\$17.82	<b>Ordinary Shares per Note</b>	<b>5.6117</b>	Westpac Capital Notes 7 Terms clause 9.1	113
<b>Face Value</b>																			
<b>0.99 x VWAP</b>																			
<b>Face Value</b>	Initially \$100 per Note																		
<b>VWAP</b>	The VWAP during the VWAP Period																		
<b>VWAP Period</b>	In the case of a Scheduled Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date																		
Face Value	\$100.00																		
Divide by 0.99 x VWAP	\$17.82																		
<b>Ordinary Shares per Note</b>	<b>5.6117</b>																		
2.2.8 What if I do not wish to receive Ordinary Shares or if I am prohibited or restricted from receiving Ordinary Shares?	<p>If you do not wish to receive Ordinary Shares, you can notify Westpac of this at any time but no less than 15 Business Days prior to the Conversion Date. If Conversion occurs and you have notified Westpac that you do not wish to receive Ordinary Shares, or if you are an Ineligible Holder<sup>10</sup>, then Westpac will issue the relevant number of Ordinary Shares to the Sale Agent who will hold the Ordinary Shares on trust for sale for your benefit<sup>11</sup>. At the first reasonable opportunity, the Sale Agent will arrange for the sale of the Ordinary Shares on your behalf and pay the proceeds less selling costs, brokerage, stamp duty and other taxes and charges, to you. No guarantee is given in relation to the timing or price at which any sale will occur or whether a sale can be achieved.</p>	Westpac Capital Notes 7 Terms clause 9.10	115																

Note:

10. Westpac will treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Conversion Date.
11. If Conversion is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event and the Conversion is not effective and Ordinary Shares are not issued for any reason to the Sale Agent by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), then: (i) those Notes will not be Converted in respect of such Capital Trigger Event or Non-Viability Trigger Event (as the case may be) and will not be Converted, Redeemed or Transferred on any subsequent date; and (ii) all rights in relation to those Notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be) and Holders will lose all of the value of their investment in those Notes and they will not receive any compensation or unpaid Distributions.

## 2.3 Optional Redemption and optional Transfer

Topic	Summary	Further information	Page(s)
<b>2.3.1 Westpac's option to Redeem or Transfer the Westpac Capital Notes 7</b>	<p>Westpac may elect to Redeem or Transfer:</p> <ul style="list-style-type: none"> <li>all or some of the Notes on 22 March 2027; or</li> <li>all of the Notes following a Tax Event or Regulatory Event.</li> </ul> <p>Redemption is subject to Westpac receiving APRA's prior written approval. There can be no certainty that APRA will provide its prior written approval.</p>	Westpac Capital Notes 7 Terms clauses 7, 8 and 16.2 (definition of "Tax Event" and "Regulatory Event")	111 to 113, 123 and 124
<b>2.3.2 Tax Event</b>	<p>A Tax Event will occur if Westpac determines, after receiving a supporting opinion of reputable legal counsel or other tax adviser in Australia experienced in such matters, that (as a result of a Change of Law) there is a more than insubstantial risk that:</p> <ul style="list-style-type: none"> <li>Westpac would be exposed to a more than <i>de minimis</i> adverse tax consequence or increased cost in relation to the Notes; or</li> <li>any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act.</li> </ul> <p>A Tax Event will not arise where, at the Issue Date, Westpac expected the event would occur.</p>	Section 2.1.6 and Westpac Capital Notes 7 Terms clause 16.2 (definition of "Tax Event")	22 to 23 and 124
<b>2.3.3 Regulatory Event</b>	<p>Broadly, a Regulatory Event will occur if Westpac determines, after receiving a supporting opinion of reputable legal counsel in Australia experienced in such matters or confirmation from APRA that, as a result of a change of law or regulation after the Issue Date:</p> <ul style="list-style-type: none"> <li>more than <i>de minimis</i> additional requirements would be imposed on the Westpac Group or there would be a more than <i>de minimis</i> negative impact on the Westpac Group in relation to (or in connection with) Notes which Westpac determines to be unacceptable; or</li> <li>Westpac will not be entitled to treat some or all of the Notes as Additional Tier 1 Capital of the Westpac Group.</li> </ul> <p>A Regulatory Event will not arise where, at the Issue Date, Westpac expected the event would occur.</p>	Westpac Capital Notes 7 Terms clause 16.2 (definition of "Regulatory Event")	123
<b>2.3.4 Meaning of Redemption</b>	<p>Redemption means Westpac will pay to Holders the Face Value (initially \$100 per Note) for each Note Redeemed.</p> <ul style="list-style-type: none"> <li>Westpac may only Redeem Notes if it replaces them with capital of the same or better quality (and the replacement is done under conditions that are sustainable for the income capacity of Westpac) or obtains confirmation that APRA is satisfied that Westpac does not have to replace the Notes.</li> </ul> <p>Holders cannot request Redemption of their Notes.</p>	Westpac Capital Notes 7 Terms clauses 7 and 16.2 (definition of "Redemption")	111 to 112 and 123
<b>2.3.5 Meaning of Transfer</b>	<p>Transfer means Westpac will arrange for a Nominated Party to undertake to purchase Notes from Holders for the Face Value. On Transfer, Holders will receive the Face Value (initially \$100 per Note) for each Note from the Nominated Party, paid in cash.</p> <ul style="list-style-type: none"> <li>If the Nominated Party does not pay the Face Value to Holders on 22 March 2027 or on a Transfer Date following a Tax Event or Regulatory Event, the Transfer will not proceed and Holders will continue to hold their Notes.</li> <li>The Nominated Party means one or more third parties selected by Westpac in its absolute discretion, which cannot be a member of the Westpac Group or a related entity (as described in the Prudential Standards) of Westpac.</li> </ul> <p>Holders cannot request a Transfer of Notes.</p>	Westpac Capital Notes 7 Terms clauses 8 and 16.2 (definitions of "Transfer" and "Nominated Party")	112 to 113, 123 and 124

## 2.4 Optional Conversion

Topic	Summary	Further information	Page(s)
2.4.1 When does Westpac have an option to Convert Westpac Capital Notes 7?	<p>Subject to satisfaction of the Optional Conversion Restriction, Westpac may elect to Convert:</p> <ul style="list-style-type: none"> <li>all or some of the Notes on 22 March 2027; or</li> <li>all of the Notes following a Tax Event or Regulatory Event.</li> </ul>	<p>Westpac Capital Notes 7 Terms clauses 6 and 16.2 (definition of "Tax Event" and "Regulatory Event")</p> <p>Sections 2.3.2 and 2.3.3</p>	<p>111, 123 and 124</p> <p>28</p>
2.4.2 Restrictions or conditions on Optional Conversion	<p>There are two types of restrictions or conditions that apply to Optional Conversion:</p> <ol style="list-style-type: none"> <li><b>A restriction that may prevent Westpac from choosing to Convert the Notes (i.e., from sending an Optional Conversion Notice to Holders)</b> <ul style="list-style-type: none"> <li>The <b>Optional Conversion Restriction</b> applies to Optional Conversion such that Westpac may not elect to Convert the Notes if on the second Business Day before the date on which Westpac is to send an Optional Conversion Notice the VWAP of Ordinary Shares is: <ul style="list-style-type: none"> <li>less than or equal to 56.12% of the Issue Date VWAP, where Westpac chooses to Convert the Notes on 22 March 2027; and</li> <li>less than or equal to 22.20% of the Issue Date VWAP, where Westpac chooses to Convert the Notes on an Optional Conversion Date following a Tax Event or Regulatory Event.</li> </ul> </li> </ul> </li> <li><b>A condition that may prevent Westpac from Converting the Notes on the Optional Conversion Date</b> <ul style="list-style-type: none"> <li>Once an Optional Conversion Notice has been sent, Westpac may still be prevented from Converting the Notes by the operation of the <b>Second Scheduled Conversion Condition</b>, which is deemed to apply to Optional Conversion as though the proposed Optional Conversion Date were a Scheduled Conversion Date.</li> <li>The Second Scheduled Conversion Condition otherwise applies as set out in Section 2.2.3, except that in the case of Optional Conversion on an Optional Conversion Date following a Tax Event or Regulatory Event, it applies as if the reference to 50.51% referred to 20.20% of the Issue Date VWAP.</li> </ul> </li> </ol> <p>The percentages used in the restrictions and conditions in this Section 2.4.2 for Optional Conversion are derived from market precedents and the cap on the number of Ordinary Shares that are permitted to be issued under the Prudential Standards and ratings guidance.</p>	<p>Westpac Capital Notes 7 Terms clauses 6.2 and 6.4</p>	<p>111</p>
2.4.3 Number of Ordinary Shares Holders will receive on an Optional Conversion Date	<p>If the Notes are Converted on an Optional Conversion Date, Holders will receive a variable number of Ordinary Shares on the Conversion Date equal to the Conversion Number calculated in the same manner as if Conversion was occurring on the Scheduled Conversion Date (see Section 2.2.7), except that the VWAP Period will be 20 Business Days on which trading in Ordinary Shares took place immediately preceding, but not including, the Optional Conversion Date.</p>	<p>Section 2.2.7</p> <p>Westpac Capital Notes 7 Terms clause 16.2 (definition of "VWAP Period")</p>	<p>27</p> <p>124</p>

Topic	Summary	Further information	Page(s)
<b>2.4.4 Consequences if Conversion does not occur on an Optional Conversion Date</b>	If Westpac chooses to Convert the Notes (and gives an Optional Conversion Notice to Holders) but the Second Scheduled Conversion Condition (applied as described in Section 2.4.2) prevents Conversion from occurring on the Optional Conversion Date, Westpac will notify Holders and the Conversion will be deferred until the first Distribution Payment Date on which the Scheduled Conversion Conditions are satisfied as if that Distribution Payment Date was a Scheduled Conversion Date (the “ <b>Deferred Conversion Date</b> ”). The Scheduled Conversion Conditions apply to Conversion on the Deferred Conversion Date except that in the case of a Tax Event or Regulatory Event, the Second Scheduled Conversion Condition will apply as if it referred to 20.20% of the Issue Date VWAP.	Westpac Capital Notes 7 Terms clause 6.5	111

## 2.5 Automatic Conversion – Capital Trigger Event and Non-Viability Trigger Event

Topic	Summary	Further information	Page(s)
<b>2.5.1 Automatic Conversion of Westpac Capital Notes 7 – Capital Trigger Event and Non-Viability Trigger Event</b>	<p>Westpac must Convert all or some of the Notes following a:</p> <ul style="list-style-type: none"> <li>• <b>Capital Trigger Event;</b> or</li> <li>• <b>Non-Viability Trigger Event.</b></li> </ul> <p>The Scheduled Conversion Conditions do not need to be satisfied following a Capital Trigger Event or Non-Viability Trigger Event.</p> <p>The proportion of Notes that will be Converted in these circumstances will be the number of Notes (or the percentage of the Face Value of the Notes) as is necessary to satisfy APRA that Westpac will no longer be non-viable (in the case of a Non-Viability Trigger Event) or be dependent on restoration of Westpac’s Common Equity Tier 1 Capital Ratio to above 5.125% (either or both on a Level 1 or Level 2 basis, as the case may be) (in the case of a Capital Trigger Event). Where a Non-Viability Trigger Event occurs because APRA has determined that without a public sector injection of capital, or equivalent support, Westpac would become non-viable, all Notes must be Converted at their full Face Value.</p> <p>If Conversion does not occur for any reason following a Capital Trigger Event or Non-Viability Trigger Event and Ordinary Shares are not issued for any reason by 5.00pm (Sydney time) on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), then:</p> <ul style="list-style-type: none"> <li>• those Notes will not be Converted in respect of such Capital Trigger Event or Non-Viability Trigger Event (as the case may be) and will not be Converted, Redeemed or Transferred on any subsequent date; and</li> <li>• the Holder’s rights in relation to those Notes will be immediately and irrevocably terminated on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), and Holders will lose all of the value of their investment in those Notes and they will not receive any compensation or unpaid Distributions.</li> </ul>	Westpac Capital Notes 7 Terms clauses 5.2 to 5.8	108 to 110



Topic	Summary	Further information	Page(s)																														
<b>2.5.1 Automatic Conversion of Westpac Capital Notes 7 – Capital Trigger Event and Non-Viability Trigger Event (continued)</b>	<p>If Westpac is required to Convert some of the Notes following a Capital Trigger Event or Non-Viability Trigger Event, Westpac must treat Holders on an approximate pro-rata basis among themselves and other holders of Relevant Securities or in a manner that is otherwise, in the opinion of Westpac, fair and reasonable. This is subject to such adjustments as Westpac may determine to take into account the effect on marketable parcels of Notes and the need to round to whole numbers of Ordinary Shares and the face value of any Notes or other Relevant Securities remaining on issue and the need to effect the conversion, write-off or write-down immediately, provided that such determination does not impede the immediate Conversion of the relevant number of Notes.</p>																																
<b>2.5.2 Capital Trigger Event</b>	<p>A Capital Trigger Event will occur when Westpac determines, or APRA notifies Westpac in writing that it believes, Westpac's Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% on either or both a Level 1 or Level 2 basis.</p> <p>Upon a Capital Trigger Event occurring, Westpac must Convert (or otherwise, if Conversion does not occur for any reason and Ordinary Shares are not issued for any reason by 5.00pm (Sydney time) on the fifth Business Day after the Capital Trigger Event Conversion Date, terminate the rights attaching to), that number of the Notes (or such percentage of the Face Value of the Notes) as is sufficient (taking into consideration any conversion, write-off or write down of other Relevant Securities) to return either or both the Westpac Level 1 Common Equity Tier 1 Capital Ratio or Westpac Level 2 Common Equity Tier 1 Capital Ratio (as the case may be) to above 5.125%.</p> <p>Westpac's Common Equity Tier 1 Capital Ratio on a Level 2 basis of 11.1% as at 30 September 2020 equates to a surplus of \$26.3 billion of Common Equity Tier 1 Capital above the Capital Trigger Event level of 5.125%. Westpac's Common Equity Tier 1 Capital Ratio on a Level 1 basis of 11.4% as at 30 September 2020 equates to a surplus of \$27.2 billion of Common Equity Tier 1 Capital above the Capital Trigger Event level of 5.125%.</p> <p>See Sections 4.2.4 to 4.2.5 for more information about Westpac's Common Equity Tier 1 Capital Ratio.</p> <p>The graph in this Section 2.5.2 illustrates the historical Common Equity Tier 1 Capital Ratio of Westpac on a Level 1 and Level 2 basis.</p> <p style="text-align: center;"><b>Westpac's Common Equity Tier 1 Capital Ratio (Level 1 and Level 2 basis) (%)</b></p> <table border="1"> <caption>Westpac's Common Equity Tier 1 Capital Ratio (Level 1 and Level 2 basis) (%)</caption> <thead> <tr> <th>Period</th> <th>CET 1 ratio - Level 1 (%)</th> <th>CET1 ratio - Level 2 (%)</th> </tr> </thead> <tbody> <tr> <td>Sep-16</td> <td>9.7%</td> <td>9.5%</td> </tr> <tr> <td>Mar-17</td> <td>10.2%</td> <td>10.0%</td> </tr> <tr> <td>Sep-17</td> <td>10.4%</td> <td>10.6%</td> </tr> <tr> <td>Mar-18</td> <td>10.4%</td> <td>10.5%</td> </tr> <tr> <td>Sep-18</td> <td>10.5%</td> <td>10.6%</td> </tr> <tr> <td>Mar-19</td> <td>10.7%</td> <td>10.6%</td> </tr> <tr> <td>Sep-19</td> <td>11.0%</td> <td>10.7%</td> </tr> <tr> <td>Mar-20</td> <td>11.1%</td> <td>10.8%</td> </tr> <tr> <td>Sep-20</td> <td>11.4%</td> <td>11.1%</td> </tr> </tbody> </table> <p>The graph in this Section 2.5.2 is for illustrative purposes only and does not indicate, guarantee or forecast Westpac's Common Equity Tier 1 Capital Ratio. The ratio may be higher or lower and may be affected by regulatory change, changes in the level of capital, changes in RWA calculations, and/or unexpected events affecting Westpac's business, operations and financial condition.</p>	Period	CET 1 ratio - Level 1 (%)	CET1 ratio - Level 2 (%)	Sep-16	9.7%	9.5%	Mar-17	10.2%	10.0%	Sep-17	10.4%	10.6%	Mar-18	10.4%	10.5%	Sep-18	10.5%	10.6%	Mar-19	10.7%	10.6%	Sep-19	11.0%	10.7%	Mar-20	11.1%	10.8%	Sep-20	11.4%	11.1%	<p>Sections 4.1.5, 4.2.4 and 4.2.5</p> <p>Westpac Capital Notes 7 Terms clauses 5.1, 5.2, 5.7, 5.8 and 9.1</p>	<p>49, 51 to 52</p> <p>108 to 109, 110 and 113</p>
Period	CET 1 ratio - Level 1 (%)	CET1 ratio - Level 2 (%)																															
Sep-16	9.7%	9.5%																															
Mar-17	10.2%	10.0%																															
Sep-17	10.4%	10.6%																															
Mar-18	10.4%	10.5%																															
Sep-18	10.5%	10.6%																															
Mar-19	10.7%	10.6%																															
Sep-19	11.0%	10.7%																															
Mar-20	11.1%	10.8%																															
Sep-20	11.4%	11.1%																															

Topic	Summary	Further information	Page(s)
<b>2.5.3 Non-Viability Trigger Event</b>	<p>A Non-Viability Trigger Event will occur when APRA notifies Westpac in writing that it believes Conversion of the Notes (or conversion, write-off or write down of other capital instruments of the Westpac Group) or a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable.</p> <p>Upon a Non-Viability Trigger Event occurring, Westpac must Convert (or otherwise, if Conversion does not occur for any reason and Ordinary Shares are not issued for any reason by 5.00pm (Sydney time) on the fifth Business Day after the Non-Viability Trigger Event Conversion Date, terminate the rights attaching to), that number of the Notes (or such percentage of the Face Value of the Notes) as is necessary (when added to the amount of any other Relevant Securities converted, written-off or written down) to satisfy APRA that Westpac will no longer be non-viable. Where a Non-Viability Trigger Event occurs because APRA has determined that without a public sector injection of capital, or equivalent support, Westpac would become non-viable, all Notes must be Converted at their full Face Value.</p> <p>Whether a Non-Viability Trigger Event will occur is at the discretion of APRA. APRA has not provided specific guidance on when it will consider an entity to be non-viable and there are currently no Australian precedents for this. However, APRA has indicated that non-viability is likely to arise prior to insolvency. Non-viability could be expected to include situations in which an entity is suffering from significant financial stress or cannot raise money in the public or private market.</p>	<p>Westpac Capital Notes 7 Terms clauses 5.3, 5.4, 5.7, 5.8 and 9.1</p>	<p>109, 110 and 113</p>
<b>2.5.4 How many Ordinary Shares will I receive on Conversion following a Capital Trigger Event or Non-Viability Trigger Event?</b>	<p>If Notes are Converted following a Capital Trigger Event or Non-Viability Trigger Event then in respect of each Note that is Converted, Holders will receive a number of Ordinary Shares equal to the lower of:</p> <ul style="list-style-type: none"> <li>• the Maximum Conversion Number (which, applied on a Conversion of this kind, is based on an Ordinary Share price that reflects 20% of the Ordinary Share price at the time of issue of the Notes); and</li> <li>• the Conversion Number calculated in the same manner as if Conversion was occurring on the Scheduled Conversion Date (see Section 2.2.7) except that the VWAP Period will be the 5 Business Days in which trading of Ordinary Shares took place immediately preceding, but not including, the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date, as applicable.</li> </ul> <p>In addition, the Conversion of Notes into Ordinary Shares on a Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date is not subject to the Scheduled Conversion Conditions being satisfied. This means that, due to the application of the Maximum Conversion Number, depending on the market price of Ordinary Shares at the time, Holders may (in the case of a Capital Trigger Event) and are likely to (in the case of a Non-Viability Trigger Event) receive significantly less than approximately \$101.01 per Note (based on the Initial Face Value of \$100 per Note). If Holders receive Ordinary Shares worth less than the Face Value of the Notes, they will suffer loss as a consequence. The value received may be nothing if Conversion does not occur for any reason and Ordinary Shares are not issued for any reason by 5.00pm (Sydney time) on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be).</p>	<p>Westpac Capital Notes 7 Terms clauses 5.5, 5.7, 9.1 and 16.2 (definition of "VWAP Period")</p>	<p>110, 113, 124</p>

Topic	Summary	Further information	Page(s)												
<p><b>2.5.5 Is there a limit on the number of Ordinary Shares I will receive on Conversion following a Capital Trigger Event or Non-Viability Trigger Event?</b></p>	<p>Yes. The Maximum Conversion Number is used to limit the number of Ordinary Shares to be issued on Conversion following a Capital Trigger Event or Non-Viability Trigger Event.</p> <p>The example in this Section 2.5.5 illustrates how many Ordinary Shares may be issued for each Note on Conversion following a Capital Trigger Event or Non-Viability Trigger Event, assuming a VWAP of \$3.00 and an Issue Date VWAP of \$18.00. This example is for illustrative purposes only. The actual VWAP, Issue Date VWAP and Maximum Conversion Number may be higher or lower than provided in this example, and may be adjusted in certain circumstances as outlined in the Westpac Capital Notes 7 Terms.</p> <p><b>Step 1 - Calculate the Conversion Number of Ordinary Shares for each Note</b></p> <table border="1" data-bbox="432 719 1118 842"> <tr> <td>Face Value</td> <td style="text-align: right;">\$100.00</td> </tr> <tr> <td>Divide by 0.99 x VWAP</td> <td style="text-align: right;">\$2.97</td> </tr> <tr> <td><b>Ordinary Shares per Note</b></td> <td style="text-align: right;"><b>33.6700</b></td> </tr> </table> <p><b>Step 2 - Calculate the Maximum Conversion Number for each Note applicable to Conversion in the case of a Capital Trigger Event or Non-Viability Trigger Event</b></p> <table border="1" data-bbox="432 954 1118 1077"> <tr> <td>Face Value</td> <td style="text-align: right;">\$100.00</td> </tr> <tr> <td>Divide by 0.20 x Issue Date VWAP</td> <td style="text-align: right;">\$3.60</td> </tr> <tr> <td><b>Ordinary Shares per Note</b></td> <td style="text-align: right;"><b>27.7778</b></td> </tr> </table> <p><b>Step 3 - Assess the effect of the Maximum Conversion Number</b></p> <p>In this example, the Maximum Conversion Number is lower than the Conversion Number of Ordinary Shares for each Note. As a result, the number of Ordinary Shares a Holder would receive for each Note would be limited to the Maximum Conversion Number of Ordinary Shares for each Note. For example, a Holder of a single Note would receive 27 Ordinary Shares on Conversion in the case of a Capital Trigger Event or Non-Viability Trigger Event (as a fraction of an Ordinary Share to be allotted in respect of a Holder's aggregate holding of Notes will be disregarded). If those Ordinary Shares were sold on the ASX at the same price as the VWAP (being \$3.00), the Holder would receive \$81.00, thereby suffering a loss of \$19.00 on their investment of \$100.00 on the Initial Face Value of the Note.</p> <p>The Maximum Conversion Number will be announced by Westpac to the ASX at the time of issue of the Notes.</p> <p>The Maximum Conversion Number may be adjusted up or down to reflect transactions affecting the capital of Westpac (including bonus issues, share splits, consolidations or other similar transactions not involving any cash payment (or the giving of any other form of consideration) to or by holders of Ordinary Shares) as set out in the Westpac Capital Notes 7 Terms. The Maximum Conversion Number will not be adjusted to reflect other transactions which may affect the price of Ordinary Shares, including, for example, rights issues, returns of capital, buy-backs or special dividends.</p>	Face Value	\$100.00	Divide by 0.99 x VWAP	\$2.97	<b>Ordinary Shares per Note</b>	<b>33.6700</b>	Face Value	\$100.00	Divide by 0.20 x Issue Date VWAP	\$3.60	<b>Ordinary Shares per Note</b>	<b>27.7778</b>	<p>Westpac Capital Notes 7 Terms clauses 9.1 to 9.8</p>	<p>113 to 114</p>
Face Value	\$100.00														
Divide by 0.99 x VWAP	\$2.97														
<b>Ordinary Shares per Note</b>	<b>33.6700</b>														
Face Value	\$100.00														
Divide by 0.20 x Issue Date VWAP	\$3.60														
<b>Ordinary Shares per Note</b>	<b>27.7778</b>														

Topic	Summary	Further information	Page(s)
<b>2.5.6 What happens if Westpac does not issue Ordinary Shares for any reason following a Capital Trigger Event or Non-Viability Trigger Event?</b>	<p>If for any reason Conversion of Notes does not occur (including, for example, due to applicable law, order of a court or action of any government authority, including regarding the insolvency, Winding Up or other external administration of Westpac, as a result of Westpac's inability or failure to comply with its obligations under the terms and conditions of the Notes in relation to Conversion, or as a result of operational delays) and the Ordinary Shares are not issued for any reason by 5.00pm (Sydney time) on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), then:</p> <ul style="list-style-type: none"> <li>those Notes will not be Converted in respect of such Capital Trigger Event or Non-Viability Trigger Event (as the case may be) and will not be Converted, Redeemed or Transferred on any subsequent date; and</li> <li>all rights in relation to those Notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), and Holders will lose all of the value of their investment in those Notes and they will not receive any compensation or unpaid Distributions.</li> </ul>	Westpac Capital Notes 7 Terms clause 5.8	110

## 2.6 Automatic Conversion - Acquisition Event

Topic	Summary	Further information	Page(s)
<b>2.6.1 Automatic Conversion of Westpac Capital Notes 7 - Acquisition Event</b>	Westpac must Convert all of the Notes following an <b>Acquisition Event</b> subject to a modified application of the Second Scheduled Conversion Condition (see Section 2.6.3).	Westpac Capital Notes 7 Terms clause 5.9	110
<b>2.6.2 Acquisition Event</b>	<p>An Acquisition Event will occur where:</p> <ul style="list-style-type: none"> <li>a takeover bid is made for Ordinary Shares and certain conditions are satisfied; or</li> <li>a scheme of arrangement is proposed and approved and certain conditions are satisfied.</li> </ul> <p>However, an Acquisition Event will not have occurred where Westpac is replaced as the ultimate holding company of the Westpac Group by an Approved Successor in accordance with the Westpac Capital Notes 7 Terms.</p>	Westpac Capital Notes 7 Terms clause 16.2 (definition of "Acquisition Event")	120 to 121
<b>2.6.3 Conditions on Conversion following an Acquisition Event</b>	The Second Scheduled Conversion Condition will apply in a modified form following an Acquisition Event such that Conversion will not occur unless the VWAP of Ordinary Shares during the 20 Business Days <sup>12</sup> before (but not including) the Acquisition Event Conversion Date is greater than 20.20% of the Issue Date VWAP.	Westpac Capital Notes 7 Terms clauses 4.2(a) (ii) and 5.9(b)	108 and 110

Note:

12. If trading in Ordinary Shares after an Acquisition Event occurs for less than 20 Business Days, the VWAP Period will be the number of Business Days after the occurrence of the Acquisition Event on which trading in Ordinary Shares takes place, immediately preceding, but not including, the Business Day before the Acquisition Event Conversion Date.

Topic	Summary	Further information	Page(s)
<b>2.6.4 How many Ordinary Shares will I receive on Conversion following an Acquisition Event?</b>	<p>If Notes are Converted following an Acquisition Event, Holders will receive a variable number of Ordinary Shares on the Conversion Date equal to the Conversion Number calculated in the same manner as if Conversion was occurring on the Scheduled Conversion Date (see Section 2.2.7), subject to the following adjustments:</p> <ul style="list-style-type: none"> <li>the VWAP Period will be the 20 Business Days<sup>13</sup> on which trading in Ordinary Shares took place immediately preceding, but not including, the Acquisition Event Conversion Date;</li> <li>the First Scheduled Conversion Condition will not apply; and</li> <li>the Second Scheduled Conversion Condition will be applied as if the reference to 50.51% were a reference to 20.20%.</li> </ul>	<p>Section 2.2.7</p> <p>Westpac Capital Notes 7 Terms clauses 5.9(b), 9.1 and 16.2 (definition of "VWAP Period")</p>	<p>27</p> <p>110, 113 and 124</p>

## 2.7 Ranking of the Westpac Capital Notes 7 in a Winding Up

Topic	Summary	Further information	Page(s)
<b>2.7.1 Ranking of Westpac Capital Notes 7 in a Winding Up</b>	<p>In the event of a Winding Up (and assuming the Notes are still on issue and have not been Redeemed or Converted or otherwise had the rights attaching to them terminated following a Capital Trigger Event or Non-Viability Trigger Event), the right of Holders to receive a return of capital will rank ahead of Ordinary Shares, equally among themselves and with Equal Ranking Capital Securities, but subordinated to Senior Creditors. The ranking of the Notes in a Winding Up will be adversely affected if a Capital Trigger Event or a Non-Viability Trigger Event occurs. It is likely that such an event would occur prior to a Winding Up, requiring the Conversion of Notes. If Conversion has occurred, Holders will hold Ordinary Shares and will rank equally with other holders of Ordinary Shares.</p> <p>However, if for any reason Conversion of Notes following a Capital Trigger Event or Non-Viability Trigger Event does not occur (including, for example, due to applicable law, order of a court or action of any government authority, including regarding the insolvency, Winding Up or other external administration of Westpac, as a result of Westpac's inability or failure to comply with its obligations under the terms and conditions of the Notes in relation to Conversion, or as a result of operational delays) and the Ordinary Shares are not issued for any reason by 5.00pm (Sydney time) on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), then:</p> <ul style="list-style-type: none"> <li>those Notes will not be Converted in respect of such Capital Trigger Event or Non-Viability Trigger Event (as the case may be) and will not be Converted, Redeemed or Transferred on any subsequent date; and</li> <li>all rights in relation to those Notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be).</li> </ul> <p>In these circumstances, Holders will lose all of the value of their investment in those Notes and they will not receive any compensation or unpaid Distributions and those Notes will have no ranking in a Winding Up.</p>	<p>Sections 1.4, 5.1.11, 5.1.12, 5.1.25, and 5.1.26</p> <p>Westpac Capital Notes 7 Terms clauses 2, 5.8, 9.9 and 13.4</p>	<p>10, 59 and 62</p> <p>106, 110, 115 and 118 to 119</p>

Note:

13. If trading in Ordinary Shares after an Acquisition Event occurs for less than 20 Business Days, the VWAP Period will be the number of Business Days after the occurrence of the Acquisition Event on which trading in Ordinary Shares takes place, immediately preceding, but not including, the Business Day before the Acquisition Event Conversion Date.

## 2.8 Other key features of the Westpac Capital Notes 7

Topic	Summary	Further information	Page(s)
<b>2.7.1 Ranking of Westpac Capital Notes 7 in a Winding Up (continued)</b>	<p>For a diagrammatic representation of the way Notes will rank on a Winding Up, see Section 1.4.</p> <p>For the potential effect on the assets of Westpac available to meet the claims of a Holder in a Winding Up where Westpac is replaced by an Approved Successor as the ultimate holding company of the Westpac Group, see Section 5.1.26.</p>		
<b>2.8.1 Approved Successor</b>	<p>Where Westpac is replaced as the ultimate holding company of the Westpac Group by an Approved Successor and certain other conditions are satisfied, Conversion of the Notes will not be triggered but Westpac may instead be allowed to make amendments (provided APRA's prior written approval is obtained) to substitute the Approved Successor as the debtor of the Notes and the issuer of ordinary shares issued on Conversion and to make certain other amendments to the Westpac Capital Notes 7 Terms. Accordingly, if:</p> <ul style="list-style-type: none"> <li>• Westpac is replaced by an Approved Successor as the ultimate holding company of the Westpac Group; and</li> <li>• a substitution of the Approved Successor as the debtor of the Notes and the issuer of ordinary shares on Conversion is effected under the Westpac Capital Notes 7 Terms,</li> </ul> <p>Holders will be obliged to accept Approved Successor Shares on Conversion, and will not receive Ordinary Shares on Conversion.</p>	Westpac Capital Notes 7 Terms clauses 5.10 and 13.4	111 and 118 to 119
<b>2.8.2 No restriction on future issues of securities by Westpac</b>	Westpac may issue other securities, including further Notes, or other Capital Securities that rank equally with, ahead of or behind the Notes whether in respect of distributions, dividends, return of capital or principal in a Winding Up or otherwise, without the approval of Holders.	Section 5.1.24 Westpac Capital Notes 7 Terms clause 14.2	61 to 62 119
<b>2.8.3 Participation in future issues of securities by Westpac</b>	The Notes do not carry a right for Holders to participate in new issues of Westpac securities.	Westpac Capital Notes 7 Terms clause 14.7	119
<b>2.8.4 No set-off</b>	Neither Westpac nor any Holder is entitled to set-off any amounts due in respect of the Notes against any amount of any nature owed by Westpac to the Holder or by the Holder to Westpac (as applicable).	Westpac Capital Notes 7 Terms clause 14.3	119
<b>2.8.5 Voting rights</b>	<p>Holders have no right to vote at any general meeting of Westpac before Conversion.</p> <p>Holders have certain voting rights which can be exercised at a meeting of Holders, as set out in the Notes Deed Poll.</p> <p>Following Conversion, Holders will become holders of Ordinary Shares and have the voting rights that attach to Ordinary Shares.</p>	Section 7.4.4 Westpac Capital Notes 7 Terms clause 14.7	82 119

Topic	Summary	Further information	Page(s)
2.8.6 Notes Deed Poll	<p>A trustee has not been appointed for the Notes. Instead, a Notes Deed Poll has been made by Westpac in favour of each person who is from time to time a Holder.</p> <p>The Notes Deed Poll contains:</p> <ul style="list-style-type: none"> <li>the agreement of Westpac to observe its obligations as set out in the Westpac Capital Notes 7 Terms;</li> <li>an obligation on Westpac to appoint the Registrar and procure the Registrar to establish and maintain a Westpac Capital Notes 7 Register; and</li> <li>provisions for meetings of Holders.</li> </ul> <p>Holders will be bound by the terms of the Notes Deed Poll, the Westpac Capital Notes 7 Terms and this Prospectus when Notes are Allotted or transferred to them or they purchase Notes.</p> <p>The Registrar will hold the original executed Notes Deed Poll on behalf of Holders. Each Holder can enforce the obligations of Westpac under the Notes Deed Poll and the Westpac Capital Notes 7 Terms independently of the Registrar and each other Holder.</p> <p>An electronic copy of the Notes Deed Poll can be viewed and downloaded from Westpac's website at <a href="http://www.westpac.com.au/westpaccapnotes7">www.westpac.com.au/westpaccapnotes7</a>. The Notes Deed Poll is incorporated by reference into this Prospectus.</p>	See the Notes Deed Poll, available at Westpac's website at <a href="http://www.westpac.com.au/westpaccapnotes7">www.westpac.com.au/westpaccapnotes7</a>	N/A

# Reinvestment Offer for Westpac Capital Notes 3

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## SECTION 3

This Section sets out:

- 3.1 Overview of Westpac Capital Notes 3 and the Reinvestment Offer**
- 3.2 Key details of the Reinvestment Offer**
- 3.3 Options for Westpac Capital Notes 3 holders**
- 3.4 Key differences between Westpac Capital Notes 3 and Westpac Capital Notes 7**
- 3.5 Risks associated with the Reinvestment Offer**
- 3.6 Further information about Westpac Capital Notes 3 and the Reinvestment Offer**

**CAUTION** - Westpac Capital Notes 7 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.



## 3.1 Overview of Westpac Capital Notes 3 and the Reinvestment Offer

Topic	Summary
3.1.1 What are Westpac Capital Notes 3?	Westpac Capital Notes 3 are fully paid, non-cumulative, convertible, transferable, redeemable, subordinated, perpetual, unsecured notes issued by Westpac acting through its London branch. Westpac Capital Notes 3 were issued on 8 September 2015 and trade on ASX under the code "WBCPF".
3.1.2 What is happening to Westpac Capital Notes 3?	<p>On 22 March 2021, Westpac has the option under the Westpac Capital Notes 3 Terms to:</p> <ul style="list-style-type: none"> <li>• arrange for the transfer of all or some Westpac Capital Notes 3 for their face value of \$100 to a nominated third party selected by Westpac; and/or</li> <li>• redeem all or some Westpac Capital Notes 3 for their face value of \$100 (subject to APRA approval, which may or may not be given); and/or</li> <li>• convert all or some Westpac Capital Notes 3 into Ordinary Shares.</li> </ul> <p>Westpac intends to issue a transfer notice to transfer all outstanding Westpac Capital Notes 3 (for \$100 per Westpac Capital Note 3) on 22 March 2021 to the Westpac Capital Notes 3 Nominated Party. The transfer notice will be lodged on the ASX when issued by Westpac.</p>
3.1.3 What is the Reinvestment Offer?	The Reinvestment Offer is an opportunity for Eligible Westpac Capital Notes 3 Holders to apply to reinvest all or some of their Westpac Capital Notes 3 in Westpac Capital Notes 7 (and apply for additional Westpac Capital Notes 7). Any reinvestment in Westpac Capital Notes 7 will occur before the intended transfer of Westpac Capital Notes 3 on 22 March 2021.
3.1.4 What is the difference between Participating Westpac Capital Notes 3 and Non-Participating Westpac Capital Notes 3?	Westpac Capital Notes 3 that are reinvested in Westpac Capital Notes 7 under the Reinvestment Offer are referred to in this Prospectus as <b>Participating Westpac Capital Notes 3</b> . Westpac Capital Notes 3 that are not reinvested in Westpac Capital Notes 7 under the Reinvestment Offer are referred to in this Prospectus as <b>Non-Participating Westpac Capital Notes 3</b> .
3.1.5 What happens to Participating Westpac Capital Notes 3 upon reinvestment?	To facilitate the Reinvestment Offer, Westpac lodged a transfer notice in respect of Participating Westpac Capital Notes 3 only on the ASX on 4 November 2020. In accordance with that transfer notice, any Participating Westpac Capital Notes 3 will be transferred to the Westpac Capital Notes 3 Nominated Party on 4 December 2020 and the transfer proceeds (\$100 per Participating Westpac Capital Note 3) will be automatically applied towards the subscription for Westpac Capital Notes 7. Participating Westpac Capital Notes 3 Holders will be Allocated one Westpac Capital Note 7 for each Participating Westpac Capital Note 3.
3.1.6 What happens to Non-Participating Westpac Capital Notes 3?	<p>Any Non-Participating Westpac Capital Notes 3 will remain on issue following completion of the Reinvestment Offer and will be dealt with in accordance with the Westpac Capital Notes 3 Terms. All rights attaching to the Non-Participating Westpac Capital Notes 3 will continue, including to any distributions determined to be paid.</p> <p>If Non-Participating Westpac Capital Notes 3 are transferred to the Westpac Capital Notes 3 Nominated Party on 22 March 2021 as intended by Westpac (see Section 3.1.2), the transfer proceeds (\$100 per Non-Participating Westpac Capital Note 3) will be paid to Non-Participating Westpac Capital Notes 3 Holders.</p>

## 3.2 Key details of the Reinvestment Offer

Topic	Summary
<b>3.2.1 Who is eligible to participate in the Reinvestment Offer?</b>	To be eligible to participate in the Reinvestment Offer, Westpac Capital Notes 3 holders must be registered holders of Westpac Capital Notes 3 shown on the Register at 7.00pm (Sydney time) on the Reinvestment Offer Record Date, being 28 October 2020 as having an address in Australia.
<b>3.2.2 What will Participating Westpac Capital Notes 3 Holders receive?</b>	Participating Westpac Capital Notes 3 Holders will be Allocated one Westpac Capital Note 7 for each Participating Westpac Capital Note 3 reinvested on 4 December 2020 and will be entitled to the distributions on Westpac Capital Notes 3 set out in Option 1 in Section 3.3.
<b>3.2.3 How do I apply to participate in the Reinvestment Offer?</b>	Please refer to Section 8.2.1 for details of how to apply under the Reinvestment Offer.
<b>3.2.4 Do Applications received under the Reinvestment Offer have priority?</b>	Westpac will give priority to Applications received under the Reinvestment Offer (including Applications made through Syndicate Brokers) when Allocating the Westpac Capital Notes 7. This priority does not apply to Applications for additional Westpac Capital Notes 7 by Eligible Westpac Capital Notes 3 Holders (as further described in Option 1 in Section 3.3).
<b>3.2.5 Can Westpac Capital Notes 3 be sold after an Application under the Reinvestment Offer has been made?</b>	No. Eligible Westpac Capital Notes 3 Holders who apply to participate in the Reinvestment Offer are taken to agree to a holding lock being placed on their Westpac Capital Notes 3 elected for reinvestment, pending completion of the Reinvestment Offer. Once the holding lock has been applied, you will not be able to dispose of or otherwise successfully deal with those Participating Westpac Capital Notes 3.
<b>3.2.6 Is any brokerage or stamp duty payable?</b>	No brokerage or stamp duty is payable on the reinvestment of the transfer proceeds of Participating Westpac Capital Notes 3 under the Reinvestment Offer or an Application for additional Westpac Capital Notes 7.

## 3.3 Options for Westpac Capital Notes 3 holders

Eligible Westpac Capital Notes 3 Holders have two options to consider which are described in the table below.

Participation in the Reinvestment Offer is optional for Eligible Westpac Capital Notes 3 Holders.

Topic	Summary
<b>Option 1 – Reinvest all or some of your Westpac Capital Notes 3 in Notes</b> <b>If you choose not to participate in the Reinvestment Offer or to participate in the Reinvestment Offer only in respect of some of your Westpac Capital Notes 3, please also refer to Option 2 in respect of any Non-Participating Westpac Capital Notes 3</b>	<ul style="list-style-type: none"> <li>Eligible Westpac Capital Notes 3 Holders may apply to participate in the Reinvestment Offer in respect of all or some of their Westpac Capital Notes 3 held on the Reinvestment Offer Record Date. See Section 8.2.1 for details on how to apply.</li> <li>You do not need to submit an Application Payment in respect of Westpac Capital Notes 3 being reinvested as the transfer proceeds (\$100 per Westpac Capital Note 3) will be automatically reinvested in the equivalent number of Westpac Capital Notes 7.</li> <li>If you choose to reinvest all of your Westpac Capital Notes 3, you may also apply for additional Westpac Capital Notes 7. You will need to submit an Application Payment for any additional Westpac Capital Notes 7. See Section 8.2.1 for details on how to apply.</li> <li>You will be paid the First Pro-Rata Westpac Capital Notes 3 Distribution of \$0.5726 on 4 December 2020 for each Participating Westpac Capital Note 3 held on the record date, being 26 November 2020, provided the distribution payment conditions in the Westpac Capital Notes 3 Terms are satisfied. This is the last distribution you will receive on any Participating Westpac Capital Notes 3.</li> <li>If you have elected to participate in the Reinvestment Offer in respect of only some of your Westpac Capital Notes 3, please see Option 2 below in relation to distributions intended to be paid on any Non-Participating Westpac Capital Notes 3.</li> </ul>

Topic	Summary
<b>Option 2 - Do not participate in the Reinvestment Offer</b>	<ul style="list-style-type: none"> <li>If you are a Non-Participating Westpac Capital Notes 3 Holder, no further action is required and you can continue to hold your Non-Participating Westpac Capital Notes 3, which will be dealt with in accordance with the Westpac Capital Notes 3 Terms.</li> <li>Westpac intends to arrange for the transfer of all remaining Westpac Capital Notes 3 to the Westpac Capital Notes 3 Nominated Party on 22 March 2021. If the intended transfer were to occur, you will be paid the transfer proceeds of \$100 per Non-Participating Westpac Capital Note 3 that you still hold on that date.</li> <li>You will be paid the following distributions on Non-Participating Westpac Capital Notes 3: <ul style="list-style-type: none"> <li>the First Pro-Rata Westpac Capital Notes 3 Distribution of \$0.5726 on 4 December 2020 for each Westpac Capital Note 3 held on the record date, being 26 November 2020;</li> <li>the Second Pro-Rata Westpac Capital Notes 3 Distribution on 22 December 2020 for each Westpac Capital Note 3 held on the record date, being 14 December 2020; and</li> <li>the intended Final Westpac Capital Notes 3 Distribution on 22 March 2021 for each Westpac Capital Note 3 held on the record date, being 12 March 2021,</li> </ul> in each case provided that the distribution payment conditions in the Westpac Capital Notes 3 Terms are satisfied.</li> <li>Non-Participating Westpac Capital Notes 3 Holders may choose to sell their Non-Participating Westpac Capital Notes 3 on ASX at the prevailing market price, which may be higher or lower than the transfer proceeds of \$100 (if the intended transfer were to occur). The last day of trading for Westpac Capital Notes 3 is expected to be 12 March 2021. It is also expected that off-market transfers of Westpac Capital Notes 3 will not be accepted after 12 March 2021. You may be required to pay applicable brokerage if you choose to sell Westpac Capital Notes 3 on ASX.</li> </ul>

### 3.4 Key differences between Westpac Capital Notes 7 and Westpac Capital Notes 3

The terms and conditions of Westpac Capital Notes 3 and Westpac Capital Notes 7 are similar. However, there are some key differences between Westpac Capital Notes 3 and the Westpac Capital Notes 7 which you should be aware of before deciding whether to reinvest your Westpac Capital Notes 3 under the Reinvestment Offer.

The following table describes the key features of Westpac Capital Notes 3 and the Westpac Capital Notes 7 and highlights the differences between them. This table is not an exhaustive description of the differences between Westpac Capital Notes 3 and the Westpac Capital Notes 7. If you have any questions about the differences between Westpac Capital Notes 3 and the Westpac Capital Notes 7, you should seek advice from your financial or other professional adviser before deciding to invest in the Westpac Capital Notes 7.

	Westpac Capital Notes 7	Westpac Capital Notes 3
<b>Issuer</b>	Westpac	Westpac, acting through its London branch
<b>Issue price</b>	\$100	
<b>ASX code</b>	WBCPJ	WBCPF
<b>Legal form</b>	Note - unsecured subordinated debt obligation	
<b>Distributions</b>	Discretionary, non-cumulative, floating rate Distributions, payable quarterly in arrear, subject to the satisfaction of the Distribution Payment Conditions	Discretionary, non-cumulative, floating rate distributions, payable quarterly in arrear, subject to the satisfaction of distribution payment conditions
<b>Expected to be fully franked</b>	Yes	
<b>Distribution rate</b>	$(\text{margin} + 3 \text{ month BBSW rate}) \times (1 - \text{tax rate})$	
<b>Margin</b>	Margin of 3.40% per annum	margin of 4.00% per annum

	Westpac Capital Notes 7	Westpac Capital Notes 3
<b>Maturity date</b>	No fixed maturity date but scheduled to Convert into Ordinary Shares on 22 March 2029 (subject to satisfaction of the Scheduled Conversion Conditions)	No fixed maturity date but scheduled to convert into Ordinary Shares on 22 March 2023 (subject to satisfaction of scheduled conversion conditions)
<b>Redemption at the issuer's option (subject to APRA's prior written approval)</b>	Yes, on 22 March 2027, and in certain specified circumstances (as described in Section 2.3)	Yes, on 22 March 2021 and in certain specified circumstances
<b>Transfer to a nominated party at the issuer's option</b>	Yes, on 22 March 2027, and in certain specified circumstances (see Section 2.3)	Yes, in respect of Participating Westpac Capital Notes 3 on 4 December 2020 or in respect of Non-Participating Westpac Capital Notes 3 on 22 March 2021
<b>Potential conversion to Ordinary Shares (other than on a Capital Trigger Event or Non-Viability Trigger Event)</b>	Yes, Scheduled Conversion on 22 March 2029, (as described in Section 2.2), Optional Conversion (as described in Section 2.4) or following an Acquisition Event (as described in Section 2.6), each being subject to certain conditions	Yes, scheduled conversion on 22 March 2023, optional conversion on 22 March 2021 or following an acquisition event, in each case subject to certain conditions
<b>Conversion to Ordinary Shares on a Capital Trigger Event or Non-Viability Trigger Event</b>	<p>Yes, following a Capital Trigger Event or Non-Viability Trigger Event</p> <p>If a Capital Trigger Event or Non-Viability Trigger Event occurs and Conversion of the notes does not occur for any reason and Ordinary Shares are not issued for any reason by 5.00pm (Sydney time) on the fifth business day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), then all rights in relation to those notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be) (and holders will lose all of the value of their investment in those notes and they will not receive any compensation or unpaid distributions)</p> <p>In the event of Conversion following a Capital Trigger Event or Non-Viability Trigger Event the Maximum Conversion Number may limit the number of Ordinary Shares to be issued. See Section 2.5.5, which applies equally to Westpac Capital Notes 7 and Westpac Capital Notes 3</p>	
<b>Ranking in a Winding Up of Westpac</b>	<p>If notes are on issue at the time of a Winding Up, they will rank ahead of Ordinary Shares, equally among themselves and with all Equal Ranking Capital Securities and behind Senior Creditors (including depositors and holders of Westpac's senior or less subordinated debt) of Westpac</p> <p>However, it is likely that a Capital Trigger Event or Non-Viability Trigger Event would occur prior to a Winding Up</p> <p>If notes have been Converted into Ordinary Shares, holders will become holders of Ordinary Shares and will rank equally with other holders of Ordinary Shares</p> <p>If conversion is not possible following a Capital Trigger Event or a Non-Viability Trigger Event, all rights in relation to those notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be) and holders will lose all of the value of their investment in those notes. In these circumstances, those notes will have no ranking in a Winding Up</p>	

## 3.5 Risks associated with the Reinvestment Offer

Topic	Summary
<b>3.5.1 What are the risks associated with the Reinvestment Offer?</b>	<p>By participating in the Reinvestment Offer, you will be making an investment in Westpac Capital Notes 7. For further information about the risks relating to an investment in Westpac Capital Notes 7 and in Westpac, see Section 5. These risks should be considered carefully before you apply to reinvest in Westpac Capital Notes 7 under the Reinvestment Offer or apply for additional Westpac Capital Notes 7.</p> <p>There are also the risks that you may not receive the full Allocation of Westpac Capital Notes 7 that you apply for or that the Offer does not proceed (and the transfer of Participating Westpac Capital Notes 3 does not occur). See Option 2 in Section 3.3 and Section 3.6.4 for further details.</p> <p>If following the Reinvestment Offer, you hold both Westpac Capital Notes 7 and any Non-Participating Westpac Capital Notes 3, you will hold two securities with different terms and conditions until, as intended by Westpac, your Non-Participating Westpac Capital Notes 3 are transferred to the Westpac Capital Notes 3 Nominated Party on 22 March 2021.</p>

## 3.6 Further information about Westpac Capital Notes 3 and the Reinvestment Offer

Topic	Summary
<b>3.6.1 Why have the Westpac Capital Notes 3 Terms been amended?</b>	<p>Westpac has amended the Westpac Capital Notes 3 Terms primarily to facilitate the Reinvestment Offer, in particular to enable:</p> <ul style="list-style-type: none"> <li>the transfer of Participating Westpac Capital Notes 3 to the Westpac Capital Notes 3 Nominated Party on 4 December 2020 for \$100 per Participating Westpac Capital Note 3;</li> <li>the potential redemption or conversion of Participating Westpac Capital Notes 3 following their transfer to the Westpac Capital Notes 3 Nominated Party on 4 December 2020; and</li> <li>the payment of the First Pro-Rata Westpac Capital Notes 3 Distribution and the Second Pro-Rata Westpac Capital Notes 3 Distribution.</li> </ul> <p>The amended Westpac Capital Notes 3 Terms were lodged by Westpac with the ASX on 4 November 2020.</p>
<b>3.6.2 How will payments of distributions and transfer proceeds be made?</b>	<p>Distribution payments to all Westpac Capital Notes 3 holders will be made in accordance with your payment instructions recorded on the Register. You may amend these instructions with the Registrar up to 5.00pm (Sydney time) on the record date for the relevant payment.</p> <p>In respect of Participating Westpac Capital Notes 3, transfer proceeds will be automatically applied towards the subscription for Westpac Capital Notes 7.</p>
<b>3.6.3 What are the taxation consequences of the Reinvestment Offer?</b>	<p>Section 6 provides information about the general taxation consequences of participating in the Reinvestment Offer.</p> <p>The Australian taxation consequences of participating in the Reinvestment Offer will depend on your individual circumstances. You should obtain your own taxation advice before you hold or dispose of Westpac Capital Notes 3.</p>

Topic	Summary
<b>3.6.4 What happens if the Offer does not proceed?</b>	<p>If you have elected to apply to reinvest all or some of your Westpac Capital Notes 3 under the Reinvestment Offer and the Offer does not proceed, your Westpac Capital Notes 3 will remain on issue and be dealt with in accordance with the Westpac Capital Notes 3 Terms. You will be paid:</p> <ul style="list-style-type: none"> <li>• the First Pro-Rata Westpac Capital Notes 3 Distribution on 4 December 2020 for each Westpac Capital Note 3 held on the record date, being 26 November 2020 (provided the distribution payment conditions in the Westpac Capital Notes 3 Terms are satisfied);</li> <li>• the Second Pro-Rata Westpac Capital Notes 3 Distribution on 22 December 2020 for each Westpac Capital Note 3 held on the record date, being 14 December 2020 (provided the distribution payment conditions in the Westpac Capital Notes 3 Terms are satisfied);</li> <li>• the transfer proceeds of \$100 per Westpac Capital Note 3 you still hold on 22 March 2021 (provided all remaining Westpac Capital Notes 3 are transferred to the Westpac Capital Notes 3 Nominated Party on 22 March 2021 as intended by Westpac); and</li> <li>• the intended Final Westpac Capital Notes 3 Distribution on 22 March 2021 for each Westpac Capital Note 3 held on the record date for that distribution (provided the distribution payment conditions in the Westpac Capital Notes 3 Terms are satisfied).</li> </ul>
<b>3.6.5 What will happen if the transfer of Non-Participating Westpac Capital Notes 3 does not occur as intended?</b>	<p>If the transfer in respect of Non-Participating Westpac Capital Notes 3 does not occur as intended on 22 March 2021 for any reason, the Non-Participating Westpac Capital Notes 3 will remain on issue and all rights attaching to them will continue, including to any distributions determined to be paid, until otherwise dealt with in accordance with the Westpac Capital Notes 3 Terms. See Section 3.4 for a description of the key features of Westpac Capital Notes 3.</p>

# About Westpac

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## SECTION 4

This Section sets out:

- 4.1 Overview of Westpac's business including summary financial information**
- 4.2 Capital management strategy and capital ratios**
- 4.3 Funding and liquidity**

**CAUTION - Westpac Capital Notes 7 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.**

## 4.1 Overview of Westpac's business including summary financial information

### 4.1.1 Overview of Westpac's business

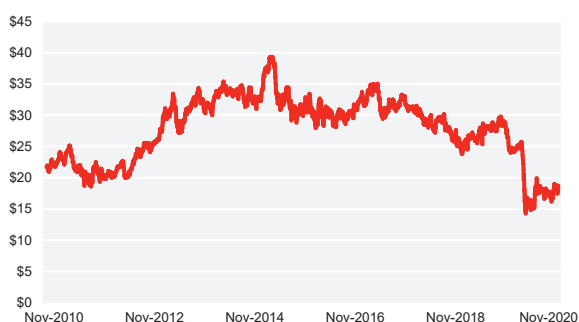
Westpac is one of the four major banking organisations in Australia and one of the largest banking organisations in New Zealand. Westpac provides a broad range of banking and financial services in these markets, including consumer, business and institutional banking and wealth management services.

Westpac has branches, affiliates and controlled entities throughout Australia, New Zealand, Asia and in the Pacific region, and maintains branches and offices in some of the key financial centres around the world.

As at 30 September 2020, Westpac and its controlled entities had total assets of approximately \$912 billion. Westpac's Ordinary Shares and certain other securities are quoted on ASX and, as at 10 November 2020, Westpac's Ordinary Share market capitalisation was approximately \$67 billion.

The performance of Ordinary Shares during the period from 10 November 2010 to 10 November 2020 is set out in the graph in this Section 4.1.1.

Westpac Ordinary Shares daily closing price<sup>1</sup>



### 4.1.2 Organisational structure

Westpac's business is focused in Australia and New Zealand, operating under multiple brands. The Westpac Group operates through an extensive branch and ATM network, significant online capability, and call centres supported by specialist relationship and product managers. Our operations comprise the following key divisions:

**Consumer** is responsible for sales and service of banking products, including mortgages, credit cards, personal loans, and savings and deposit products to consumer customers in Australia. Banking products are provided under the Westpac, St.George, BankSA, Bank of Melbourne, and RAMS brands. Consumer works with Business, WIB, and Specialist Businesses in the sales, service, and referral of certain financial services and products including general and life insurance, superannuation, platforms, auto lending and foreign exchange.

**Business** provides business banking products and services for Australian SME and Commercial customers (including Agribusiness) generally up to \$200 million in exposure. The division also serves Private Wealth. SME includes relationship managed and non-relationship managed SME customers. The division offers a wide range of banking products and services to support their borrowing, payments and transaction needs. In addition, specialist services are provided for cash flow finance, trade finance, equipment finance and property finance. Business operates under the Westpac, St.George, BankSA, and Bank of Melbourne brands. Business works with Consumer, WIB, and Specialist Businesses in the sale, referral and service of select financial services and risk management products (including corporate superannuation, foreign exchange and interest rate hedging).

**Westpac Institutional Bank ("WIB")** delivers a broad range of financial products and services to corporate, institutional and government customers operating in, or with connections to, Australia and New Zealand. WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in financing, transactional banking, and financial and debt capital markets. Customers are supported throughout Australia and via branches and subsidiaries located in New Zealand, the US, UK and Asia. WIB works with all the Westpac Group's divisions in the provision of markets' related financial needs including foreign exchange and fixed interest solutions.

**Westpac New Zealand** provides banking, wealth and insurance products and services for consumer, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks: Westpac New Zealand Limited, which is incorporated in New Zealand, and Westpac Banking Corporation (New Zealand Branch), which is incorporated in Australia. Westpac New Zealand operates through a network of branches and ATMs in both the North and South Islands. Business and institutional customers are also served through relationship and specialist product teams. Banking products and services are provided under the Westpac brand while insurance and wealth products are provided under Westpac Life and BT brands, respectively. Westpac New Zealand maintains its own infrastructure, including technology, operations and treasury in accordance with regulatory requirements.

**Specialist Businesses** provides automobile finance, Australian life, general and lenders mortgage insurance, investment product and services (including margin lending and equities broking), superannuation and retirement products as well as wealth administration platforms. It also manages Westpac Pacific which provides a full range of banking services in Fiji and Papua New Guinea. The division operates under the Westpac, St.George, BankSA, Bank of Melbourne, and BT brands. Specialist Businesses works with Consumer, Business and WIB in the provision of select financial services and products. The businesses within the division have undergone a strategic review process and the outcome is that Westpac does not view itself as the long-term owner of these businesses and will seek to exit them over time as market conditions permit.

Note:

1. Past performance is not necessarily an indicator of future performance. Source: IRESS



**Westpac Group Businesses** include:

- Treasury, which is responsible for the management of the Westpac Group's balance sheet including wholesale funding, capital and the management of liquidity. Treasury also manages the interest rate risk and foreign exchange risks inherent in the balance sheet, including managing the mismatch between Westpac Group assets and liabilities. Treasury's earnings are primarily sourced from managing the Westpac Group's balance sheet and interest rate risk, (excluding Westpac New Zealand) within set risk limits;
- Group Technology, which is responsible for technology strategy and architecture, infrastructure and operations, applications development and business integration in Australia; and
- Core Support, which comprises Westpac Group support functions, including Australian banking operations, property services, strategy, finance, risk, compliance, legal, human resources, and customer and corporate relations.

**4.1.3 Consolidated Income Statement and selected financial information<sup>2</sup>**

	Reported 30 September 2019 \$m	Reported 30 September 2020 \$m
Interest income	33,222	27,047
Interest expense	(16,315)	(10,351)
Net interest income	16,907	16,696
Non-interest income	3,742	3,487
Net operating income before operating expenses and impairment charges	20,649	20,183
Operating expenses	(10,106)	(12,739)
Impairment charges	(794)	(3,178)
<b>Profit before income tax</b>	<b>9,749</b>	<b>4,266</b>
Income tax expense	(2,959)	(1,974)
<b>Net profit for the period</b>	<b>6,790</b>	<b>2,292</b>
Profit attributable to non-controlling interests	(6)	(2)
<b>Net profit attributable to owners of Westpac Banking Corporation</b>	<b>6,784</b>	<b>2,290</b>
<b>Selected financial information</b>		
Expense to income ratio	48.9%	63.1%
Statutory earnings per Ordinary Share – basic (cents)	196.5	63.7
Fully franked dividends per Ordinary Share (cents)	174	31

Note:

2. The Consolidated Income Statement has been derived from Westpac's audited financial report as at and for the year ended 30 September 2020.

#### 4.1.4 Consolidated Balance Sheet and unaudited pro-forma Consolidated Balance Sheet<sup>3</sup>

	Reported 30 September 2019 \$m	Reported 30 September 2020 \$m	Pro-forma Adjustments \$m	Pro-forma 30 September 2020 \$m
<b>Assets</b>				
Cash and balances with central banks	20,059	30,129	636	30,765
Collateral paid	5,930	4,778		4,778
Trading securities and financial assets measured at fair value through income statement and investment securities	105,182	132,206		132,206
Derivative financial instruments	29,859	23,367		23,367
Loans	714,770	693,059		693,059
Life insurance assets	9,367	3,593		3,593
Other assets	21,459	24,814		24,814
<b>Total assets</b>	<b>906,626</b>	<b>911,946</b>	<b>636</b>	<b>912,582</b>
<b>Liabilities</b>				
Collateral received	3,287	2,250		2,250
Deposits and other borrowings	563,247	591,131		591,131
Other financial liabilities	29,215	40,925		40,925
Derivative financial instruments	29,096	23,054		23,054
Debt issues	181,457	150,325		150,325
Life insurance liabilities	7,377	1,396		1,396
Other liabilities	5,614	10,842		10,842
<b>Total liabilities excluding loan capital</b>	<b>819,293</b>	<b>819,923</b>		<b>819,923</b>
Loan capital	21,826	23,949	636	24,585
<b>Total liabilities</b>	<b>841,119</b>	<b>843,872</b>	<b>636</b>	<b>844,508</b>
<b>Net assets</b>	<b>65,507</b>	<b>68,074</b>		<b>68,074</b>
<b>Shareholders' equity</b>				
Total equity attributable to owners of Westpac Banking Corporation	65,454	68,023		68,023
Non-controlling interests	53	51		51
<b>Total shareholders' equity and non-controlling interests</b>	<b>65,507</b>	<b>68,074</b>		<b>68,074</b>

##### Impact of the issue of the Westpac Capital Notes 7 on Westpac's consolidated balance sheet

The unaudited pro-forma balance sheet shows the adjustments that would be made to Westpac's consolidated balance sheet as at 30 September 2020, assuming:

- an issue of \$1.4 billion of Notes<sup>4</sup>, less Offer costs of \$14 million; and
- the redemption of \$750 million of Westpac Capital Notes 3.<sup>5</sup>

There is no impact from the pro-forma adjustments to Westpac's net assets and shareholders' equity. The anticipated proceeds received under the Offer will be used by Westpac for general business purposes.

Note:

3. The Consolidated Balance Sheet has been derived from Westpac's audited financial report as at 30 September 2020.

4. Westpac may raise more or less than \$1.4 billion under the Offer and these figures will be impacted accordingly.

5. This assumes \$750 million of Westpac Capital Notes 3 are reinvested in Notes. The actual Westpac Capital Notes 3 reinvestment rate may be more or less and this figure will be impacted accordingly.

## 4.1.5 Capital adequacy position and pro-forma capital adequacy position (Level 1 and 2)<sup>6</sup>

Capital ratios (Level 1)	Reported 30 September 2019	Reported 30 September 2020	Pro-forma Adjustments	Pro-forma 30 September 2020
<b>Common Equity Tier 1 Capital Ratio</b>	<b>11.0%</b>	<b>11.4%</b>	-	<b>11.4%</b> <sup>7</sup>
Additional Tier 1 Capital Ratio	2.2%	2.1%	0.15%	2.3%
<b>Tier 1 Capital Ratio</b>	<b>13.2%</b>	<b>13.5%</b>	<b>0.15%</b>	<b>13.7%</b>
Tier 2 Capital Ratio	2.9%	3.2%	-	3.2%
<b>Total Capital Ratio</b>	<b>16.1%</b>	<b>16.7%</b>	<b>0.15%</b>	<b>16.9%</b>

Capital and Leverage ratios (Level 2)	Reported 30 September 2019	Reported 30 September 2020	Pro-forma Adjustments	Pro-forma 30 September 2020
<b>Common Equity Tier 1 Capital Ratio</b>	<b>10.7%</b>	<b>11.1%</b>	-	<b>11.1%</b> <sup>7</sup>
Additional Tier 1 Capital Ratio	2.2%	2.1%	0.15%	2.3%
<b>Tier 1 Capital Ratio</b>	<b>12.8%</b>	<b>13.2%</b>	<b>0.15%</b>	<b>13.4%</b>
Tier 2 Capital Ratio	2.8%	3.1%	-	3.1%
<b>Total Capital Ratio</b>	<b>15.6%</b>	<b>16.4%</b>	<b>0.15%</b>	<b>16.5%</b>
<b>APRA leverage ratio</b>	<b>5.7%</b>	<b>5.8%</b>	<b>0.06%</b>	<b>5.8%</b>

### Impact of the issue of the Westpac Capital Notes 7 on Westpac's Level 2 capital adequacy position

The table in this Section 4.1.5 shows the unaudited pro-forma capital adequacy position as at 30 September 2020 assuming the following pro-forma adjustments:

- the issue of \$1.4 billion of Notes<sup>8</sup>; and
- the redemption of \$750 million of Westpac Capital Notes 3.<sup>9</sup>

On a Level 1 basis, the pro-forma adjustments increase the Tier 1 Capital Ratio and Total Capital Ratio by 0.15%. On a Level 2 basis, the pro-forma adjustments increase the Tier 1 Capital Ratio and Total Capital Ratio by 0.15%.

## 4.2 Capital management strategy and capital ratios

### 4.2.1 Capital adequacy framework

APRA is the prudential regulator of the Australian financial services industry. It oversees credit unions, building societies, general insurance and reinsurance companies, life insurers, friendly societies, most members of the superannuation industry, and Authorised Deposit-taking Institutions ("ADIs") such as Westpac. APRA's website at [www.apra.gov.au](http://www.apra.gov.au) includes further details of its functions and Prudential Standards.

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

APRA applies a tiered approach to measuring Westpac's capital adequacy by assessing financial strength at three levels:

- Level 1, comprising Westpac and its subsidiary entities that have been approved by APRA as being part of a single 'Extended Licensed Entity' for the purposes of measuring capital adequacy;

- Level 2, the consolidation of Westpac and all its subsidiary entities (including offshore subsidiaries such as Westpac New Zealand Limited) except those entities specifically excluded by APRA regulations such as insurance or wealth management subsidiaries; and
- Level 3, the consolidation of Westpac and all its subsidiary entities.

APRA measures an ADI's regulatory capital as a percentage of RWA, by reference to:

- Common Equity Tier 1 Capital ("CET1"), the highest quality components of capital that consists of paid-up share capital, retained profits and certain reserves, less certain intangible assets, capitalised expenses and software, and investments and retained profits in insurance and funds management subsidiaries that are not consolidated for capital adequacy purposes. The ratio of CET1 to RWA is called the "Common Equity Tier 1 Capital Ratio" ("CET1 Ratio");
- Tier 1 Capital, being the sum of Common Equity Tier 1 Capital and Additional Tier 1 Capital. Additional Tier 1 Capital comprises high quality components of capital that consists of certain securities not included in Common Equity Tier 1 Capital, such as the Notes. The ratio of Tier 1 Capital to RWA is called the "Tier 1 Capital Ratio"; and
- Total Capital, being the sum of Tier 1 Capital and Tier 2 Capital. Tier 2 Capital includes subordinated instruments and other components of capital that, to varying degrees, do not meet the criteria for Tier 1 Capital, but nonetheless contribute to the overall strength of an ADI and its capacity to absorb losses. The ratio of Total Capital to RWA is called the "Total Capital Ratio".

APRA has confirmed that the Notes will be eligible for inclusion as Additional Tier 1 Capital under Prudential Standard APS 111.

Note:

- Capital ratios may not sum due to rounding.
- The impact of Offer costs of \$14 million on the pro-forma Common Equity Tier 1 Capital Ratio is less than 0.01%.
- Westpac may raise more or less than \$1.4 billion under the Offer and these figures will be impacted accordingly.
- This assumes \$750 million of Westpac Capital Notes 3 are reinvested in Notes. The actual Westpac Capital Notes 3 reinvestment rate may be more or less and this figure will be impacted accordingly.

## 4.2.2 Regulatory capital requirements

Under APRA's Prudential Standards, Australian ADIs, including Westpac, are required to maintain at least the following regulatory capital minimum ratios of capital to RWA at Level 1 and Level 2:

- 4.5% Common Equity Tier 1 Capital;
- 6% Tier 1 Capital; and
- 8% Total Capital.

APRA may also require ADIs, including Westpac, to meet prudential capital requirements ("PCR") above the regulatory capital minimums. APRA does not allow the PCR for individual ADIs to be disclosed.

APRA also requires ADIs to hold an additional buffer of capital above the ADI's regulatory capital minimum of CET1 ("capital buffer"). This must be met with CET1. The capital buffer comprises:

- a capital conservation buffer. The capital conservation buffer for a domestic systemically important bank ("D-SIB") is 3.5% of RWA, unless otherwise determined by APRA. APRA has determined that Westpac is a D-SIB; and
- a countercyclical capital buffer. The countercyclical capital buffer is set on a jurisdictional basis and APRA is responsible for setting the requirement in Australia, currently within a range of 0% to 2.5% of RWA<sup>10</sup>. The countercyclical capital buffer requirement is currently set to zero for Australia and New Zealand.

APRA's Prudential Standards are generally consistent with the international regulatory framework for banks, also known as Basel III, issued by the Basel Committee on Banking Supervision ("BCBS"), except where APRA has exercised certain discretions. On balance, the application of these discretions acts to reduce capital ratios reported under APRA's Prudential Standards relative to the BCBS approach and to those reported in some other jurisdictions.

## 4.2.3 Regulatory capital developments

### APRA announcements on capital

As part of its response to the current economic environment following the COVID-19 pandemic, APRA has made the following announcements on capital:

- Updated guidance on capital management and dividends: For 2020, APRA expects ADI's to retain at least half their earnings, actively use the dividend reinvestment plan (DRP) and/or other capital management initiatives to at least partially offset the reduction in capital from distributions. Westpac took this guidance into consideration when determining the final FY20 dividend;
- Adjustment to expectations for bank capital: As announced in March 2020, APRA does not expect ADI's to meet the "unquestionably strong" CET1 capital benchmark of 10.5% in the period ahead (as long as they remain above the current regulatory requirement);
- Temporary amendments to the calculation of RWA for COVID-19 support packages: Where a support package provides an option to defer repayments for a period of time, for RWA calculation purposes, a bank need not treat the period of the repayment holiday as a period of arrears (provided the borrower had previously been meeting their repayment obligations). In addition, the

Australian Government's Coronavirus SME Guarantee Scheme is to be regarded as an eligible guarantee by the Australian Government for RWA calculation purposes. The temporary capital treatment is available until the earlier of either a maximum of ten months from when the initial repayment deferral was granted or, 31 March 2021;

- Deferral of APRA's implementation of the Basel III capital reforms by a year to January 2023; and
- Deferral APRA's revised APS 222: Associations with Related Entities standard by a year to 1 January 2022.

### APRA's proposed revisions to subsidiary capital investment treatment

APRA has proposed changes to APS 111 Capital Adequacy Measurement of Capital including changes to the existing approach for equity exposures in banking and insurance subsidiaries (Level 1). There is no impact to Westpac's reported capital ratios on a Level 2 basis. On 10 November 2020, APRA announced that until the revised APS 111 standard is implemented (which APRA have indicated is likely to be in 2022):

- it will require any new or additional equity investments in banking and insurance subsidiaries to be fully funded by equity capital at Level 1 where such investment takes the aggregate value of the investment above 10% of an ADI's CET1 capital; and
- there will be no change to the capital treatment of any existing equity investments in these subsidiaries.

### Additional loss absorbing capacity

On 9 July 2019, APRA announced a requirement for the Australian major banks (including Westpac) to increase their total capital requirements by three percentage points of RWA as measured under the current capital adequacy framework. This increase in total capital will take full effect from 1 January 2024.

The additional capital is expected to be raised through Tier 2 Capital and is likely to be offset by a decrease in other forms of long-term wholesale funding. Westpac is continuing to make progress towards the new requirements. As at 30 September 2020, the Tier 2 ratio was 3.15%.

APRA is still targeting an additional four to five percentage points of loss-absorbing capacity. Over the next four years, APRA has stated that it will consider feasible alternative methods for raising the remaining 1-2 percentage points.

### Regulatory developments in New Zealand

On 5 December 2019, the RBNZ announced changes to the capital adequacy framework in New Zealand including a Tier 1 capital requirement of 16% of RWA for systemically important banks (including Westpac New Zealand Limited ("WNZL")) and recalibrating RWA for internal rating based banks, such as WNZL, such that aggregate RWA will increase to 90% of standardised RWA.

Westpac believes WNZL is already strongly capitalised with a Tier 1 capital ratio of 15% at 30 September 2020 based on the current RBNZ rules. On a pro forma basis, (including the new RWA and capital requirements) at 30 September 2020 and assuming a Tier 1 capital ratio of 16% to 17%, WNZL would require a further NZ\$1.6 to NZ\$2.2 billion of Tier 1 capital to meet the new requirements that are fully effective in 2028.

#### Note:

10. ADIs will be notified of any decision to set, or increase, the level of the countercyclical buffer up to 12 months before the date from which it applies.

In response to the impacts of COVID-19, and to support credit availability, the RBNZ has delayed the start date for transitioning to the higher capital requirements to 1 July 2022.<sup>11</sup> Banks will be given up to six years to comply.

#### Freeze on New Zealand Bank Dividends

In addition, on 11 November 2020, the RBNZ announced that there shall be no payment of dividends on ordinary shares by all locally incorporated banks in New Zealand until at least 31 March 2021, and that they should not redeem non-CET1 capital instruments during the period of economic uncertainty caused by the COVID-19 pandemic.

Non-payment of dividends from WNZL only affects Westpac's Level 1 CET1 Ratio. Westpac is well capitalised and as at 30 September 2020 had a Level 1 CET1 Ratio of 11.4%. WNZL does not have any externally issued non-CET1 capital instruments outstanding.

#### 4.2.4 Capital management strategy

Westpac's approach to capital management seeks to ensure that it is adequately capitalised as an ADI. Westpac evaluates its approach to capital management through an internal capital adequacy assessment process, the key features of which include:

- the development of a capital management strategy, including consideration of regulatory minimums, capital buffers and contingency plans;
- consideration of both regulatory and economic capital requirements;
- a stress testing framework that challenges the capital measures, coverage and requirements including the impact of adverse economic scenarios; and
- consideration of the perspectives of external stakeholders including rating agencies and equity and debt investors.

During the period of disruption caused by COVID-19, Westpac is operating with the following principles in relation to capital:

- prioritise maintaining capital strength;
- retain capital to absorb further downside on credit quality and acknowledge a high degree of uncertainty regarding the length and depth of this stress;
- allow for capital flexibility to support lending to customers; and
- in line with APRA guidance, Westpac will seek to maintain a buffer above the regulatory minimum (currently at least 8% for D-SIBs including Westpac) and may utilise some of the "unquestionably strong" buffer. At 30 September 2020 the CET1 buffer above the regulatory minimum of 8% is \$13.7 billion.

These principles take into consideration:

- current regulatory capital minimums and the capital conservation buffer, which together are the total CET1 Ratio requirement. In line with the above, the total CET1 Ratio requirement for Westpac is at least 8.0%, based upon an industry minimum CET1 Ratio requirement of 4.5% plus a capital buffer of at least 3.5% applicable to D-SIBs<sup>12</sup>;

- stress testing to calibrate an appropriate buffer against a downturn; and
- quarterly volatility of capital ratios due to the half yearly cycle of dividend payments.

Westpac will revise its target capital levels once the medium to longer term impacts of COVID-19 are clearer and APRA's review of the capital adequacy framework is finalised.

#### Distribution restrictions

Should an ADI's Level 1 or Level 2 CET1 Ratio fall below the CET1 Ratio requirement ("**Distribution Restriction Trigger**" or "**DRT**"), restrictions on the distribution of earnings will apply ("**Maximum Distributable Amount**"). This includes restrictions on the amount of earnings that can be distributed through dividends, Additional Tier 1 Capital distributions (which will include Distribution payments on the Notes) and discretionary staff bonuses ("**Tier 1 Capital Distributions**"). The Distribution Restriction Trigger is currently 8.0% for D-SIBs, however it may be higher for individual ADIs (including Westpac).

The Maximum Distributable Amount that can be paid as Tier 1 Capital Distributions is limited in accordance with the diagram in this Section 4.2.4 which sets out the indicative Distribution Restriction Trigger. Earnings are defined as distributable profits calculated prior to deduction of Tier 1 Capital Distributions on an after tax basis. An ADI can apply to APRA to make payments in excess of the Maximum Distributable Amount. APRA will only grant approval where it is satisfied that an ADI has established measures to raise capital equal to or greater than the amount above the constraint that it wishes to distribute. The Corporations Act does not limit the sources of payment of Distributions on the Notes to the profits of a particular year or period.

In addition, under the Westpac Capital Notes 7 Terms, if a Distribution has not been paid in full for a relevant Distribution Payment Date, Westpac must not (unless in certain limited circumstances):

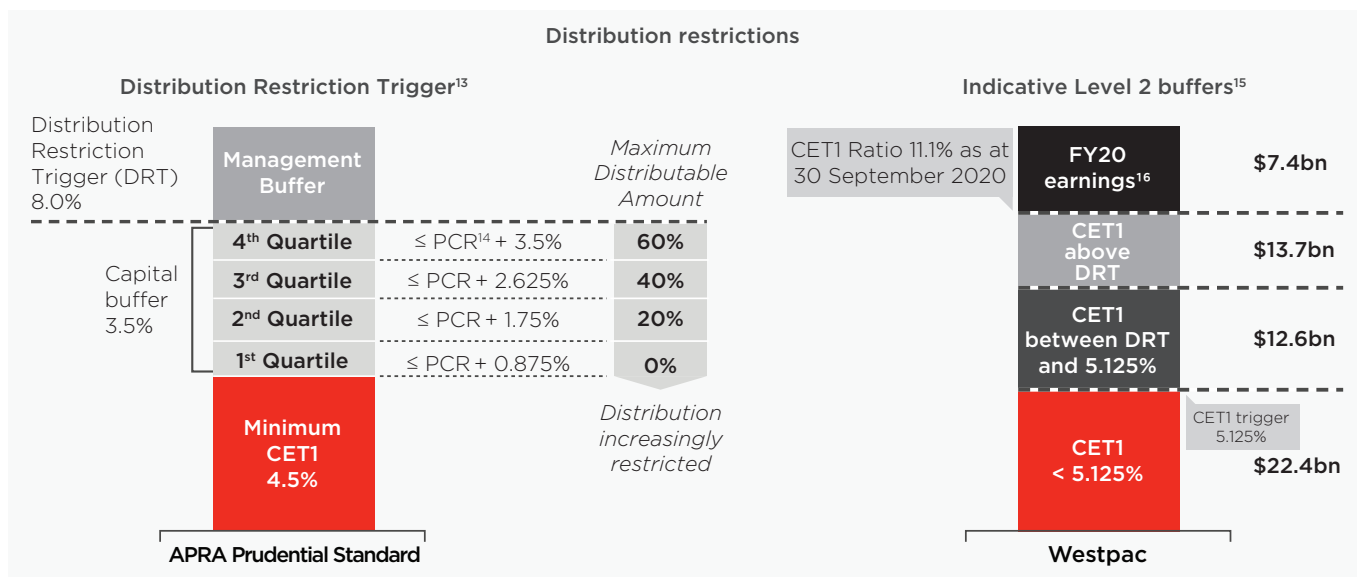
- determine or pay any Dividends on its Ordinary Shares; or
- undertake any discretionary Buy Back or Capital Reduction.

This means that Westpac would give priority to the payment of distributions on Additional Tier 1 Capital securities (including Notes) over payments of Dividends so it is not restricted from paying Dividends. The restrictions on determining or paying a Dividend will be of limited application in circumstances where Westpac has deferred its decision on determining a Dividend or determines not to pay a Dividend. On 18 August 2020, Westpac announced that, as a result of the uncertain economic and operating conditions created by the COVID-19 pandemic, the Board had determined not to pay an HY2020 interim dividend.

Other Additional Tier 1 Capital securities within the Westpac Group include similar restrictions if distributions on those securities are not paid in full.

#### Note:

11. The RBNZ will reconfirm the timing of these changes before the end of 2021, and will consider making further amendments to the timing if the economic conditions warrant it.
12. Noting that APRA may apply higher CET1 Ratio requirements for an individual ADI.



### 4.2.5 CET1 Ratio and the Notes

Under the Terms, the Notes include certain loss absorption features required by APRA, such as Conversion of the Notes into Ordinary Shares or the termination of Holders’ rights (if Conversion does not occur for any reason), when Westpac’s CET1 Ratio falls to or below a certain threshold – see Sections 2.5.2, 4.2.3, 5.1.8 and 5.1.9 for a discussion on the Capital Trigger Event. A Capital Trigger Event may occur if Westpac’s CET1 Ratio declines to (or falls below) 5.125%, on either a Level 1 or Level 2 basis, as defined by APRA.

The table at the end of this Section 4.2.5 shows Westpac’s CET1 surplus above the Capital Trigger Event level of 5.125% and Distribution Restriction Trigger of 8.0%. The Distribution Restriction Trigger of 8.0% applies to D-SIBs, however it may be higher for individual ADIs (including Westpac) - see Section 4.2.4.

A CET1 Ratio of 11.4% on a Level 1 basis and 11.1% on a Level 2 basis at 30 September 2020 equates to:

- a surplus of \$27.2 billion and \$26.3 billion for the Level 1 Westpac Group and Level 2 Westpac Group respectively of CET1 above the Capital Trigger Event level of 5.125%; and
- a surplus of \$14.7 billion and \$13.7 billion for the Level 1 Westpac Group and Level 2 Westpac Group respectively of CET1 above a Distribution Restriction Trigger of 8.0%.

Differences between Westpac’s Level 1 and Level 2 CET1 Ratios relate principally to the level of capital held by, and RWA of, offshore banking subsidiaries and insurance subsidiaries of the ADI. Westpac’s capital management policy for Westpac’s subsidiaries assumes surplus capital is repatriated from subsidiaries (subject to subsidiary board approval, relevant regulatory approvals and regulatory requirements for Westpac subsidiaries).

Westpac gives no assurance as to what its CET1 Ratio on a Level 1 or Level 2 basis will be at any time as it may be significantly impacted by regulatory changes to the measurement of capital or RWA calculations, and unexpected events affecting its business, operations and financial condition.

Note:

13 The Distribution Restriction Trigger is currently 8.0% for D-SIBs, however, it may be higher for individual ADIs (including Westpac). Applicable at Level 1 and Level 2.

14 Prudential capital requirement.

15 Based on Westpac’s capital position as at 30 September 2020 and assuming that industry minimums apply as at 30 September 2020.

16 Represents an additional potential amount that may be available to absorb losses (based on Westpac’s financial year 2020 statutory profit before impairment charges and income tax expense). This amount is not a forecast of future earnings and past performance is not necessarily an indicator of future performance.

## CET1 surplus above the Capital Trigger Event and Distribution Restriction Trigger

	Reported 30 September 2019	Reported 31 March 2020	Reported 30 September 2020
<b>Level 1 Westpac Group</b>			
Surplus (\$bn) above Capital Trigger Event level of 5.125%	\$24.7	\$26.1	\$27.2
Surplus (\$bn) above Distribution Restriction Trigger of 8.0% <sup>17</sup>	\$12.6	\$13.5	\$14.7
<b>Level 2 Westpac Group</b>			
Surplus (\$bn) above Capital Trigger Event level of 5.125%	\$23.8	\$25.2	\$26.3
Surplus (\$bn) above Distribution Restriction Trigger of 8.0% <sup>17</sup>	\$11.4	\$12.5	\$13.7

## 4.3 Funding and liquidity

### 4.3.1 Funding

The Westpac Group monitors the composition and stability of its funding so that it remains within the Westpac Group's funding risk appetite. This includes compliance with both the Liquidity Coverage Ratio ("LCR") and Net Stable Funding Ratio ("NSFR").

In March 2020, the RBA introduced the Term Funding Facility ("TFF") providing funding to eligible ADIs at a fixed interest rate of 25 basis points for a maximum of three years. As at 30 September 2020, Westpac's total allowance is \$19.7 billion and Westpac had drawn down \$17.9 billion. Westpac has included its total allocation in the LCR and NSFR calculations for 30 September 2020.

A supplementary allowance of \$11.9 billion will be available to Westpac from 1 October 2020.

### 4.3.2 Liquidity

The Westpac Group has a liquidity risk management framework which seeks to meet cash flow obligations under a wide range of market conditions, including name specific and market-wide stress scenarios, as well as meeting the regulatory requirements of the LCR and NSFR.

#### Liquid Assets

The Westpac Group has a number of sources of liquidity that provide a buffer against periods of liquidity stress. These include high-quality liquid assets ("HQLA") and the Committed Liquidity Facility ("CLF"), both of which are used to meet the Westpac Group's LCR requirements. The Westpac Group also has access to non-HQLA and other assets that are eligible for repurchase with a central bank, under certain conditions. In total, Westpac held \$221.2 billion in unencumbered liquid assets as at 30 September 2020 including \$131.7 billion in HQLA, which comprise of cash, deposits with central banks, government securities and other high-quality securities that are repo-eligible with the RBA.

The Westpac Group also holds a portfolio of non-HQLA liquid assets including private securities and self-originated AAA rated mortgage backed securities, which are repo-eligible with the RBA.

#### LCR

The LCR enhances banks' short-term resilience by requiring banks to hold sufficient HQLA, as defined, to withstand 30 days under a regulator-defined acute stress scenario.

Given the limited amount of Government debt in Australia, the RBA, jointly with APRA, makes available to ADIs a CLF. Subject to the satisfaction of qualifying conditions, the CLF can be accessed to help meet the LCR requirement.

As at 30 September 2020, the Westpac Group's LCR was 150%.

#### Net Stable Funding Ratio

The Westpac Group is required to maintain a NSFR, designed to encourage longer-term funding resilience, of at least 100%. Westpac had a NSFR of 122% at 30 September 2020.

Note:

17. The Distribution Restriction Trigger of 8.0% applies to D-SIBs, however it may be higher for individual ADIs (including Westpac) - see Section 3.2.4.

# Investment risks

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## SECTION 5

This Section sets out:

- 5.1 Investment risks relating to the Westpac Capital Notes 7**
- 5.2 Investment risks relating to Westpac**

**CAUTION - Westpac Capital Notes 7 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.**



Before applying for any Notes, you should consider whether the Notes are a suitable investment for you. There are risks associated with an investment in the Notes, many of which are outside the control of Westpac. These risks include those in this Section 5 and other matters referred to in this Prospectus. You should carefully consider the risks described and the other information in this Prospectus before investing in Notes. The risks and uncertainties described in this Section 5 are not the only ones Westpac faces. Additional risks and uncertainties that Westpac is unaware of, or that Westpac currently deems to be immaterial, may also become important factors that affect the Notes or Westpac.

## 5.1 Investment risks relating to the Westpac Capital Notes 7

Set out in this Section 5.1 are risks associated specifically with an investment in the Notes. In particular, these risks arise from the nature of the Notes and the Westpac Capital Notes 7 Terms. You should also consider the other risks in Section 5.2 as they relate to Westpac.

### 5.1.1 Distributions may not be paid

There is a risk that Distributions may not be paid. The Westpac Capital Notes 7 Terms do not oblige Westpac to pay Distributions, which are only payable at Westpac's discretion and are subject to satisfaction of the Distribution Payment Conditions, being:

- Westpac's absolute discretion;
- the payment of Distributions not resulting in a breach of Westpac's capital requirements (on a Level 1 basis) or of the Westpac Group's capital requirements (on a Level 2 basis) under the then current Prudential Standards at the time of payment;
- the payment of Distributions not resulting in Westpac becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and
- APRA not otherwise objecting to the payment.

APRA has stated in response to the uncertainty resulting from the COVID-19 pandemic that APRA expects that ADIs (such as Westpac) limit or materially reduce discretionary capital distributions until the economic outlook is clearer (for further information see Sections 4.2.3 and 5.2.1). Discretionary capital distributions may include distributions on AT1 capital instruments such as the Notes. APRA's guidance on capital management does not prohibit Westpac from paying Distributions, however there is a risk that if the economic outlook remains negative or uncertain for a prolonged period of time or worsens, APRA may object to the payment of a Distribution, including where Westpac is above its CET1 Ratio requirement (see Section 4.2.4). To date, APRA has not objected to distributions on AT1 capital instruments. In addition, changes in laws and regulations applicable to Westpac may impose additional requirements which prevent Westpac from paying a Distribution.

There are also restrictions on the amount of earnings that can be distributed through Tier 1 Capital Distributions should an ADI's Level 1 or Level 2 CET1 Ratios fall below the Distribution Restriction Trigger (as more fully described in Section 4.2.4). This may result in a Distribution Payment Condition not being satisfied. Payments of Distributions are non-cumulative and decisions to pay a Distribution cannot

be deferred. If a Distribution is not paid in full because the Distribution Payment Conditions are not satisfied or because of any other reason, Holders will not be entitled to receive the unpaid portion of that Distribution. No interest accrues on any unpaid Distributions and Westpac has no liability to the Holder and the Holder has no claim in respect of such non-payment.

Non-payment of a Distribution will not be an event of default<sup>1</sup> and Holders have no right to apply for a Winding Up on the grounds of Westpac's failure to pay a Distribution.

However, if a Distribution has not been paid in full for a relevant Distribution Payment Date, then until a Distribution is paid in full on a subsequent Distribution Payment Date (or all Notes are Converted at their full Face Value, Redeemed or terminated following a failure to Convert) Westpac must not:

- determine or pay any Dividends on its Ordinary Shares; or
- undertake any discretionary Buy Back or Capital Reduction,

unless the amount of the unpaid Distribution is paid in full within 20 Business Days of the relevant Distribution Payment Date (and in certain other limited circumstances). These restrictions would not apply where the reason a Distribution was not paid was because the Distribution Rate was zero or negative (see Section 2.1.3).

This means that Westpac would give priority to the payment of distributions on Additional Tier 1 Capital securities (including Notes) over payments of Dividends so it is not restricted from paying Dividends.

The restrictions on determining or paying a Dividend will be of limited application in circumstances where Westpac has deferred its decision on determining a Dividend or determines not to pay a Dividend. For example, on 18 August 2020, Westpac announced that, as a result of the uncertain economic and operating conditions created by the COVID-19 pandemic, the Board had determined not to pay a 2020 interim dividend.

Further, the terms of Westpac's future securities could limit Westpac's ability to make payments on the Notes. If Westpac does not make payments on other securities, payments may not be permitted to be made in respect of the Notes.

### 5.1.2 Westpac may initiate Conversion, Redemption or Transfer of Notes

Westpac may initiate Conversion, Redemption (subject to APRA's prior written approval) or Transfer of:

- some or all of the Notes on 22 March 2027; or
- all of the Notes following the occurrence of a Tax Event or Regulatory Event.

If Westpac elects to Redeem Notes, APRA's prior written approval is required. There can be no certainty that APRA will provide its prior written approval. Westpac may only Redeem Notes if it replaces them with capital of the same or better quality (and the replacement is done under conditions that are sustainable for the income capacity of Westpac), or obtains confirmation that APRA is satisfied that Westpac does not have to replace the Notes. APRA may not provide its written approval for Westpac to Redeem Notes if, for example, it were to adopt a similar

Note:

1. The Westpac Capital Notes 7 Terms do not include any events of default.

approach to RBNZ following the RBNZ's announcement on 2 April 2020 that all locally incorporated banks in New Zealand should not redeem non-CET1 capital instruments during the period of economic uncertainty caused by the COVID-19 pandemic. For further information see Sections 4.2.3 and 5.2.1.

Holders have no right to request or require a Conversion, Redemption or Transfer of their Notes.

Any Conversion, Redemption or Transfer may occur on dates not previously contemplated by Holders, which may be disadvantageous to Holders in light of market conditions or Holders' individual circumstances. This means that the period for which Holders will be entitled to the benefit of the rights attaching to the Notes is unknown.

Where Holders receive cash on Redemption or Transfer, the rate of return at which Holders could reinvest their funds may be lower than the Distribution Rate at the time. Further, upon Redemption, Holders will receive the Face Value of the Notes which may be less than their market value immediately prior to Redemption.

### **5.1.3 Investments in Notes are not deposit liabilities or protected accounts under the Banking Act or Financial Claims Scheme**

Investments in the Notes are an investment in Westpac and will be affected by the ongoing performance, financial position and solvency of Westpac. They are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act or Financial Claims Scheme and are not subject to the depositor protection provisions of Australian banking legislation (including the Australian Government guarantee of certain bank deposits). Therefore, the Notes are not guaranteed or insured by the Australian Government, any government agency or compensation scheme of Australia or any other jurisdiction.

### **5.1.4 Market price of the Notes may fluctuate**

Westpac has applied for quotation of the Notes on ASX, but Westpac is unable to forecast the market price and liquidity of the market for the Notes. The Notes may experience market price volatility more or less than Westpac Ordinary Shares. The market price for the Notes may fluctuate due to various factors, including:

- announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by Westpac or its competitors;
- changes in the market price of Ordinary Shares and/or other debt securities or other capital securities issued by Westpac or by other issuers, or changes in the supply of equity securities or capital securities issued by Westpac or by other issuers;
- the occurrence or increase in the likelihood of the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event;
- the impact of the COVID-19 pandemic on global, regional and national economies and markets; and
- other major Australian and international events such as hostilities and tensions, and acts of terrorism.

It is possible that the Notes will trade at a market price above or below the Face Value as a result of these and other factors.

### **5.1.5 The liquidity of the Notes may be low**

The market for the Notes will likely be less liquid than the market for Ordinary Shares. Holders who wish to sell their Notes may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for the Notes.

The liquidity of the market for the Notes may be impacted by a number of factors, including changes in law such as the new product design and distribution obligations that come into force in October 2021. The impact of those obligations is untested but they may affect the liquidity of funding instruments (including Additional Tier 1 Capital securities such as the Notes) if they lead to a material reduction in future issuance volumes or secondary trading activity by investors. If they increase the difficulty of undertaking further issuance of Additional Tier 1 Capital securities such as the Notes, this could also in turn affect the likelihood of Westpac electing to Redeem or Transfer the Notes rather than Converting them. See Section 7.12.

Westpac does not guarantee the market price or liquidity of the Notes. There is a risk that if Holders sell Notes before the Scheduled Conversion Date, Holders may lose some of the money they have invested.

### **5.1.6 Changes in the Distribution Rate**

The Distribution Rate is calculated for each Distribution Period by reference to the relevant 3 month BBSW Rate, which is influenced by a number of factors and varies over time. The Distribution Rate will fluctuate and may increase and/or decrease over time with movements in the 3 month BBSW Rate. It is possible for the 3 month BBSW Rate to become negative. The 3 month BBSW Rate is influenced by the Interbank Overnight Cash Rate which is set by the RBA. One scenario under which the 3 month BBSW Rate sets negative is if RBA's Cash Rate Target (or other overnight rates such as rates on exchange settlement balances) is cut below 0.00%. The 3 month BBSW Rate could move before the Cash Rate is adjusted in anticipation of any moves by the RBA over a 3 month horizon. Noting the 3 month BBSW Rate is a market set rate, even in a scenario where the Cash Rate is at or above 0.00%, it could move negative depending on supply and demand in the prime bank paper market. The Eurozone, Switzerland, Japan and Denmark are examples of jurisdictions where central banks have set negative monetary policy rates. Should this occur, the negative amount will be taken into account in calculating the Distribution Rate (but there is no obligation on Holders to pay Westpac if the Distribution

Rate becomes negative and there would be no Distribution in those circumstances).

Refer to the graph in Section 2.1.4 to see the movements in the 3 month BBSW Rate over the last 10 years.

As the Distribution Rate fluctuates, there is a risk that the rate may become less attractive when compared to returns available on comparable securities issued by Westpac or other issuers or other investments.

Westpac does not guarantee any particular rate of return on the Notes.

### 5.1.7 Use of franking credits by Holders

Australian resident Holders may be entitled to use franking credits to offset their tax liability and Australian resident Holders that are individuals or complying superannuation entities may be entitled to a refund of excess franking credits, to the extent that the franking credits exceed their tax liability.

You should be aware that your ability to use the franking credits, either as an offset to your tax liability or by claiming a refund after the end of the year of income, will depend on your individual tax position.

Investors should refer to the Australian tax summary in Section 6 and the Class Ruling (when published), and should seek professional advice in relation to their tax position and monitor any potential changes to government policy relating to franking credits on an ongoing basis.

### 5.1.8 A Capital Trigger Event or a Non-Viability Trigger Event may occur

A Capital Trigger Event occurs when Westpac determines, or APRA notifies Westpac in writing that it believes, that either or both the Westpac Level 1 Common Equity Tier 1 Capital Ratio or Westpac Level 2 Common Equity Tier 1 Capital Ratio is equal to, or is less than, 5.125%.

The Common Equity Tier 1 Capital Ratio is the ratio of Westpac's Common Equity Tier 1 Capital to its RWA, where Common Equity Tier 1 Capital comprises the highest quality components of capital.

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

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

It should be noted that whether a Non-Viability Trigger Event will occur is at the discretion of APRA and there are currently no Australian precedents. The circumstances in which APRA may exercise its discretion are not limited to when APRA may have a concern about a bank's capital levels but may also include when APRA has a concern about a bank's funding and liquidity levels or any other matters affecting a bank's viability.

APRA has not provided specific guidance as to how it would determine non-viability. However, APRA has indicated that non-viability is likely to arise prior to insolvency. 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. However, it is possible that APRA's definition

of non-viability may not necessarily be confined to these matters and APRA's position on these matters may change over time. As the occurrence of a Non-Viability Trigger Event is at the discretion of APRA, there can be no assurance given as to the factors and circumstances that might give rise to such an event.

Refer to Section 4.2.5 for further details regarding the surplus of Common Equity Tier 1 Capital above the Capital Trigger Event level of 5.125%.

Differences between Westpac's Level 1 and Level 2 CET1 Ratios relate principally to the level of capital held by, and RWA of, offshore banking subsidiaries. Westpac's capital management policy for Westpac's subsidiaries assumes surplus capital is repatriated from subsidiaries (subject to subsidiary board approval, relevant regulatory approvals and regulatory requirements for Westpac subsidiaries).

Westpac gives no assurance as to what its CET1 Ratio on a Level 1 or Level 2 basis will be at any time as it may be significantly impacted by regulatory changes to the measurement of capital or RWA calculations, and unexpected events affecting its business, operations and financial condition.

A Capital Trigger Event or Non-Viability Trigger Event may result in the loss of some or all of the value of the Notes. See Sections 5.1.9, 5.1.10 and 5.1.11.

### 5.1.9 Conversion following a Capital Trigger Event or Non-Viability Trigger Event

Upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, Westpac is required to Convert all or some of the Notes (or a percentage of the Face Value of each Note) into the Conversion Number of Ordinary Shares based on the VWAP during the 5 Business Days prior to, but not including, the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date.

If a Non-Viability Trigger Event occurs because APRA has determined that without a public sector injection of capital, or other public sector support, Westpac would become non-viable, then Westpac must Convert all of the Notes.

Conversion following a Capital Trigger Event or Non-Viability Trigger Event is not subject to the Scheduled Conversion Conditions being satisfied and Westpac is required to issue to Holders the Conversion Number of Ordinary Shares on the Conversion Date, which will not exceed the Maximum Conversion Number.

#### Maximum Conversion Number

The Conversion Number of Ordinary Shares following a Capital Trigger Event or Non-Viability Trigger Event is subject to the Maximum Conversion Number. The Maximum Conversion Number of Ordinary Shares following a Capital Trigger Event or Non-Viability Trigger Event will be calculated based on a VWAP set to reflect 20% of the Issue Date VWAP.

Accordingly, depending upon the Ordinary Share price during the 5 Business Days prior to a Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date, the value of Ordinary Shares received for each Note may (in the case of a Capital Trigger Event) and is likely to (in the case of a Non-Viability Trigger Event) be significantly less than approximately \$101.01 for each Note (based on the Initial Face Value of \$100 per Note).

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 Westpac Capital Notes 7 Terms do not limit the transactions that Westpac may undertake with respect to its share capital and any such action may increase the risk that Holders receive only the Maximum Conversion Number and so adversely affect the position of Holders.

#### **Order of Conversion of Relevant Securities**

If Westpac is only required to convert a certain amount of Relevant Securities, Westpac will determine the amount of Notes which will be Converted and other Relevant Securities which will be converted, written-off or be written down as follows:

- first, Westpac is required to convert, write-off or write down such number or amount of the face value of any other Relevant Securities whose terms require them to be converted, written-off or written down before Conversion of the Notes as is necessary to return either or both Westpac's Level 1 Common Equity Tier 1 Capital Ratio or Westpac's Level 2 Common Equity Tier 1 Capital Ratio, as the case may be, to above 5.125% or to satisfy APRA that Westpac will no longer be non-viable; and
- second, if conversion, write-off or write down of those Relevant Securities is not sufficient, Westpac is required to Convert the Notes and/or convert, write-off or write down other Relevant 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 the Notes and the face value of any Relevant Securities whose terms require or permit them to be converted, written-off or written down in that manner (subject to such adjustments as Westpac may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Notes or Relevant Securities remaining on issue and the need to effect conversion, write-off or write-down immediately),

but such determination will not impede the immediate Conversion of the relevant number of Notes or percentage of the Face Value of each Note (as the case may be), or, if applicable, termination of the relevant Holders' rights and claims.

However, Westpac has no obligation to have or maintain on issue any Relevant Securities (and does not, and may never, have on issue Relevant Securities) which are required to be converted, written-off or written down ahead of Notes and Westpac gives no assurance that there will be any such instruments on issue at the time at which the Notes may be required to be Converted.

Further, in Converting Notes or converting, writing-off or writing down other Relevant Securities, although Westpac will endeavour to treat Holders and holders of other Relevant Securities on an approximately proportionate basis, Westpac may discriminate to take account of the effect on marketable parcels of Notes and other logistical considerations. Accordingly, should a Capital Trigger Event or Non-Viability Trigger Event occur and only some of the Notes must be Converted, it is possible that not all Holders will have their Notes Converted into Ordinary Shares.

Westpac expects that any ASX purchase or sale transactions in Notes that have not settled on the date a

Capital Trigger Event or Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+2 settlement, although Westpac expects that the seller will be treated as having delivered, and the buyer will be treated as having acquired, the number of Ordinary Shares into which the Notes have been Converted as a result of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event.

#### **Ordinary Shares**

The Ordinary Shares issued on Conversion may not be listed. Westpac's Ordinary Shares may not have been listed for some period of time, for example, if Westpac is acquired by another entity and delisted. The price of Ordinary Shares and the ability to trade them may be affected if not listed.

The Ordinary Shares may not be able to be sold at prices representing their value based on the VWAP. In particular, the VWAP prices will be based on trading days which occur before the Capital Trigger Event or Non-Viability Trigger Event.

Ordinary Shares are a different type of investment to the Notes. Like Distributions on the Notes, Dividends are payable at the absolute discretion of Westpac, but, unlike Distributions, Dividends are not scheduled to be paid at any particular time and the amount of each Dividend is also discretionary (and not subject to a formula). In a Winding Up, claims of holders of Ordinary Shares rank behind claims of holders of all other securities and debts of Westpac. The market price of Ordinary Shares may fluctuate and be more sensitive than that of Notes to changes in Westpac's performance, operational issues and other business issues.

### **5.1.10 Termination of rights where Conversion does not occur following a Capital Trigger Event or Non-Viability Trigger Event**

If for any reason Conversion of Notes does not occur and the Ordinary Shares are not issued for any reason by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), then:

- those Notes will not be Converted in respect of such Capital Trigger Event or Non-Viability Trigger Event (as the case may be) and will not be Converted, Redeemed or Transferred on any subsequent date; and
- all rights in relation to those Notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), and Holders will lose all of the value of their investment in those Notes and they will not receive any compensation or unpaid Distributions.

Conversion of Notes may not occur, for example, due to applicable law, order of a court or action of any government authority, including regarding the insolvency, Winding Up or other external administration of Westpac, as a result of Westpac's inability or failure to comply with its obligations under the terms and conditions of the Notes in relation to Conversion, or as a result of operational delays. Those laws and the grounds on which a court or government authority may make orders or take action preventing the Conversion of Notes may change and the change may be adverse to the interests of Holders. Further, pandemics (such as COVID-19) and the related restrictions on access to facilities and systems of Westpac and/or its

agents may increase the risk of a breakdown in process or operational delays, which may result in Conversion of the Notes not occurring and Holders losing all of the value of their investment.

### 5.1.11 Ranking of the Notes

In the event of a Winding Up, if the Notes are still on issue and have not been Redeemed or Converted, they will rank for payment:

- ahead of Ordinary Shares;
- equally with all Equal Ranking Capital Securities which at the Issue Date, would include Westpac Capital Notes 2, Westpac Capital Notes 3, Westpac Capital Notes 4, Westpac Capital Notes 5, Westpac Capital Notes 6 and Westpac USD AT1 Securities; and
- behind Senior Creditors.

If, in a Winding Up, the Notes have not been Converted, Redeemed, or Transferred, Holders will be entitled to be paid the Liquidation Sum at the commencement of the Winding Up (or if less actual cash is available to Westpac for distribution to Holders, a proportionate share of that cash). The Liquidation Sum is an amount of surplus assets equal to \$100 per Note (as adjusted for a Conversion under clauses 5.2 or 5.4 of the Westpac Capital Notes 7 Terms or termination of rights under clause 5.8 of the Westpac Capital Notes 7 Terms).

The claim for the Liquidation Sum effectively ranks equally with Equal Ranking Capital Securities, but is subordinated to Senior Creditors. As the Notes rank behind Senior Creditors, there is a risk that in the Winding Up, there will be insufficient funds to provide to Holders any return of their initial investment.

However it is likely that any Capital Trigger Event or Non-Viability Trigger Event would occur prior to a Winding Up, requiring the Conversion of the Notes.

Where a Capital Trigger Event or Non-Viability Trigger Event occurs, the ranking of Notes in a Winding Up will be adversely affected.

If the Notes have been Converted (including upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event), Holders will hold Ordinary Shares and rank equally with other holders of Ordinary Shares in a Winding Up.

If for any reason Conversion of Notes does not occur following one of these events (including, for example, due to applicable law, order of a court or action of any government authority, including regarding the insolvency, Winding Up or other external administration of Westpac, as a result of Westpac's inability or failure to comply with its obligations under the terms and conditions of the Notes in relation to Conversion, or as a result of operational delays) and the Ordinary Shares are not issued for any reason by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), then:

- those Notes will not be Converted in respect of such Capital Trigger Event or Non-Viability Trigger Event (as the case may be) and will not be Converted, Redeemed or Transferred on any subsequent date; and
- all rights in relation to those Notes will be terminated immediately on the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be), and Holders will lose all of the value of their investment in those Notes and they will not

receive any compensation or unpaid Distributions. In these circumstances, those Notes will have no ranking in a Winding Up.

### 5.1.12 Changes to credit rating

Any credit rating assigned to the Notes or other Westpac securities could be reviewed, suspended, withdrawn or downgraded. Credit rating agencies may withdraw, revise or suspend credit ratings or change the methodology by which securities are rated at any time. Any revisions and any other changes could adversely affect the market price and liquidity of the Notes or other Westpac securities.

### 5.1.13 The Ordinary Share price used to calculate the Conversion Number of Ordinary Shares may be different to the market price of Ordinary Shares at the time of Conversion

The number of Ordinary Shares issued to Holders upon Conversion will depend on the VWAP of Ordinary Shares over the 20 Business Days on which trading in Ordinary Shares took place immediately prior to the relevant Conversion Date (or in the case of a Capital Trigger Event or Non-Viability Trigger Event, the VWAP over 5 Business Days prior to the Conversion Date). Accordingly, the Ordinary Share price used to calculate the Conversion Number of Ordinary Shares may be different to the market price of Ordinary Shares at the time of Conversion so that the value of Ordinary Shares Holders receive may be less than the value of those Ordinary Shares based on the Ordinary Share price on the Conversion Date.

Holders receiving Ordinary Shares on Conversion may not be able to sell those Ordinary Shares at the price on which the Conversion calculation is based, or at all.

### 5.1.14 Holders cannot request Conversion, Redemption or Transfer of the Notes

Holders have no right to request Conversion, Redemption or Transfer of the Notes for any reason. Therefore, to realise their investment Holders would have to sell their Notes on the ASX at the prevailing market price. Depending on market conditions at the time, the Notes may be trading at a market price below the Face Value and/or the market for the Notes may not be liquid. Brokerage fees may also be payable if Notes are sold through a broker. Westpac does not guarantee that Holders will be able to sell Notes on ASX at an acceptable price or at all.

### 5.1.15 Conversion may or may not occur on 22 March 2029

The Notes may Convert into Ordinary Shares on 22 March 2029, being the first possible Scheduled Conversion Date. However, there is a risk that Conversion will not occur on 22 March 2029 because the Scheduled Conversion Conditions are not satisfied – see Sections 2.2.3 and 2.2.5. The Scheduled Conversion Conditions will not be satisfied if the VWAP of Ordinary Shares on the 25th Business Day on which trading in Ordinary Shares took place before (but not including) the Scheduled Conversion Date is less than or equal to 56.12% of the Issue Date VWAP, or the VWAP of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Shares took place before (but not including) the Scheduled Conversion Date is less than or equal to 50.51% of the Issue Date VWAP.

If Conversion does not occur on a potential Scheduled Conversion Date, Distributions will continue to be paid on the Notes, subject to the Distribution Payment Conditions.

The Notes are perpetual instruments. If the Ordinary Share price deteriorates significantly and never recovers, it is possible that the Scheduled Conversion Conditions will never be satisfied and, if this occurs, the Notes may never Convert.

### **5.1.16 Westpac may issue a Transfer Notice requiring the Transfer of Notes to a Nominated Party**

Westpac may elect to issue a Transfer Notice, requiring all or some Notes (in the case of a Transfer on 22 March 2027) or all Notes (in the case of a Tax Event or Regulatory Event) to be Transferred to a Nominated Party for a cash amount per Note equal to the Face Value.

Upon a Transfer of Notes (in the circumstances described in Section 5.1.16), it will be the Nominated Party's obligation to pay the aggregate Face Value of the Notes being Transferred, not Westpac's. If the Nominated Party does not pay this amount to Holders, the Transfer will not proceed, in which case Holders will continue to hold Notes in accordance with the Westpac Capital Notes 7 Terms.

Where Holders receive cash pursuant to a Transfer, the rate of return at which Holders could reinvest their funds may be lower than the Distribution Rate at the time.

### **5.1.17 No fixed maturity date**

The Notes are perpetual instruments. The Notes may Convert on a potential Scheduled Conversion Date, but it is possible that market conditions at the time may be such that the Scheduled Conversion Conditions are not satisfied. If the Ordinary Share price falls far enough and never recovers it is possible that the Notes will not Convert at any point in time. Furthermore, any Optional Conversion, Redemption or Transfer is subject to the discretion of Westpac and certain other restrictions. Redemption is also subject to obtaining APRA's prior written approval. It is possible that Optional Conversion, Redemption or Transfer will not occur at any point in time.

### **5.1.18 Changes to regulatory capital requirements in Australia**

Any fall in Westpac's Common Equity Tier 1 Capital Ratio as a result of future changes to regulatory capital requirements may adversely impact the market price of the Notes or potentially increase the chance at a later date that Conversion of Notes takes place due to the occurrence of a Capital Trigger Event (a Capital Trigger Event will occur where Westpac determines, or APRA notifies Westpac in writing that it believes, that Westpac's Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% on a Level 1 or Level 2 basis) or a Non-Viability Trigger Event (a Non-Viability Trigger Event will occur where APRA notifies Westpac in writing that it believes Conversion of the Notes or conversion, write-off or write down of other capital instruments of the Westpac Group or a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable).

See Section 5.1.9 for the risk associated with Conversion of the Notes due to the occurrence of a Capital Trigger Event or Non-Viability Trigger Event.

See Sections 4.2.1, 4.2.2, 4.2.3 and 4.2.4 for more information about the Basel III capital framework and proposed changes to regulatory capital requirements,

including the potential for capital ratios, minimum requirements and the Notes' Capital Trigger Event level of 5.125% to stay the same or increase. The Westpac Capital Notes 7 Terms may be amended without the approval of Holders to comply with applicable laws (including the requirements of any statutory authority, such as APRA – see Section 5.1.26).

### **5.1.19 Regulatory classification**

APRA has confirmed that the Notes will be eligible for inclusion as Additional Tier 1 Capital under APRA's Prudential Standard APS 111.

However, if APRA subsequently determines that the Notes do not or will not qualify for Additional Tier 1 Capital treatment (under the Basel III capital adequacy framework, as amended from time to time), Westpac may decide that a Regulatory Event has occurred and may elect to Convert, Redeem (subject to APRA's prior written approval) or Transfer the Notes – see Sections 2.3 and 2.4.

A Regulatory Event may also occur as a result of other regulatory changes. See Section 2.3.3 for information on what constitutes a Regulatory Event, and Section 5.2.2 for risks associated with regulation for Westpac generally.

### **5.1.20 Taxation treatment**

A general description of the Australian taxation consequences of investing in the Notes is set out in Section 6. The information in Section 6 is provided in general terms and is not intended to provide specific advice in relation to the circumstances of any particular potential investor or Holder. Accordingly, you should seek independent advice in relation to your individual tax position before you choose to apply for or invest in the Notes.

A Tax Event will occur if Westpac determines, after receiving a supporting opinion of reputable legal counsel or other tax adviser in Australia experienced in such matters, that (as a result of a Change of Law), there is a more than insubstantial risk that:

- Westpac would be exposed to a more than *de minimis* adverse tax consequence or increased cost in relation to the Notes; or
- any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act.

In each of those situations, the risk may itself be a Tax Event, even before the cost or adverse tax consequence is incurred or the Distribution ceases to be frankable. If a Tax Event occurs, Westpac may Convert, Redeem or Transfer the Notes (subject to the conditions contained in the Westpac Capital Notes 7 Terms, including that Westpac has obtained a supporting opinion of reputable legal counsel or other tax adviser, experienced in such matters, in relation to the Tax Event – see Section 2.3.2).

### **5.1.21 Foreign Account Tax Compliance Act (“FATCA”) withholding and reporting**

In order to comply with FATCA, Westpac (or, if Notes are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the United States or under applicable law including pursuant to the terms of an applicable intergovernmental agreement entered into between the United States and any other jurisdiction) (i) to request certain information from Holders or beneficial owners

of Notes, which information may be provided to the US Internal Revenue Service (“IRS”), and (ii) to withhold US tax on some portion of payments made with respect to the Notes treated as foreign passthru payments made two years or more after the date on which the final regulations that define “foreign passthru payments” are published if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the United States (and are not otherwise required to comply with the FATCA regime under applicable law including pursuant to the terms of an applicable intergovernmental agreement entered into between the United States and any other jurisdiction).

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 additional amounts to compensate them for such withholdings. FATCA is complex and its application to the Notes remains uncertain. Prospective investors are advised to consult their own tax advisers about the application of FATCA to the Notes.

This information is based on guidance issued by the IRS or other relevant tax authority as at the date of this Prospectus. Future guidance may affect the application of FATCA to Westpac, Holders or beneficial owners of Notes or Ordinary Shares.

### 5.1.22 Provision of information and certifications pursuant to Common Reporting Standard compliance requirements

The Organization for Economic Co-operation and Development’s Common Reporting Standard for Automatic Exchange of Financial Account Information (“CRS”) requires certain financial institutions to report information regarding certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. A jurisdiction that has signed the CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement. Australia has enacted legislation to give effect to the CRS, with the CRS applying to Australian financial institutions from 1 July 2017. Therefore, Holders may be requested to provide certain information and certifications to ensure compliance with the CRS and this information may be provided to the ATO and, potentially, other taxing authorities in other jurisdictions outside Australia.

### 5.1.23 Powers of a Banking Act statutory manager and APRA

In certain circumstances APRA may appoint a statutory manager to take control of the business of an ADI, such as Westpac. Those circumstances are defined in the Banking Act to include:

- where the ADI informs APRA that it considers it is likely to become unable to meet its obligations, or is about to suspend payment;
- where APRA considers that, in the absence of external support:
  - the ADI may become unable to meet its obligations;

- the ADI may suspend payment;
- it is likely that the ADI will be unable to carry on banking business in Australia consistently with the interests of its depositors; or
- it is likely that the ADI will be unable to carry on banking business in Australia consistently with the stability of the financial system in Australia;
- the ADI becomes unable to meet its obligations or suspends payment; or
- where, in certain circumstances, the ADI, its holding company (if any) or any of its subsidiaries, is in default of compliance with a direction by APRA to comply with the Banking Act or regulations made under it and the Federal Court of Australia authorises APRA to assume control of the ADI’s business.

The powers of a Banking Act statutory manager include the power to alter the constitution of an ADI, its holding company (if any) or any of its subsidiaries, to issue, cancel or sell shares (or rights to acquire shares) in the ADI, its holding company (if any) or any of its subsidiaries, and to vary or cancel rights or restrictions attached to shares in a class of shares in the ADI, its holding company (if any) or any of its subsidiaries. The Banking Act statutory manager is authorised to do so despite the Corporations Act, the ADI’s constitution, any contract or arrangement to which the ADI, its holding company (if any) or any of its subsidiaries is party or the ASX Listing Rules. In the event that a Banking Act statutory manager is appointed to Westpac in the future, these broad powers of a Banking Act statutory manager may be exercised in a way which adversely affects the rights attaching to the Notes and the position of Holders.

The Banking Act was amended in 2018 to enhance APRA’s powers to facilitate resolution of the entities it regulates (and their subsidiaries). Additional powers which have been given to APRA and which impact Westpac include greater oversight, management and directions powers in relation to Westpac Group entities which were previously not regulated by APRA, increased statutory management powers over certain other entities within the Westpac Group and changes which are designed to give statutory recognition to the conversion or write-off of regulatory capital instruments.

In addition, APRA has powers to require the compulsory transfer of all or part of the business of Westpac (including Ordinary Shares of Westpac) to another entity under the *Financial Sector (Transfer and Restructure) Act 1999* (Cth) (“FSTR Act”). A transfer under the FSTR Act overrides anything in any contract or agreement to which Westpac is a party, including the Westpac Capital Notes 7 Terms. These powers of APRA may be exercised in a way which adversely affects the ability of Westpac to comply with its obligations in respect of the Notes and this may adversely affect the position of Holders.

### 5.1.24 Future issues of debt or other securities by Westpac

Westpac and members of the Westpac Group may, at their absolute discretion, issue securities in the future that:

- rank for distribution or payment of capital (including in the Winding Up of Westpac or another member of the Westpac Group) equally with, behind or ahead of the Notes; or
- have the same or different dividend, interest or distribution rates as the Notes; or

- have the same or different terms and conditions as the Notes.

Any issue of other securities may affect Holders' ability to recover the Liquidation Sum due to Holders on a Winding Up, if the Notes are on issue at the time.

The Westpac Capital Notes 7 Terms do not require Westpac to refrain from certain business changes or require Westpac to operate within certain ratio limits.

An investment in Notes carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by any member of the Westpac Group.

No prediction can be made as to the effect, if any, such future issues of debt or other securities by an entity in the Westpac Group may have on the market price or liquidity of the Notes.

### 5.1.25 Successor holding company

Where Westpac is replaced as the ultimate holding company of the Westpac Group by an Approved Successor and certain other conditions are satisfied, Conversion of Notes will not be triggered but Westpac may be allowed to instead make amendments (provided APRA's prior written approval is obtained) to substitute the Approved Successor as the debtor in respect of the Notes and as the issuer in respect of the ordinary shares issued on Conversion and to make certain other amendments to the Westpac Capital Notes 7 Terms. Accordingly, potential investors should be aware that, if:

- Westpac is replaced by an Approved Successor as the ultimate holding company of the Westpac Group; and
- a substitution of the Approved Successor as the debtor in respect of the Notes and the issuer of the ordinary shares on Conversion is effected under the Westpac Capital Notes 7 Terms,

Holders will be obliged to accept Approved Successor Shares and will not receive Ordinary Shares on Conversion.

Potential investors should also be aware that Holders may not have a right to vote on any proposal to approve, implement or give effect to the establishment of an Approved Successor.

Westpac has not made any decision to substitute an Approved Successor as the ultimate holding company of the Westpac Group.

Where Westpac transfers only some of its assets to an Approved Successor, the Approved Successor may as a result have reduced assets which may affect its credit rating and the likelihood Holders will receive their claims in full in a Winding Up.

There is also a risk that the establishment of a successor holding company that is not an Approved Successor is treated as an Acquisition Event, leading to the Conversion of the Notes. Further, if the establishment of a successor holding company is treated as an Acquisition Event and Conversion does not occur, a number of different risks may arise for Holders, including that Westpac may be assigned a different credit rating and its financial position may be materially altered thereby adversely affecting its ability to pay Distributions.

### 5.1.26 Amendment of the Westpac Capital Notes 7 Terms

Westpac may, with APRA's prior written approval where required and subject to compliance with applicable laws, amend the Westpac Capital Notes 7 Terms without the approval of Holders. This includes an amendment which, in Westpac's opinion, is:

- of a formal, minor or technical nature;
- made to cure ambiguities and manifest errors;
- necessary to give effect to the listing of the Notes on any stock exchange (and is not considered by Westpac to be materially prejudicial to the interest of Holders as a whole) or to comply with applicable laws (including the requirements of any statutory authority, such as APRA); or
- generally not materially prejudicial to the interest of Holders as a whole.

Westpac may also amend the Westpac Capital Notes 7 Terms, with APRA's prior written approval, if the amendment has been approved by a Special Resolution of Holders or is necessary to effect the substitution of an Approved Successor as the debtor in respect of the Notes and the issuer of ordinary shares on Conversion.

Amendments under these powers are binding on all Holders despite the fact that a Holder may not agree with the amendment.

Westpac may also amend the Westpac Capital Notes 7 Terms in certain circumstances where the 3 month BBSW Rate ceases to be available (i.e. a BBSW Rate Disruption Event occurs) and replace the 3 month BBSW Rate with an alternative rate that Westpac considers appropriate (subject to APRA's prior written approval), acting in good faith and in a commercially reasonable manner, and make certain other consequential amendments to the Westpac Capital Notes 7 Terms. Such amendments could adversely affect the interests of Holders.

APRA's prior written approval to amend the Westpac Capital Notes 7 Terms is always required where the amendment would impact, or potentially impact, the classification of the Notes as Additional Tier 1 Capital on a Level 1 or Level 2 basis.

### 5.1.27 No rights if control of Westpac is acquired

If a person other than an Approved Successor acquires control of Westpac, the Westpac Capital Notes 7 Terms do not provide any right or remedy for the Holders on account of such an acquisition occurring except where the acquisition constitutes an Acquisition Event. Further, such an acquisition of Westpac may result in Westpac's Ordinary Shares no longer being quoted on ASX.

If after such an acquisition has occurred a Non-Viability Trigger Event occurs, the number of Ordinary Shares issued on Conversion will reflect the VWAP for the period of 5 Business Days on which the Ordinary Shares were last traded on ASX. The period of 5 Business Days may be well before the Non-Viability Trigger Event and, accordingly, the value of the Conversion Number of Ordinary Shares when issued may be very different from the value based on the VWAP used to determine the Conversion Number. This may adversely affect the value of the Ordinary Shares which are issued to Holders upon Conversion and such Ordinary Shares may not be freely tradable.



## 5.2 Investment risks relating to Westpac

Set out in this Section 5.2 are specific risks associated with an investment in Westpac. Westpac's business is subject to risks that can adversely impact its financial performance, financial condition and future performance. These risks are relevant to an investment in Notes and Ordinary Shares as the value of such an investment in Notes will depend on Westpac's financial condition and future performance, regardless of when or if the Notes are Converted, Redeemed, Transferred or, in the event of a Capital Trigger Event or Non-Viability Trigger Event, terminated. If any of the following risks occur, Westpac's business, prospects, reputation, financial performance or financial condition could be materially adversely affected, and the likelihood of a Capital Trigger Event or Non-Viability Trigger Event may increase, with the result that the trading price of Westpac's securities could decline and as a Holder you could lose all, or part, of your investment.

### 5.2.1 COVID-19 has had, and COVID-19 and a pandemic like COVID-19 could in the future have, an adverse effect on the Westpac Group

The Westpac Group is vulnerable to the impacts of a communicable disease outbreak or a pandemic. The COVID-19 pandemic has had, and Westpac expects will continue to have, a negative impact on Westpac's customers, shareholders, employees and financial performance, among other adverse effects.

The pandemic has disrupted, and will continue to disrupt, numerous industries and global supply chains, while important measures to mitigate its impact (such as restrictions on businesses, movement and public gatherings) have had, and Westpac expects will continue to have, a negative effect on economic activity.

This decrease in economic activity has affected, and will continue to affect, demand for Westpac's products and services for an unknown time and by an unknown amount. The associated financial stress on Westpac's customers has increased impairments, defaults and write-offs. Westpac has increased its provisions for expected credit losses, however, further increases may be required.

Westpac has supported customers impacted by the pandemic by lowering interest rates on certain products, waiving certain fees and granting deferrals of certain loan repayments. These initiatives have had and may continue to have a negative impact on the Westpac Group's financial performance and may see the Westpac Group assume greater risk than it would have under ordinary circumstances. There is also a possibility that governments or regulators will require banks (including Westpac) to provide further support to customers impacted by the COVID-19 pandemic.

Actions taken by regulators in response to the COVID-19 pandemic have impacted and could in the future impact the Westpac Group. As an example, regulators in some overseas jurisdictions have exercised their powers to prevent banks from declaring dividends or undertaking share buybacks. In New Zealand, the RBNZ made the decision to freeze the distribution of dividends on ordinary shares by all banks in New Zealand during the period of economic uncertainty caused by COVID-19. This prevents Westpac's subsidiary Westpac New Zealand Limited from paying dividends and has a negative impact on Westpac's Level 1 CET1 Ratio.

It is possible that APRA will take a similar approach in the future and prevent Westpac from declaring dividends to its investors. While APRA has not yet taken such action, it has written to Australian banks (including Westpac) and outlined its expectation that they limit any dividends and discretionary capital distributions in the coming months.

Westpac's business activities and operations have been, and will likely in the future be, disrupted by disease outbreaks or pandemics. For example, the COVID-19 pandemic has resulted in Westpac closing workplaces and suspending the provision of services through certain channels.

When such outbreaks or pandemics occur, Westpac may need to adjust its risk appetite, policies or controls so it can respond to the outbreak or pandemic and protect the wellbeing of staff and customers who visit Westpac's premises. These changes could have unforeseen consequences and expose the Westpac Group to increased regulatory oversight and/or regulatory action.

Further, to respond to the COVID-19 pandemic, Westpac has implemented (and may implement in the future) new measures in very short periods of time. Taking this type of action may increase the risk that an operational or compliance breakdown occurs, potentially leading to financial losses, impacts on customer service or regulatory and/or legal action.

The COVID-19 pandemic has also impacted the Westpac Group's ability to pay dividends, with the Westpac Group electing not to pay an interim dividend this financial year given the desire to retain a strong balance sheet and the ongoing uncertainty in the operating environment. It is possible that the pandemic will negatively impact the Westpac Group's ability to pay future dividends or make capital distributions.

There continues to be significant uncertainty associated with the COVID-19 pandemic, including the severity of the disease, its duration and actions that may be taken by governments and businesses to attempt to contain the virus or mitigate its impact. In turn, this has the potential for longer term impacts on Westpac's customers, business and operations. The COVID-19 pandemic may also heighten other risks described in this Section 5.2.

### 5.2.2 Westpac could be adversely affected by legal or regulatory change

The Westpac Group's business, prospects, reputation, financial performance and financial condition have been, and could in the future be, adversely affected by changes to law, regulation, policies, supervisory activities and the expectations of its regulators. The Westpac Group operates in an environment where there is increased regulation on and scrutiny of financial services providers.

Regulatory change has directly and adversely affected the Westpac Group's financial condition and financial position, and could do so in the future. In recent years, laws and regulations have been introduced requiring Westpac to hold more liquidity and higher capital, and a 'Bank Levy' (based on liabilities) has been imposed on Australia's largest banks. Laws and regulations that have a similar effect could be passed in the future, including as a result of APRA's proposed capital policy reforms.

Regulatory changes may also affect how Westpac operates. For example, recent regulation has altered the way Westpac provides its products and services, in some cases requiring it to change or discontinue Westpac's

offerings. Regulation could also limit Westpac's flexibility, require Westpac to incur substantial costs, impact the profitability of Westpac's businesses, result in the Westpac Group being unable to increase or maintain market share and/or create pressure on margins and fees.

There are many sources of regulatory change that could affect Westpac's business. Such change could stem from international bodies, such as the BCBS or from reviews and inquiries commissioned by governments (including the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry) or regulators. Reviews and commissions of inquiry may lead to, and in some cases already have led to, substantial regulatory change, which could have a material impact on the Westpac Group.

Regulation impacting Westpac's business may not always be released in a timely manner before its date of implementation. Similarly, early announcements of regulatory change may not be specific and significantly differ from the final regulation. In those cases, the Westpac Group may not be able to effectively manage its compliance design in the timeframes available.

Relevant governments or regulators could also revise their application of regulatory policies, thereby impacting Westpac's business (such as macro-prudential limits on lending).

It is critical the Westpac Group manages regulatory change effectively. The failure to do so has, and could in the future, result in the Westpac Group not meeting its compliance obligations, the potential consequences of which are set out in Section 5.2.3 below. Westpac expects that Westpac will continue to invest significantly in compliance and the management and implementation of regulatory change, and significant management attention and resources may be required to update existing, or implement new, processes to comply with such new regulations.

The Westpac Group's ability to manage regulatory change has been, and will in the future be, impacted by the COVID-19 pandemic or similar pandemics. The COVID-19 pandemic has caused significant disruptions and delays to regulatory change projects, increasing the risk that the Westpac Group may not comply with new regulations when they come into effect. The governmental response to COVID-19 has also seen new legislation and regulation, which may increase compliance risks. The Westpac Group may also incur significant costs responding to this new legislation and regulation.

### **5.2.3 Westpac has been and could be adversely affected by failing to comply with laws, regulations or regulatory policy**

Westpac is responsible for ensuring that it complies with all applicable legal and regulatory requirements and industry codes of practice in the jurisdictions in which it operates or obtains funding, as well as meeting its ethical standards.

The Westpac Group is subject to conduct and compliance risk. These risks are exacerbated by the increasing complexity and volume of regulation, including where Westpac interprets its obligations and rights differently to regulators or a court, tribunal or other body. The potential for this is heightened when regulation is new, untested or is not accompanied by extensive regulatory guidance.

The Westpac Group's compliance management system is designed to identify, assess and manage compliance risk. However, this system has not always been, and may

not always be, effective. Breakdowns have, and may in the future, occur due to flaws in the design of controls or processes. This has resulted in, and may in the future result in, potential breaches of compliance obligations as well as poor customer outcomes.

Conduct risk could occur through the provision of products and services to customers that do not meet their needs or do not meet the expectations of the market, as well as the poor conduct of Westpac's employees, contractors, agents, authorised representatives and external services providers. This could occur through a failure to meet professional obligations to specific clients (including fiduciary and suitability requirements), weakness in risk culture, poor product design and implementation, failure to adequately consider customer needs or selling products and services outside of customer target markets. This could include deliberate attempts by such individuals to circumvent Westpac's controls, processes and procedures or negligent actions that could result in the circumvention of Westpac's controls, processes and procedures. The Westpac Group depends on its people to 'do the right thing' to meet its compliance obligations. Inappropriate or poor conduct by these individuals such as not following a policy or engaging in misconduct has and could result in poor customer outcomes and a failure by the Westpac Group to meet its compliance obligations. The large number of employees and the staff of Westpac's third-party contactors working remotely due to the COVID-19 pandemic may negatively affect the Westpac Group's compliance controls and monitoring processes and there may be an increased risk that staff fail to follow internal policies or that customers may be adversely affected through privacy breaches.

While Westpac has frameworks, policies, processes and controls that are designed to manage poor conduct outcomes, these policies and processes have been, and may be, ineffective. The failure of these policies and processes could result in financial losses (including incurring substantial remediation costs and as a result of litigation by regulators and customers) and reputational damage, which could adversely affect Westpac's business, prospects, financial performance or financial condition.

The Westpac Group's failure, or suspected failure, to comply with a compliance obligation could lead to a regulator commencing surveillance or an investigation. The Westpac Group is currently subject to investigations and reviews by regulators, with the intensity of these increasing. The Westpac Group has devoted (and will need to continue to devote) significant resources and has incurred (and will continue to incur) costs for these reviews and investigations, which may adversely affect Westpac's business, operations, reputation, financial performance and ability to pay dividends.

Depending on the circumstances, regulatory reviews and investigations have in the past and may in the future result in a regulator taking administrative or enforcement action against the Westpac Group and/or its representatives. Regulators could pursue civil or criminal proceedings, seeking substantial fines, civil penalties or other enforcement outcomes. In addition, regulatory investigations may lead to adverse findings against directors and management, including potential disqualification.

In many cases, Westpac's regulators have broad powers. For example, APRA can, in certain circumstances, issue directions to Westpac (such as a direction to comply with a prudential requirement, conduct an audit or take

remedial action) or disqualify an ‘Accountable Person’ under the Banking and Executive Accountability Regime.

APRA can also require the Westpac Group to hold additional capital either through a capital overlay or higher risk weighted assets. APRA imposed a \$500 million overlay to Westpac’s operational risk capital requirement following the completion of Westpac’s self-assessment into its frameworks and practices in relation to governance, culture and accountability and a further \$500 million overlay following the commencement of civil penalty proceedings by AUSTRAC (both overlays were applied through an increase in risk weighted assets). If the Westpac Group incurs additional capital overlays it may need to raise additional capital which could have an adverse impact on its financial performance and financial condition.

The political and regulatory environment that the Westpac Group operates in has seen (and may in the future see) Westpac’s regulators (including any new regulator) receive new powers along with materially increased penalties for corporate and financial sector misconduct. In particular, ASIC can commence civil penalty proceedings and seek civil penalties (currently up to \$525 million per offence) against an Australian financial services licensee (such as Westpac) for failing to do all things necessary to ensure that financial services provided under the licence are provided efficiently, honestly and fairly. The Westpac Group may also face significant penalties for failing to comply with other obligations, and a failure by the Westpac Group may result in multiple contraventions leading to large penalties.

Westpac’s regulators have adjusted and may in the future continue to adjust the way they approach oversight, potentially preferring their enforcement powers over a more consultative approach. For example ASIC has committed to continue to use a ‘Why not litigate?’ approach and indicated that it will (among other things) prioritise case studies and referrals arising from the Royal Commission and significant market misconduct. APRA has also committed to a revised enforcement approach (including a new ‘Supervision Risk and Intensity Model’), indicating it will use enforcement where appropriate to prevent and address serious prudential risks and hold entities and individuals to account.

There may also be a shift in the type and focus of enforcement proceedings commenced by regulators in the future. Regulators may increasingly seek to bring criminal proceedings against institutions and/or their employees or representatives by referring potential criminal matters to the Commonwealth Department of Public Prosecutions or other prosecutorial bodies.

The way regulators supervise and monitor institutions has also changed and may continue to change in the future. An example is ASIC’s ‘Close and Continuous Monitoring’ (“CCM”) program involving onsite reviews of financial services entities, including Westpac.

While ASIC, APRA and other regulators have indicated their immediate focus is on responding to the COVID-19 pandemic and they may delay certain enforcement, supervisory activities or monitoring activities, the long term trend to enhanced supervision and monitoring and greater enforcement activity remains.

Disruptions to Westpac’s business, operations, third party contractors and suppliers resulting from the COVID-19 pandemic have also increased and may continue to increase the risk that Westpac will not be able to satisfy commitments made to regulators about improving

processes and/or resolving outstanding issues, potentially increasing the prospect of a regulator taking action against the Westpac Group.

Regulatory action commenced against the Westpac Group has exposed and may in the future expose the Westpac Group to an increased risk of litigation brought by third parties (including through class action proceedings), which may require the Westpac Group to pay compensation to third parties and/or undertake further remediation activities.

Regulatory investigations, inquiries, litigation, fines, penalties, infringement notices, revocation, suspension or variation of conditions of regulatory licences or other enforcement or administrative action or agreements (such as enforceable undertakings) could, either individually or in aggregate with other regulatory action, adversely affect Westpac’s business, prospects, reputation, financial performance or financial condition.

#### 5.2.4 The failure to comply with financial crime obligations has had and could have further adverse effects on Westpac’s business and reputation

The Westpac Group is subject to anti-money laundering and counter-terrorism financing (“AML/CTF”) laws, anti-bribery and corruption laws, economic and trade sanctions laws and tax transparency laws in the jurisdictions in which it operates. These laws can be complex and, in some circumstances, impose a diverse range of obligations. As a result, regulatory, operational and compliance risks are heightened. For example, AML/CTF laws require Westpac and other regulated institutions to (amongst other things) undertake the applicable customer identification procedures, conduct ongoing and enhanced due diligence on customers, maintain and comply with an AML/CTF program and undertake ongoing risk assessments.

AML/CTF laws also require Westpac to report certain matters and transactions to regulators (including international funds transfer instructions, threshold transaction reports and suspicious matter reports) and ensure that certain information is not disclosed to third parties in a way that would contravene the ‘tipping off’ provisions in AML/CTF legislation. The failure to comply with these laws has had, and in the future may have, adverse impacts for the Westpac Group.

In recent years there has been, and there continues to be, increased focus on compliance with financial crime obligations, with regulators globally commencing large-scale investigations and taking enforcement action for identified non-compliance (often seeking significant penalties). Further, due to the Westpac Group’s large number of customers and transaction volumes, the undetected failure or the ineffective implementation, monitoring or remediation of a system, policy, process or control (including a regulatory reporting obligation) has, and could in the future result in, a significant number of breaches of AML/CTF obligations. This in turn could lead to significant penalties and other adverse impacts for the Westpac Group, such as reputational damage.

While the Westpac Group has systems, policies, processes and controls in place designed to manage its financial crime obligations (including reporting obligations), these have not always been, and may not in the future always be effective. This could be for a range of reasons, including, for example, a deficiency in the design of a control or a technology failure. Westpac’s analysis and reviews, in

addition to regulator feedback, have highlighted that Westpac's systems, policies, processes and controls are not operating satisfactorily in a number of respects and require improvement.

The Westpac Group is currently undertaking a significant multi-year program of work to strengthen areas of control weakness in its financial crime risk management framework (including important aspects of its money laundering and terrorism financing risk assessments and governance) and rectify the management of this risk. The Westpac Group has increased dedicated financial crime risk expertise and resources to deliver the financial crime program of work. With increased focus on financial crime, further issues requiring attention have been identified and may continue to be identified.

Although the Westpac Group provides updates to AUSTRAC and other regulators on its remediation and other program activities, there is no assurance that AUSTRAC or other regulators will agree that its remediation and program update activities will be adequate or effectively enhance the Westpac Group's compliance programs.

If Westpac fails, or where Westpac has failed, to comply with these financial crime obligations, Westpac has faced and could face regulatory enforcement action such as litigation, significant fines, penalties and the revocation, suspension or variation of licence conditions, such as the civil penalty proceedings brought by AUSTRAC against Westpac on 20 November 2019 for alleged contraventions of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth).

Non-compliance or alleged non-compliance with Westpac's financial crime related obligations and public disclosure have also resulted in, and could lead to regulatory investigations, reviews, inquiries, proceedings or other litigation commenced by third parties (including Australian, US or other class actions), and regulatory action in non-Australian jurisdictions where Westpac operates. Any such litigation or proceeding could cause significant financial and reputational damage to Westpac. Reputational damage could result in the loss of customers or restrict the Westpac Group's ability to efficiently access capital markets, which could have a material adverse effect on the Westpac Group's business, reputation, prospects, financial performance and financial condition. Furthermore, any such effect could harm the Westpac Group's credit ratings. Previous enforcement action by AUSTRAC has resulted in a range of outcomes, depending on the nature and severity of the relevant conduct and its consequences, including substantial financial penalties, restrictions and other regulator imposed conditions.

### **5.2.5 Reputational damage has harmed and could in the future harm Westpac's business and prospects**

Reputational risk arises where there are differences between stakeholders' current and emerging perceptions, beliefs and expectations and Westpac's past, current and planned activities, processes, performance and behaviours.

There are various potential sources of reputational damage. For example, where Westpac's actions cause, or are perceived to cause, a negative outcome for customers, shareholders, stakeholders or the community. Reputational damage could also arise from the failure to effectively manage risks, failure to comply with legal and regulatory requirements, enforcement or supervisory

action by regulators (such as the civil penalty proceedings brought by AUSTRAC), adverse findings from regulatory reviews, failure or perceived failure to adequately respond to community, environmental, social and ethical issues, failure of information security systems, technology failures and security breaches and inadequate record keeping which may prevent Westpac from demonstrating that or determining if a past decision was appropriate at the time it was made.

Westpac's reputation could also be adversely affected by the actions of customers, suppliers, joint-venture partners, strategic partners, other counterparties and accredited data recipients that the Westpac Group provides customer data to under Australia's 'Open Banking' regime.

Failure, or perceived failure, to address issues that could or do give rise to reputational risk has created, and could in the future create, additional legal risk, subject Westpac to regulatory investigations, regulatory enforcement actions, fines and penalties or litigation brought by third parties (including class actions), require Westpac to remediate and compensate customers and incur remediation costs, or harm Westpac's reputation among customers, investors and the market. This could adversely affect Westpac's business, prospects, financial performance or financial condition

### **5.2.6 Westpac has suffered and could suffer losses due to litigation**

Westpac and its subsidiaries may, from time to time, be involved in legal proceedings (including class actions), regulatory actions or arbitration. Such litigation could be commenced by a range of plaintiffs, such as customers, shareholders, suppliers, counterparties and regulators.

In recent years there has been an increase in class action proceedings, many of which have resulted in significant monetary settlements. The risk of class actions has been heightened by a number of factors, including regulatory enforcement actions (such as the civil penalty proceedings brought by AUSTRAC), an increase in the number of regulatory investigations and inquiries (such as the Royal Commission), a greater willingness on the part of regulators to commence court proceedings, more intense media scrutiny and the growth of third party litigation funding. Class actions commenced against a competitor could also lead to similar proceedings against Westpac.

Litigation (including class actions) may, either individually or in aggregate, adversely affect the Westpac Group's business, operations, prospects, reputation or financial condition. This risk is heightened by increases in the severity of penalties for certain breaches of the law. Such matters are subject to many uncertainties and the outcome may not be predicted accurately. Furthermore, the Westpac Group's ability to respond to and defend litigation may be adversely affected by inadequate record keeping.

Depending on the outcome of any litigation, the Westpac Group may be required to comply with broad court orders, including compliance orders, enforcement orders or otherwise pay significant damages, fines, penalties or legal costs.

In addition, the case studies considered by the Royal Commission, and the Royal Commission's findings, have led, and may in the future lead to, regulators commencing investigations and/or enforcement action against the Westpac Group.

There is a risk that the actual penalty paid following a settlement or determination by a Court for any legal proceedings may be materially higher or lower than the provision or that any contingent liability may be larger than anticipated. This may occur in a range of situations, for example where the scope of litigation against the Westpac Group is expanded by further claims or causes of action. There is also a risk that additional litigation or contingent liabilities arise, all of which could adversely affect Westpac's business, prospects, reputation, financial performance or financial condition

### 5.2.7 Westpac has suffered, and could in the future suffer, information security risks, including cyberattacks

The Westpac Group (and its external service providers) is subject to information security risks. These risks are heightened by:

- new technologies;
- increased use of the internet and telecommunications to conduct financial transactions;
- the growing sophistication of attackers;
- increased regulatory focus on cyber security and oversight of cyber activities; and
- the COVID-19 pandemic, which has resulted in many Westpac employees (and staff of service providers) working remotely or from other sites, potentially providing increased opportunities for cyber threat actors to exploit.

While Westpac has systems in place to protect against, detect and respond to cyberattacks, these systems have not always been, and may not always be, effective. There is no assurance that Westpac will not suffer losses from cyberattacks or information security breaches. The Westpac Group may not be able to anticipate and prevent a cyberattack, effectively respond to a cyberattack and/or rectify or minimise damage resulting from a cyberattack. Westpac's external service providers, and other parties that facilitate Westpac's activities and financial platforms and infrastructure (such as payment systems and exchanges) are also subject to the risk of cyberattacks.

Westpac's operations rely on the secure processing, storage and transmission of information on its computer systems and networks, and the systems and networks of external suppliers. Although Westpac implements measures to protect the confidentiality and integrity of its information, there is a risk that the computer systems, software and networks on which it relies may be subject to security breaches, unauthorised access, malicious software, external attacks or internal breaches that could have an adverse impact on Westpac's confidential information or that of Westpac's customers and counterparties. A range of potential consequences could arise from a successful cyberattack, such as:

- systems not operating properly disrupting operations;
- damage to technology infrastructure;
- adverse impacts to network access, operations or availability of services;
- loss of customers;
- loss of data/information;
- reputational damage;
- claims for compensation;
- adverse regulatory action including fines or penalties; and

- significant additional resources required to modify Westpac's systems or to investigate and remediate any vulnerabilities or incidents.

All these potential consequences could negatively affect Westpac's business, prospects, financial performance or financial condition.

As cyber threats evolve, Westpac may need to spend significant resources to modify or enhance its systems or investigate and remediate any vulnerabilities or incidents

### 5.2.8 Westpac could suffer losses due to technology failures

Maintaining the reliability, integrity and security of Westpac's information and technology is crucial to Westpac's business.

While the Westpac Group has a number of processes in place to preserve and monitor the availability and recovery of its systems, there is a risk that Westpac's information and technology systems might fail to operate properly or become disabled, including from events wholly or partially beyond Westpac's control. For example, the COVID-19 pandemic has seen more employees and staff of Westpac's third-party contractors work remotely or from alternative sites, which may put additional stress on Westpac's technology infrastructure and systems. Similarly, the COVID-19 pandemic and the measures implemented by governments to mitigate its spread are likely to result in increased demand being placed on critical national technology and communications infrastructure which the Westpac Group relies on. This could adversely impact the reliability of such infrastructure and increase the risk that Westpac's technology systems will not be able to operate properly or will become disabled for a period of time.

If Westpac incurs a technology failure it may fail to meet a compliance obligation (such as retaining records and data for a certain period of time), or its customers may be adversely affected, including through privacy breaches or loss of personal data. This could result in reputational damage, remediation costs and a regulator commencing an investigation and/or taking action against Westpac. The overreliance on legacy systems may heighten the risk of a technology failure.

Westpac needs to regularly renew and enhance its technology to deliver new products and services, comply with regulatory obligations and meet its customers' and regulators' obligations. Consequently, Westpac is constantly managing new technology projects. Failure to effectively implement these projects could result in cost overruns, reduced productivity, operational instability, compliance failures, reputational damage and/or the loss of market share. This could place Westpac at a competitive disadvantage and adversely affect Westpac's business, prospects, financial performance or financial condition.

### 5.2.9 Westpac is exposed to adverse credit and capital market conditions

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

Global credit and capital markets can experience periods of extreme volatility, disruption and decreased liquidity. Such disruption can be for extended periods and be unpredictable as experienced during the Global Financial Crisis. The main risks Westpac faces are damage to market confidence, changes to the access and cost of funding, a

slowing in global economic activity or other impacts on customers or counterparties.

As of 30 September 2020, approximately 27% of Westpac's total funding originated from domestic and international wholesale markets. Of this, around 58% was sourced outside Australia and New Zealand. Customer deposits provide around 65% of total funding. Customer deposits held by Westpac comprise both term deposits, which can be withdrawn after a certain period of time and at call deposits, which can be withdrawn at any time.

A shift in investment preferences could result in deposit withdrawals which could increase Westpac's need for funding from other, potentially less stable, or more expensive sources.

If market conditions deteriorate due to economic, financial, political or other reasons (including the COVID-19 pandemic), there may also be a loss of confidence in bank deposits leading to unexpected withdrawals. This could increase funding costs and Westpac's liquidity, funding and lending activities may be constrained and Westpac's financial solvency threatened.

If Westpac's current sources of funding prove to be insufficient, it may need to seek alternatives which will depend on factors such as market conditions, Westpac's credit ratings and market capacity. Even if available, these alternatives may be more expensive or on unfavourable terms, which could adversely affect Westpac's financial performance, liquidity, capital resources or financial condition.

If Westpac is unable to source appropriate funding, Westpac may be forced to reduce lending or liquidity. This may adversely impact Westpac's business, prospects, liquidity, capital resources, financial performance or financial condition. If Westpac is unable to source appropriate funding for an extended period, or if it can no longer realise liquidity, Westpac may not be able to pay its debts as and when they fall due.

Westpac enters into collateralised derivative obligations, which may require Westpac to post additional collateral based on market movements, which has the potential to adversely affect Westpac's liquidity or ability to use derivative obligations to hedge its interest rate, currency and other financial instrument risks.

### **5.2.10 Westpac could be adversely affected by the risk of inadequate capital levels under stressed conditions**

The economic impact of the COVID-19 pandemic has brought to the fore the risk of an inadequate level or composition of capital to support normal business activities and to meet regulatory capital requirements under normal operating environments or stressed conditions. Regulatory change will require banks to hold higher capital, specifically for the implementation of future capital and risk-weighted assets regulations coming into effect from 2023. APRA requires banks to operate above the 10.5% unquestionably strong benchmark to prepare for this change although the impact on each bank will be different due to different balance sheet and portfolio mix. Capital distribution constraints apply when an ADI's Common Equity Tier 1 Capital Ratio is within the capital buffer range (consisting of the capital conservation buffer plus any countercyclical capital buffer). Capital constraints could have an impact on Westpac's ability to pay future

dividends or make capital distributions. Adverse conditions and/or adverse regulatory change could impact Westpac's capital adequacy and/or trigger capital distribution constraints.

### **5.2.11 Sovereign risk may destabilise financial markets adversely**

Sovereign risk is the risk that governments will default on their debt obligations or will be unable to refinance their debts as they fall due. Potential sovereign debt defaults and the risk that governments will nationalise parts of their economy including assets of financial institutions such as Westpac could negatively impact the value of Westpac's holdings of liquid assets. There may also be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, may be similar to or worse than those experienced during the Global Financial Crisis. Such an event could destabilise global financial markets, adversely affecting Westpac's liquidity, financial performance or financial condition.

### **5.2.12 Westpac could be adversely affected by the failure to maintain its credit ratings**

Credit ratings are independent opinions on Westpac's creditworthiness. Westpac's credit ratings can affect the cost and availability of Westpac's funding and may be important to certain customers or counterparties when evaluating its products and services.

Credit ratings assigned to Westpac by rating agencies are based on an evaluation of a number of factors, including Westpac's financial strength, the quality of Westpac's governance, structural considerations regarding the Australian financial system and economy and Australia's Sovereign credit rating. A rating downgrade could be driven by a downgrade of Australia's Sovereign credit rating, or one or more of the risks identified in this Section 5.2 or by other events including changes to the methodologies rating agencies use to determine ratings.

The economic impacts of the COVID-19 pandemic have affected Westpac's credit ratings and may do so in the future. In April 2020, Fitch Ratings downgraded its short-term and long-term ratings for the major Australian banks (including Westpac) by one notch, to A+ (from AA-) and F1 (from F1+) respectively, citing the significant economic consequences for Westpac's core markets of Australia and New Zealand caused by the actions taken by governments to slow the spread of COVID-19. Fitch Ratings has maintained the rating outlook for the major Australian banks as "negative", reflecting the major downside risk to Fitch's economic outlook in light of the evolving global situation. In April 2020, S&P Global Ratings revised its outlook for Westpac's long-term issuer credit rating to 'negative', mirroring a similar change to its outlook for the Australian Sovereign. As the economic impacts from the COVID-19 pandemic continue, there is a risk that there will be further negative movement in Westpac's credit ratings.

A downgrade to Westpac's credit ratings could have an adverse effect on Westpac's cost of funds, collateral requirements, liquidity, competitive position and its access to capital markets. The extent and nature of these impacts would depend on various factors, including the extent of any rating change, differences across agencies (split ratings) and whether competitors or the sector are also impacted.

### 5.2.13 Westpac could be adversely affected by a shock to the Australian, New Zealand or other financial systems

There is a risk that a major systemic shock could occur that adversely impacts the Australian, New Zealand or other financial systems.

In the past decade the financial services industry and capital markets have been, and may continue to be, adversely affected by volatility, global economic conditions, external events, geopolitical instability (such as global conflicts), and political developments. For example, the impacts from the COVID-19 pandemic have been, and could continue to be, significant for the global economy including Australia and New Zealand.

Market and economic disruptions could adversely affect financial institutions such as Westpac because consumer and business spending may decrease, unemployment may rise and demand for Westpac's products and services could decline, thereby reducing Westpac's earnings. These conditions may also affect the ability of Westpac's borrowers or counterparties to repay their loans or meet their obligations, causing Westpac higher credit losses and affecting investors' willingness to invest in the Westpac Group. These events could also undermine confidence in the financial system, reduce liquidity, impair access to funding and affect Westpac's customers and counterparties. If this occurred, Westpac's business, prospects, financial performance or financial condition could be adversely affected.

The nature and consequences of any such event are difficult to predict and there is a risk that Westpac's response may be ineffective.

### 5.2.14 Declines in asset markets could adversely affect Westpac's operations or profitability

Recent and future declines in Australian, New Zealand or other asset markets, including equity, residential and commercial property markets have adversely affected, and could in the future adversely affect, Westpac's operations and profitability.

Declining asset prices could also impact customers and counterparties and the value of security (including residential and commercial property) Westpac holds. This may impact Westpac's ability to recover amounts owing to Westpac if customers or counterparties default. It may also affect Westpac's impairment charges and provisions, in turn impacting its financial performance and financial condition.

Declining asset prices also impact Westpac's wealth management business as its earnings partly depend on fees based on the value of securities and/or assets held or managed.

### 5.2.15 Westpac's business is substantially dependent on the Australian and New Zealand economies

Westpac's revenues and earnings are dependent on economic activity and the level of financial services its customers require.

The majority of Westpac's business is conducted in Australia and New Zealand so Westpac's performance is

influenced by the level and cyclical nature of activity in these countries. These factors are in turn impacted by domestic and international economic conditions (including, at present, the COVID-19 pandemic).

A significant decrease in Australian and New Zealand housing valuations and commercial property valuations could adversely impact Westpac's lending activities because borrowers with loans in excess of their property value show a higher propensity to default. If defaults occur, Westpac's security may be eroded, causing higher credit losses. The demand for Westpac's home lending products may also decline due to changes in tax legislation (such as changes to tax rates, concessions or deductions), regulatory requirements or buyer concerns about decreases in values.

Adverse changes to economic and business conditions in Australia, New Zealand and other countries could also adversely affect Westpac's customers. In particular, due to the economic relationship between Australia and China, particularly in the mining, resources and agricultural sectors, a slowdown in China's economic growth (or the adoption of protectionist trade measures) could negatively impact the Australian economy. Changes in commodity prices, Chinese Government policies and economic conditions could reduce demand for Westpac's products and services and affect the ability of Westpac's borrowers to repay their loans. If this occurred, it could negatively impact Westpac's business, prospects, financial performance or financial condition.

Monetary policy can also significantly affect the Westpac Group. Interest rate settings (including low or negative rates) and other actions taken by central banks (such as quantitative easing) may adversely affect Westpac's cost of funds, the value of Westpac's lending and investments and Westpac's margins. Monetary policies also impact economic conditions of the jurisdictions Westpac operates or obtains funding in. These policies could affect demand for Westpac's products and services and/or have a negative impact on the Westpac Group's customers and counterparties, potentially increasing the risk that they will default. All these factors could adversely affect Westpac's business, prospects, financial performance or financial condition.

### 5.2.16 An increase in defaults has adversely affected and could further adversely affect Westpac's financial performance or financial condition

Westpac establishes provisions for credit impairment based on current information and Westpac's expectations. If economic conditions deteriorate beyond Westpac's expectations, some customers and/or counterparties could experience higher financial stress leading to an increase in defaults and write-offs, and higher provisioning. Such events could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition.

These risks are heightened by the COVID-19 pandemic which has negatively impacted economic activity and caused a range of customers to experience financial stress. The pandemic has seen many customers cease or substantially reduce their operations for an unknown period. In addition, individuals may have been laid off, been unable to work, or have fewer work hours. Westpac has received requests for assistance from affected businesses and consumers and has implemented, and will continue to implement, various initiatives to support them, including repayment deferrals and interest capitalisation. These

initiatives, and any support that governments or regulators may in the future require banks to provide to customers impacted by the COVID-19 pandemic, may have a negative impact on the Westpac Group's financial performance and may see the Westpac Group assume greater risk than it would have under ordinary circumstances.

The long-term impact of the COVID-19 pandemic on customers and the magnitude of defaults or impairments is uncertain. For example, consumers may permanently decrease discretionary spending, which may increase the time it takes certain industries to recover.

Credit risk also arises from certain derivative, clearing and settlement contracts Westpac enters into, and from Westpac's dealings in, and holdings of, debt securities issued by other institutions, the financial conditions of which may be affected to varying degrees by economic conditions in global financial markets.

### **5.2.17 Westpac faces intense competition in all aspects of its business**

The financial services industry is highly competitive. Westpac competes with a range of firms, including retail and commercial banks, investment banks, other financial service companies, fintech companies and businesses in other industries with financial services aspirations. This includes those not subject to the same capital and regulatory requirements which may allow those competitors to operate more flexibly.

Emerging competitors are increasingly altering the competitive environment by adopting new business models or seeking to use new technologies to disrupt existing business models.

The competitive environment may also change as a result of increased scrutiny by regulators in the sector, and legislative reforms such as 'Open Banking', which will stimulate competition, improve customer choice and likely give rise to increased competition from new and existing firms.

A failure to compete effectively in the various markets in which Westpac operates has and may continue to lead to a decline in Westpac's margins or market share.

Deposits fund a significant portion of Westpac's balance sheet and have been a relatively stable source of funding. If Westpac is not able to successfully compete for deposits this could increase its cost of funding, lead it to seek access to other types of funding or result in it reducing its lending.

Westpac's ability to compete depends on its ability to offer products and services that meet evolving customer preferences. A failure to effectively respond to changes in customer preferences could see Westpac lose customers. This could adversely affect Westpac's business, prospects, financial performance or financial condition.

### **5.2.18 Westpac could suffer losses due to market volatility**

Westpac is exposed to market risk due to Westpac's financial markets businesses, its defined benefit plan and through asset and liability management. Market risk is the risk of an adverse impact on earnings resulting from changes in market factors, such as foreign exchange rates, commodity prices, equity prices, and interest rates (including low or negative interest rates and any resulting pressure placed on the Westpac Group's interest margins). This includes interest rate risk in the banking book due to

a mismatch between the duration of assets and liabilities arising from the normal course of business activities.

Changes in markets could be driven by numerous developments. For example, the COVID-19 pandemic has resulted in significant market disruption and price volatility.

The July 2017 announcement by the FCA (which regulates the London Interbank Offered Rate ("**LIBOR**")) that it would not require panel banks to continue to submit rates for the calculation of the LIBOR benchmark after 2021 may also impact market volatility. Accordingly, the continuation of LIBOR in its current form will not be guaranteed after 2021, and it appears that LIBOR will be discontinued or modified by 2021. Any such developments or future changes in the administration of LIBOR or other market benchmarks could have adverse consequences to the return on, value of and market for securities and other instruments linked to any such benchmark, including securities or other instruments issued by the Westpac Group.

If Westpac were to suffer substantial losses due to market volatility (including changes in the return on, value of or market for, securities or other instruments) it may adversely affect Westpac's business, prospects, liquidity, capital resources, financial performance or financial condition.

### **5.2.19 Westpac has suffered and could suffer losses due to operational risks**

Operational risk includes, among other things, reputational risk, technology risk, model risk and outsourcing risk, as well as the risk of business disruption due to external events such as natural disasters, or outbreaks of communicable diseases (such as the COVID-19 pandemic), environmental hazard, damage to critical utilities, and targeted activism and protest activity. While Westpac has policies, processes and controls in place to manage these risks, these have not always been, or may not now be, effective.

Ineffective processes and controls have resulted in, and could result in, an adverse outcome for Westpac's customers. For example, a process breakdown could result in a customer not receiving a product on the terms, conditions, or pricing they agreed to, potentially leading to greater amounts of financial stress. Failed processes could also result in Westpac incurring losses because Westpac cannot enforce its contractual rights. This could occur because Westpac did not correctly document its rights or failed to perfect a security interest. These types of operational failures may also result in customer remediation and/or increased regulatory scrutiny and, depending on the nature of the failure, result in class action proceedings or a regulator commencing an investigation and/or taking other action.

Westpac could incur losses from fraudulent applications for loans or from incorrect or fraudulent payments and settlements. Fraudulent conduct can also arise from external parties seeking to access the bank's systems or customer accounts. If systems, procedures and protocols for managing fraud fail, or are ineffective, they could lead to losses which could adversely affect Westpac's customers, business, prospects, reputation, financial performance or financial condition.

Westpac is also exposed to model risk, being the risk of loss arising from errors or inadequacies in data or a model, or in the control and use of a model.



Financial services entities have been increasingly sharing data with third parties, such as suppliers and regulators, to conduct their business and meet regulatory obligations. A breakdown in a process or control related to the transfer, storage or protection of data sent to a third party, or the failure of a third party to use and handle this data correctly, could result in the Westpac Group failing to meet a compliance obligation (including relevant privacy obligations) and/or have an adverse impact on Westpac's customers and the Westpac Group.

Westpac also relies on a number of suppliers, both in Australia and overseas, to provide services to it and its customers. The COVID-19 pandemic is disrupting some suppliers and third party contractors, and these disruptions are likely to continue. Failures by these third-party contractors and suppliers to deliver services as required could disrupt Westpac's ability to provide its products and services and adversely impact Westpac's operations, financial performance or reputation.

Another possible source of disruption to the Westpac Group is central banks adopting negative interest rates. If this occurred, the technology systems used by the Westpac Group, its counterparties and/or financial infrastructure providers may not operate correctly and this may cause loss or damage to the Westpac Group and/or its counterparties.

### 5.2.20 Poor data quality could adversely affect Westpac's business and operations

Accurate, complete and reliable data, along with appropriate data control, retention and access frameworks and processes, is critical to Westpac's business. Data plays a key role in how Westpac provides products and services to customers, Westpac's systems, its risk management framework and its decision-making and strategic planning.

In some areas of its business, Westpac is affected by poor data quality. This has occurred and could arise in the future in a number of ways, including through inadequacies in systems, processes and policies, or the ineffective implementation of data management frameworks.

Poor data quality could lead to poor customer service, negative risk management outcomes, and deficiencies in credit systems and processes. Any deficiency in credit systems and processes could, in turn, have a negative impact on Westpac's decision making in the provision of credit and the terms on which it is provided.

Poor data or poor data retention can also affect Westpac's ability to meet its compliance obligations which could lead to a regulator taking action against it. Westpac also needs accurate data for financial and other reporting.

Due to the importance of data, the Westpac Group has and will likely continue to incur substantial costs and devote significant effort to improving the quality of data and data frameworks and processes and remediating deficiencies where necessary. Some of Westpac's efforts to remediate data issues have been disrupted by the COVID-19 pandemic and if these are not fixed in a timely way could result in increased regulatory scrutiny, and lead regulators to require the Westpac Group to remediate these issues within specific timeframes.

The consequences and effects arising from poor data quality or poor data retention could have an adverse impact on the Westpac Group's business, operations, prospects, financial performance and/or financial condition.

### 5.2.21 Breakdowns in processes and procedures have required, and could in the future require, Westpac to undertake remediation activity

Breakdowns in Westpac's processes and procedures (such as those identified in the civil penalty proceedings brought by AUSTRAC) have led to, and could in the future lead to, adverse outcomes for customers, employees or other third parties which Westpac is required to remediate.

The Westpac Group has, on a number of occasions, incurred significant remediation costs (including compensation payments and costs of correcting the issue) and there is a risk that similar issues will arise in the future that will require remediation.

There are significant challenges and risks involved in customer remediation activities. Westpac's ability to investigate the underlying issue could be impeded if the issue is old and occurred beyond Westpac's record retention period, or Westpac's records are inadequate. It may also be difficult and take significant time to properly quantify and scope a remediation activity.

Determining how to compensate customers properly and fairly can also be complicated, involving numerous stakeholders. The Westpac Group's proposed approach to a remediation may be affected by a number of events, such as affected customers commencing a class action, or a regulator requiring a remediation to be done in a specific way. These factors could delay Westpac in completing the remediation and may lead to a regulator commencing enforcement action against the Westpac Group. It could result in increased reputational risk, and Westpac could be challenged by regulators, affected customers, the media and other stakeholders.

The significant challenges involved in scoping and executing remediations also create a risk that the remediation costs incurred will be higher than initially estimated. Further, delays in completing a remediation could result in Westpac incurring additional administration costs and making higher remediation payments to customers to reflect the time value of money.

If the Westpac Group cannot effectively scope, quantify or implement a remediation activity in a timely way, there could be an adverse impact on Westpac's business, prospects, reputation, financial performance or financial condition.

### 5.2.22 Westpac has suffered, and in the future could suffer, losses and be adversely affected by the failure to implement effective risk management

Westpac's risk management framework has not always been, or may not in the future prove to be, effective.

This could be because the design of the framework is inadequate or that key risk management policies, controls and processes may be ineffective, due to inadequacies in their design, technology failures or because of poor implementation. The potential for these types of failings is heightened if the Westpac Group does not have enough appropriately skilled, trained and qualified employees in key positions.

There are also inherent limitations with any risk management framework as risks may exist, or emerge in the future, that Westpac has not anticipated or identified and Westpac's controls may not be effective.

The risk management framework may also prove ineffective because of weaknesses in risk culture, which may result in risks and control weaknesses not being identified, escalated and acted upon. Recent analysis and reviews, in addition to regulatory feedback, have highlighted that the framework is not operating satisfactorily in a number of respects and needs to be improved. The Westpac Group has a number of risks which sit outside Westpac's risk appetite or do not meet the expectations of regulators. Further, a deficiency in the design or operation of Westpac's remuneration structures could have a negative effect, potentially resulting in staff engaging in excessive risk taking behaviours.

As part of the Westpac Group's risk management framework, the Westpac Group measures and monitors risks against its risk appetite. If a risk is out-of-appetite, the Westpac Group needs to take steps to bring this risk back into appetite in a timely way. However, the Westpac Group may not always be able to achieve this within proposed timeframes. This may occur because, for example, the Westpac Group experiences delays in enhancing its information technology systems or in recruiting sufficient numbers of appropriately trained staff for required activities. It is also possible that due to external factors beyond Westpac's control, certain risks may be inherently outside of appetite for periods of time. The Westpac Group is required to periodically review its risk management framework to determine if it remains appropriate.

If the Westpac Group is unable to bring risks back into appetite, or if it is determined that the Westpac Group's risk management framework is no longer appropriate, the Westpac Group may incur unexpected losses and be required to undertake considerable remedial work, including incurring substantial costs. The failure to remedy this situation could result in increased scrutiny from regulators, who could require (amongst other things) that the Westpac Group hold additional capital or direct the Westpac Group to spend money to enhance its risk management systems and controls. Weaknesses in risk management systems and controls have recently led to adverse outcomes for the Westpac Group, with APRA requiring Westpac to hold additional capital following the completion of its Culture, Governance and Accountability self-assessment, as well as following the commencement of civil penalty proceedings by AUSTRAC. Inadequacies in addressing risks or in the Westpac Group's risk management framework could also result in the Westpac Group failing to meet a compliance obligation and/or financial losses.

If, as has occurred, any of Westpac's governance or risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, Westpac could be exposed to higher levels of risk than expected which may result in unexpected losses, breaches of compliance obligations and reputational damage which could adversely affect Westpac's business, prospects, financial performance or financial condition.

### **5.2.23 Westpac's failure to recruit and retain key executives, employees and Directors may have adverse effects on its business**

Key executives, employees and Directors play an integral role in the operation of Westpac's business and its pursuit of its strategic objectives. The unexpected departure of an individual in a key role, or the Westpac Group's failure

to recruit and retain appropriately skilled and qualified persons into these roles, could each have an adverse effect on Westpac's business, prospects, reputation, financial performance or financial condition.

### **5.2.24 Climate change may have adverse effects on Westpac's business**

Westpac, its customers, external suppliers and communities in which Westpac operates, may be adversely affected by the physical risks of climate change, including increases in temperatures, sea levels, and the frequency and severity of adverse climatic events including fires, storms, floods and droughts. These effects, whether acute or chronic in nature, may directly impact Westpac and its customers through disruptions to business and economic activity or impacts on income and asset values.

Initiatives to mitigate or respond to climate change (transition risks) may impact market and asset prices, economic activity, and customer behaviour, particularly in emissions intensive industry sectors and geographies affected by these changes. Further, the failure or perceived failure to manage climate change appropriately may increase the risk that third parties commence litigation against the Westpac Group, with this type of climate-related litigation becoming more common.

Failure to effectively manage and disclose these risks could adversely affect Westpac's business, prospects, reputation, financial performance or financial condition.

### **5.2.25 Westpac could suffer losses due to environmental factors or external events**

Westpac and its customers operate businesses and hold assets in a diverse range of geographic locations. Any significant environmental change or external event (including fire, storm, flood, earthquake, outbreaks or pandemics of communicable diseases such as the COVID-19 pandemic, civil unrest or terrorism) in any of these locations has the potential to disrupt business activities, damage property and affect asset values and Westpac's ability to recover amounts owing to it. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets, all of which could adversely affect Westpac's business, prospects, financial performance or financial condition.

### **5.2.26 Westpac could suffer losses due to insurance risk**

Insurance risk is the risk in Westpac's licensed regulated insurance entities of lapses being greater than expected, or the costs of claims being greater than expected due to a failure in product design, underwriting, reinsurance arrangements or an increase in the severity and/or frequency of insured events. The COVID-19 pandemic and its economic impacts may lead to increased insurance claims, as well as potentially impact new business, lapses, and capital coverage for the Westpac Group's insurance entities.

In life insurance, risk arises primarily through mortality and morbidity (illness and injury) risks, the costs of claims relating to those risks being greater than was anticipated and policy lapses.

In general insurance, insurance risk arises mainly through environmental events (including storms, floods and

bushfires) and other calamities, such as earthquakes and tsunamis. The frequency and severity of these external events is difficult to predict and it is possible that pricing and reserving may not be adequate to cover the cost of claims that may arise.

In lenders mortgage insurance, insurance risk arises primarily from higher levels of mortgage defaults than expected, mostly from unemployment or other economic factors.

If Westpac's reinsurance arrangements are ineffective, this could lead to more retained losses than anticipated. The Westpac Group has been unable to, and may in the future be unable to, renew reinsurance arrangements on similar terms, including in relation to the cost, duration and amount of reinsurance cover provided. There is also a risk that Westpac will not be able to obtain and has not obtained appropriate reinsurance or insurance coverage for the risks that the Westpac Group may be exposed to.

### **5.2.27 Changes in critical accounting estimates and judgements could expose the Westpac Group to losses**

The Westpac Group is required to make estimates, assumptions and judgements when applying accounting policies and preparing its financial statements, particularly in connection with the calculation of provisions (including remediation and expected credit losses) and the determination of the fair value of financial instruments. A change in a critical accounting estimate, assumption and/or judgement resulting from new information or from changes in circumstances or experience could result in the Westpac Group incurring losses greater than those anticipated or provided for.

If the Westpac Group's actual and expected credit losses exceed those currently provided for, or if any of its other accounting judgements change in the future, there could be an adverse effect on the Westpac Group's financial performance, financial condition and reputation. The Westpac Group's financial performance and financial condition may also be impacted by changes to accounting standards or to generally accepted accounting principles.

### **5.2.28 Westpac could suffer losses due to impairment of capitalised software, goodwill and other intangible assets that may adversely affect its business, operations or financial condition**

In certain circumstances Westpac may incur a reduction in the value of intangible assets. At Westpac's balance date Westpac's intangible assets principally relate to goodwill recognised on acquisition, capitalised software and other capitalised expenses.

Westpac is required to assess the recoverability of goodwill and other intangible asset balances at least annually or wherever an indicator of impairment exists. For this purpose, Westpac uses a discounted cash flow calculation. Changes in the methodology or assumptions in calculations together with changes in expected cash flows, could materially impact this assessment. Estimates and assumptions used in assessing the useful life of an asset can also be affected by a range of factors including changes in strategy, changes in technology and regulatory requirements.

In the event that an asset is no longer in use, or its value has been reduced or that its estimated useful life has declined, an impairment will be recorded, adversely impacting the Westpac Group's financial performance.

### **5.2.29 Westpac could suffer losses if it fails to syndicate or sell down underwritten securities**

As a financial intermediary, Westpac underwrites listed and unlisted debt and equity securities. Westpac could suffer losses if it fails to syndicate or sell down this risk to others. This risk is more pronounced in times of heightened market volatility, such as during the COVID-19 pandemic.

### **5.2.30 Certain strategic decisions may have adverse effects on Westpac's business**

The Westpac Group routinely evaluates and implements strategic decisions and objectives including diversification, innovation, divestment or business expansion initiatives.

The expansion or integration of a new business, or entry into a new business, can be complex and costly.

Westpac also acquires and invests in businesses. These transactions involve a number of risks. For example, a business Westpac invests in may not perform as anticipated or ultimately prove to be overvalued when the transaction was entered into.

In addition, Westpac may be unable to successfully divest businesses or assets, or to do so in a timely manner. As a result Westpac may not receive the anticipated positive business results, and the Westpac Group could otherwise be adversely affected.

There are also risks involved in failing to appropriately respond to changes in the business environment (including changes related to economic, geopolitical, regulatory, technological, environmental, social and competitive factors). This could have a range of adverse effects on Westpac, such as being unable to increase or maintain market share and placing pressure on margins and fees.

Any of these risks could have a negative impact on the Westpac Group's business, prospects, reputation, engagement with regulators, financial performance or financial condition.

**The summary of risks in this Section 5 is not exhaustive and you should read this Prospectus in its entirety and consult your financial adviser or other professional adviser before deciding whether to invest in Westpac Capital Notes 7.**

# Australian tax summary

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## SECTION 6

This Section sets out:

- 6.1 Summary of the Australian tax consequences for Holders**
- 6.2 Class Ruling**
- 6.3 Distributions**
- 6.4 Disposals of Westpac Capital Notes 7**
- 6.5 Conversion of Westpac Capital Notes 7**
- 6.6 Westpac Capital Notes 3 Reinvestment Offer**
- 6.7 Provision of TFN and/or ABN**
- 6.8 GST**
- 6.9 Stamp Duty**

**CAUTION** - Westpac Capital Notes 7 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.

## 6.1 Summary of the Australian tax consequences for Holders

The following is a summary of the Australian tax consequences for certain Australian resident and non-Australian resident Holders who subscribe for Westpac Capital Notes 7 under the Offer. This summary has been prepared by Greenwoods & Herbert Smith Freehills Pty Limited (“Greenwoods”), the Australian tax adviser to the Offer on the assumption that all the transactions described in this Prospectus will be carried out in the manner described in this Prospectus.

Greenwoods has consented to the inclusion of this summary in this Prospectus but this consent should not be taken as a statement about any other matter in this Prospectus or in relation to Westpac or the performance of any investment in Westpac.

The information contained in this summary does not constitute financial product advice for the purposes of the Corporations Act. Greenwoods is not licenced, under the Corporations Act, to provide financial product advice and to the extent that this summary contains any information about a financial product within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. An investor or prospective investor should, before making any decision to invest in the Westpac Capital Notes 7, consider taking financial advice from a person who holds an AFSL under the Corporations Act.

This summary does not address all tax consequences of ownership of Westpac Capital Notes 7 and, in particular, does not address the positions of Holders who:

- acquire their Westpac Capital Notes 7 in the course of a business of trading or investing in securities, such as share traders, investment companies, banks or insurance companies, or who otherwise hold Westpac Capital Notes 7 on revenue account or as trading stock; and/or
- are subject to the “taxation of financial arrangements” rules in Division 230 of the Tax Act.

The actual tax consequences of your investment in Westpac Capital Notes 7 may differ depending upon your individual circumstances.

You should consult your own professional tax adviser regarding the consequences of acquiring, holding or disposing of Westpac Capital Notes 7 in light of your particular circumstances.

This summary is based on Australian tax laws and regulations and the current administrative practice of the Australian Taxation Office (“ATO”) as at the date of this Prospectus.

## 6.2 Class Ruling

Westpac has applied for a public Class Ruling requesting confirmation of the ATO’s views on the principal tax issues considered in this Section 6.

The Class Ruling should be issued shortly after the Westpac Capital Notes 7 are issued. When it has been issued, the Class Ruling will be available on the ATO and Westpac websites.

## 6.3 Distributions

The Westpac Capital Notes 7 should be characterised as “non-share equity interests” for Australian income tax purposes and Distributions should be treated as “non-share dividends” which are frankable.

### 6.3.1 Australian resident Holders

#### Distributions

Australian resident Holders will be required to include the amounts of any Distributions in their assessable income.

Any franking credits attached to those Distributions should also be included in Holders’ assessable income and tax offsets should generally be available, equal to the amounts of the franking credits, subject to the requirements that the Westpac Capital Notes 7 be held “at risk” for the requisite periods (see the following information in this Section 6.3.1 regarding the “holding period rule”) and that the Commissioner of Taxation (“Commissioner”) does not make an adverse determination under certain anti-avoidance rules (see the following information in this Section 6.3.1).

Where Holders who are individuals or complying superannuation entities are entitled to tax offsets, those offsets will either reduce any tax payable by the Holders, or give rise to tax refunds to the extent that the tax offsets exceed the tax that is otherwise payable by the Holders.

To the extent that any Distributions are unfranked, those unfranked amounts will also be included in Holders’ assessable income, without any tax offsets.

Holders that are companies are not entitled to refunds of excess tax offsets. However the surplus franking credits may be converted to a tax loss which may be carried forward to future years (subject to the Holder satisfying certain tax loss carry forward rules).

#### “Holding period rule”

A Holder will not be entitled to tax offsets in respect of franking credits on a franked Distribution unless the Holder is a “qualified person” in relation to the Distribution.

To be a “qualified person” in relation to a Distribution, a Holder must have held the Westpac Capital Notes 7 “at risk” for a continuous period of at least 90 days (excluding the days of acquisition and disposal) during:

- the “primary qualification period”, which is the period beginning on the day after the day on which the Westpac Capital Notes 7 are acquired by a Holder and ending on the 90th day after the day that the Westpac Capital Notes 7 became ex-Distribution; or
- if a Holder, or an associate, is under an obligation to make “related payments” (which have the effect of passing on the benefit of the Distribution to other entities) in respect of the Distribution, the “secondary qualification period”, which is the period beginning on the 90th day before, and ending on the 90th day after, the day that the Westpac Capital Notes 7 became ex-Distribution.

To be held “at risk”, the Holder must effectively retain 30% or more of the risks and benefits associated with holding the Westpac Capital Notes 7. Whether or not the Westpac Capital Notes 7 are held “at risk” by a Holder during the relevant periods will depend upon whether the Holder has financial positions or undertakes risk management strategies (e.g. using limited recourse loans, options or

forward sale contracts) in relation to the Westpac Capital Notes 7. If Holders hold the Westpac Capital Notes 7 for at least 90 days during the “primary qualification period”, do not have any financial positions or enter into any relevant risk management strategies in relation to the Westpac Capital Notes 7, and are not under an obligation to make “related payments” to other entities, those Holders should be “qualified persons” in relation to Distributions on the Westpac Capital Notes 7.

Holders who are individuals and who will not claim tax offsets in any one year in excess of \$5,000 (from all sources), will automatically be taken to be “qualified persons” in relation to all Distributions that they receive (provided that they are not under an obligation to make a “related payment” as described in this Section 6.3.1).

The application of the franking rules to Holders will depend upon the particular circumstances of each Holder. Accordingly, each Holder should seek independent advice as to whether they will be treated as a “qualified person” in relation to Distributions received on the Westpac Capital Notes 7.

#### **Anti-avoidance rules**

There are anti-avoidance rules that may apply in certain circumstances to deny the benefit of franking credits to holders of equity interests.

One such rule, being the so called “anti-hybrid” provision in section 207-158 of the Tax Act, can apply when a franked distribution gives rise to a foreign income tax deduction for the issuer of certain types of equity instruments. However, following a recent legislative amendment to section 207-158 of the Tax Act, it is now clear that this provision will not apply to deny franking credits or tax offsets to Holders on their Distributions on Westpac Capital Notes 7.

Section 177EA of the Tax Act is another anti-avoidance provision which is designed to counter schemes where one of the purposes (other than an incidental purpose) of the scheme is to inappropriately obtain a franking benefit. There are a number of different objective factors that the Commissioner may take into account in forming a view as to whether a scheme has such a purpose. Where section 177EA applies, the Commissioner may make a written determination with the effect of either:

- imposing a franking debit on the distributing entity's franking account; or
- denying the imputation benefit on the Distribution that flowed directly or indirectly to the relevant taxpayer.

The Commissioner has indicated that, in the usual case, he would not ordinarily assert that section 177EA applied to a convertible instrument which satisfied the requirements to be classified as Additional Tier 1 Capital for APRA regulatory reporting purposes. Based on that and current case-law, Westpac expects the Commissioner to make a favourable Class Ruling on this issue, which would be binding on the Commissioner in favour of Holders who subscribe for Westpac Capital Notes 7 under this Prospectus.

In addition, Westpac does not expect that the Commissioner will seek to apply any of the other anti-avoidance provisions in the tax law to deny the whole or any part of the imputation benefits received by Holders in relation to Distributions.

### **6.3.2 Non-Australian resident Holders**

To the extent that Distributions paid to non-Australian resident Holders, who do not hold their Westpac Capital Notes 7 through a permanent establishment in Australia, are franked, those Distributions will not be subject to Australian withholding tax. Where such Distributions are not fully franked, the unfranked portion of any such Distribution will be subject to withholding tax at the rate of 30%. This rate may be reduced if the non-Australian resident Holder is resident in a country that has a double taxation agreement with Australia.

## **6.4 Disposals of Westpac Capital Notes 7**

### **6.4.1 Australian resident Holders**

We expect the Commissioner to take the view that the Westpac Capital Notes 7 are not “traditional securities” for the purposes of the Tax Act. On that basis, any gains or losses made by Holders on the disposal of their Westpac Capital Notes 7 will be taxed under the capital gains tax (“CGT”) provisions.

A disposal of a Westpac Capital Note 7, whether through an on-market disposal, Redemption, or pursuant to a Transfer Notice, will be a CGT event. Holders may make a capital gain or a capital loss, depending upon whether their capital proceeds from the disposal are more than the cost base of their Westpac Capital Notes 7, or whether the capital proceeds are less than the reduced cost base of their Westpac Capital Notes 7, respectively.

For Holders who acquire Westpac Capital Notes 7 pursuant to this Prospectus, the first element of the cost base of a Westpac Capital Note 7 will be the amount paid for the relevant Westpac Capital Note 7, which will be its Initial Face Value. Other amounts associated with the acquisition or disposal of the Westpac Capital Notes 7, such as broker fees, may be added to the cost base.

The capital proceeds from a Redemption of a Westpac Capital Note 7 on a Redemption Date will be equal to the Face Value of the Westpac Capital Note 7, unless the market value of a Westpac Capital Note 7 on the Redemption Date (determined as if its Redemption had not occurred or been proposed) is greater or less than the Face Value. In that case, that greater or lesser market value amount will be deemed to be the capital proceeds of the Redemption, instead of the Face Value actually received.

The capital proceeds from a Transfer of a Westpac Capital Note 7 to a Nominated Party on a Transfer Date will be equal to the Face Value of the Westpac Capital Note 7, assuming that the Holder is dealing at arm's length with the Nominated Party.

If the Face Value of the Westpac Capital Notes 7 has been reduced because there has been a Capital Trigger Event or a Non-Viability Trigger Event, Holders who acquired those Westpac Capital Notes 7 before that reduction occurred may make a capital loss on the Redemption or Transfer of their Westpac Capital Notes 7. Holders should seek their own tax advice as to whether any such capital loss may be applied to offset capital gains in their particular circumstances.

The capital proceeds from an on-market disposal of a Westpac Capital Note 7 will be the sale price of the Westpac Capital Note 7. Holders who sell their Westpac Capital Notes 7 on-market may make capital gains or capital losses, depending upon the amount of capital proceeds that they receive.

Any capital gain or capital loss made by a Holder will be aggregated with other capital gains and capital losses of the Holder in the relevant income year to determine whether the Holder has a net capital gain or net capital loss. A net capital gain, if any, will be included in the Holder's assessable income and subject to income tax, although the "CGT Discount" may be available to reduce the taxable gain for the Holder, as described in this Section 6.4.1. A net capital loss may not be deducted against other assessable income, but may be carried forward to be offset against net capital gains realised in later income years.

If a Holder is an individual, complying superannuation entity or a trust, and held their Westpac Capital Notes 7 for 12 months or more before the disposal, the Holder may be entitled to a "CGT Discount" for any capital gain made on the disposal of their Westpac Capital Notes 7.

The "CGT Discount" provisions may entitle Holders to reduce their capital gain on the disposal of a Westpac Capital Note 7 (after deducting available capital losses) by half, in the case of individuals and trusts, or by one-third, in the case of complying superannuation entities. Trustees should seek specific advice regarding the tax consequences of making distributions attributable to discounted capital gains.

The Australian Government has announced that Managed Investment Trusts ("MITs") and Attribution MITs ("AMITs") will not be entitled to the "CGT Discount" at the trust level. This change was previously scheduled to apply from 1 July 2020, but has now been delayed and will instead apply for income years commencing on or after the date that is three months from the date of Royal Assent of the enabling legislation. While there can be no certainty at this time in relation to when this change will come into effect, the Australian Government has indicated that it is committed to legislating this measure. Once this change comes into effect, MITs and AMITs that derive capital gains will continue to be able to distribute those amounts as capital gains that may be subject to the "CGT Discount" in the hands of those beneficiaries who are entitled to the "CGT Discount".

The "CGT Discount" is not available to companies, nor can it apply to Westpac Capital Notes 7 disposed of by Holders under an agreement entered into within 12 months of the acquisition of the Westpac Capital Notes 7 by those Holders. Holders should seek independent advice to determine if their Westpac Capital Notes 7 have been held for the requisite period.

#### 6.4.2 Non-Australian resident Holders

Any capital gain or capital loss made by a non-Australian resident Holder from the disposal of their Westpac Capital Notes 7 is likely to be disregarded on the basis that Westpac Capital Notes 7 are not likely to be "taxable Australian property" at the time of sale, unless the Westpac Capital Notes 7 were used by the non-resident in carrying on business through a permanent establishment in Australia.

Any non-Australian resident Holders who held their Westpac Capital Notes 7 in the course of carrying on a business through a permanent establishment in Australia should obtain specific advice in respect of the potential consequences of a disposal of their Westpac Capital Notes 7 in their particular circumstances.

## 6.5 Conversion of Westpac Capital Notes 7

When a Westpac Capital Note 7 is Converted, a Holder's rights in relation to the Westpac Capital Note 7 will be terminated for an amount equal to the Face Value of the Westpac Capital Note 7 and Westpac will apply that amount for the Holder in subscribing for Ordinary Shares which are to be issued by Westpac at a discount. The Conversion of a Westpac Capital Note 7 into Ordinary Shares in this way should not give rise to a capital gain or a capital loss, nor an assessable revenue gain or a deductible revenue loss, for a Holder. The recognition of any gain or loss that might otherwise have arisen on Conversion is effectively deferred until any subsequent sale of the Ordinary Shares acquired by the Holder from the Conversion. This applies to both Australian resident Holders and non-Australian resident Holders.

The first element of the cost base or reduced cost base of the Ordinary Shares acquired as a result of a Conversion will be the amount of the Holder's cost base for each Converted Westpac Capital Note 7.

The Ordinary Shares that will be acquired as a result of a Conversion will be deemed to have been acquired by Holders at the time of Conversion for CGT purposes, including for the purpose of calculating the 12 month ownership period required for the "CGT Discount" (see Section 6.4.1).

## 6.6 Westpac Capital Notes 3 Reinvestment Offer

Under the Reinvestment Offer, Eligible Westpac Capital Notes 3 Holders may apply to reinvest all or some of their Westpac Capital Notes 3 in Westpac Capital Notes 7. This will be effected by the transfer of Westpac Capital Notes 3 to the Westpac Capital Notes 3 Nominated Party on 4 December 2020 for \$100 per Participating Westpac Capital Note 3 and the automatic reinvestment of the transfer proceeds in Westpac Capital Notes 7 (\$100 per Note).

For Westpac Capital Notes 3 holders who do not participate in the Reinvestment Offer (or only participate in respect of some of their Westpac Capital Notes 3), it is currently intended that their Non-Participating Westpac Capital Notes 3 will be transferred to the Westpac Capital Notes 3 Nominated Party on 22 March 2021 for \$100 per Westpac Capital Note 3.

The following income tax consequences will generally apply to Participating Westpac Capital Notes 3 Holders whose Westpac Capital Notes 3 are transferred to the Westpac Capital Notes 3 Nominated Party pursuant to the Reinvestment Offer, and to Non-Participating Westpac Capital Notes 3 Holders whose Westpac Capital Notes 3 are transferred to the Westpac Capital Notes 3 Nominated Party on 22 March 2021, who are Australian tax residents, hold their Westpac Capital Notes 3 as capital assets, are not in the business of dealing or trading in securities and do not otherwise hold their Westpac Capital Notes 3 on revenue account for tax purposes.

Westpac Capital Notes 3 holders may also wish to refer to the Australian Tax Summary in section 5 of the prospectus for Westpac Capital Notes 3 dated 6 August 2015 which contains a summary of the tax treatment of certain entities that invested in Westpac Capital Notes 3 under the prospectus and Class Ruling CR 2015/64 which contains

the ATO's binding views in respect of the tax treatment of certain entities that invested in Westpac Capital Notes 3 under the prospectus for Westpac Capital Notes 3. A copy of the Class Ruling is available on Westpac's website at [www.westpac.com.au/westpacnotes3](http://www.westpac.com.au/westpacnotes3).

### 6.6.1 Distributions

A Participating Westpac Capital Notes 3 Holder will be paid the First Pro-Rata Westpac Capital Notes 3 Distribution on 4 December 2020, in respect of the period from (but excluding) 22 September 2020 to (and including) 4 December 2020, on each Participating Westpac Capital Note 3 that they hold at 7.00pm (Sydney time) on 26 November 2020, being the record date for the First Pro-Rata Westpac Capital Notes 3 Distribution, subject to the distribution payment conditions in the Westpac Capital Notes 3 Terms being met.

A Non-Participating Westpac Capital Notes 3 Holder will be paid the First Pro-Rata Westpac Capital Notes 3 Distribution on 4 December 2020, on each Non-Participating Westpac Capital Note 3 that they hold at 7.00pm (Sydney time) on 26 November 2020, being the record date for the First Pro-Rata Westpac Capital Notes 3 Distribution, subject to the distribution payment conditions in the Westpac Capital Notes 3 Terms being met.

A Non-Participating Westpac Capital Notes 3 Holder will also be paid the Second Pro-Rata Westpac Capital Notes 3 Distribution on 22 December 2020, in respect of the period from (but excluding) 4 December 2020 to (and including) 22 December 2020, on each Non-Participating Westpac Capital Note 3 that they hold at 7.00pm (Sydney time) on 14 December 2020, being the record date for the Second Pro-Rata Westpac Capital Notes 3 Distribution, subject to the distribution payment conditions in the Westpac Capital Notes 3 Terms being met.

If a Non-Participating Westpac Capital Notes 3 Holder continues to hold Westpac Capital Notes 3 on the record date for the Final Westpac Capital Notes 3 Distribution, it is intended that they will also be paid the Final Westpac Capital Notes 3 Distribution on 22 March 2021, in respect of the period from (but excluding) 22 December 2020 to (and including) 22 March 2021, on each Westpac Capital Note 3 they hold on the record date for the intended Final Westpac Capital Notes 3 Distribution, subject to the distribution payment conditions in the Westpac Capital Notes 3 Terms being satisfied.

Westpac expects these distributions to be fully franked. These distributions will be subject to the same taxation treatment as other distributions paid on Westpac Capital Notes 3. The comments set out in Section 6.3.1 above in relation to Distributions on Westpac Capital Notes 7 should be equally applicable to these distributions.

### 6.6.2 Transfer proceeds

Under the Reinvestment Offer, a Participating Westpac Capital Notes 3 Holder will elect to reinvest their transfer proceeds (\$100 for each Westpac Capital Note 3) in Westpac Capital Notes 7.

A Non-Participating Westpac Capital Notes 3 Holder will also receive an amount of \$100 for each Westpac Capital Note 3 assuming the intended transfer of their Westpac Capital Notes 3 to the Westpac Capital Notes 3 Nominated Party on 22 March 2021 occurs.

For both Participating Westpac Capital Notes 3 Holders and Non-Participating Westpac Capital Notes 3 Holders, no

part of the transfer proceeds should be taken to be ordinary assessable income of the Westpac Capital Notes 3 holders.

### 6.6.3 CGT consequences of transfer of Westpac Capital Notes 3

#### Australian residents

The transfer of Westpac Capital Notes 3, either by Participating Westpac Capital Notes 3 Holders pursuant to the Reinvestment Offer, or by Non-Participating Westpac Capital Notes 3 Holders on 22 March 2021, will be a CGT event for the Westpac Capital Notes 3 holders.

Westpac Capital Notes 3 holders may make a capital gain if their capital proceeds from the transfer are more than their "cost base" for their Westpac Capital Notes 3, or may make a capital loss if their capital proceeds are less than their "reduced cost base" for their Westpac Capital Notes 3:

- **Cost base or reduced cost base:** the first element of a Westpac Capital Notes 3 holder's cost base, or reduced cost base, for their Westpac Capital Notes 3 is the amount paid by the Westpac Capital Notes 3 holder for their Westpac Capital Notes 3. Certain other amounts associated with the acquisition or disposal of Westpac Capital Notes 3, such as broker fees, may be added to the cost base.
- **Capital proceeds:** the capital proceeds that will be received by a Westpac Capital Notes 3 holder from the transfer of their Westpac Capital Notes 3, either by a Participating Westpac Capital Notes 3 Holder pursuant to the Reinvestment Offer, or by a Non-Participating Westpac Capital Notes 3 Holder on 22 March 2021 assuming the intended transfer of their Westpac Capital Notes 3 occurs, will be \$100 per Westpac Capital Note 3, assuming, in each case, that they are dealing at arm's length with the Westpac Capital Notes 3 Nominated Party.

Any capital gain (or capital loss) made by a Westpac Capital Notes 3 holder will be aggregated with other capital gains and capital losses of the Westpac Capital Notes 3 holder in the relevant year of income to determine whether the Westpac Capital Notes 3 holder has a net capital gain or net capital loss. A net capital gain, if any, will be included in the Westpac Capital Notes 3 holder's assessable income and will be subject to income tax, however the "CGT Discount" may be available to reduce the taxable gain for a Westpac Capital Notes 3 holder who is an individual, complying superannuation entity or trust (as described below). A net capital loss may not be deducted against other assessable income, but may be carried forward to be offset against net capital gains realised in later income years.

If a Westpac Capital Notes 3 holder is an individual, complying superannuation entity or a trust, and held their Westpac Capital Notes 3 for 12 months or more before the disposal, the Westpac Capital Notes 3 holder may be entitled to a "CGT Discount" for any capital gain made on the disposal of their Westpac Capital Notes 3. Westpac Capital Notes 3 holders should seek independent advice to determine if their Westpac Capital Notes 3 have been held for the requisite period.

The "CGT Discount" provisions may entitle Westpac Capital Notes 3 holders to reduce their capital gain on the disposal of a Westpac Capital Note 3 (after deducting available capital losses) by half, in the case of individuals and trusts, or by one-third in the case of complying superannuation entities.



However, trustees should seek specific advice regarding the tax consequences of making distributions attributable to discounted capital gains.

In addition, as described in more detail in Section 6.4.1 above, the Australian Government has announced that MITs and AMITs will not be entitled to the “CGT Discount” at the trust level once legislation implementing this change comes into effect.

The “CGT Discount” is not available to companies.

#### **Non-Australian residents**

Any capital gain or capital loss made by non-Australian resident Westpac Capital Notes 3 holders is likely to be disregarded on the basis that Westpac Capital Notes 3 should not be “taxable Australian property” at the time of sale, unless they were used by the non-resident in carrying on business through a permanent establishment in Australia. Any non-resident Westpac Capital Notes 3 holders who held their Westpac Capital Notes 3 in the course of a business should obtain specific advice in respect of the potential consequences of that disposal of Westpac Capital Notes 3 in their particular circumstances.

### **6.6.4 Cost base of Westpac Capital Notes 7 acquired pursuant to the Reinvestment Offer**

Where Westpac Capital Notes 7 are acquired by Eligible Westpac Capital Notes 3 Holders pursuant to the Reinvestment Offer, the transfer proceeds that were applied to acquire those Notes will be included in the cost base of the Westpac Capital Notes 7 for the purposes of determining any future gain or loss on the disposal, Conversion, Redemption or Transfer of the Westpac Capital Notes 7 (refer to Sections 6.4 and 6.5 above).

## **6.6 Provision of TFN and/or ABN**

Westpac is required to deduct withholding tax from payments of Distributions in respect of the Westpac Capital Notes 7 that are not 100% franked, at the rate specified in the *Taxation Administration Regulations 2017* (currently 47% of the unfranked amount), and remit such amounts to the ATO, unless a TFN or an ABN has been quoted by a Holder, or a relevant exemption applies (and has been notified to Westpac).

## **6.7 GST**

No GST should be payable by a Holder in respect of acquiring Westpac Capital Notes 7 or on a sale, Conversion, Redemption or Transfer of Westpac Capital Notes 7, other than in respect of brokerage or similar fees.

## **6.8 Stamp Duty**

No stamp duty should be payable by a Holder on the issue, sale, Conversion, Redemption or Transfer of Westpac Capital Notes 7.

# Other information

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## SECTION 7

This Section sets out:

- 7.1 Restrictions on ownership for Westpac**
- 7.2 Information, disclosure and availability**
- 7.3 Rights attaching to Westpac Capital Notes 7**
- 7.4 Rights attaching to Ordinary Shares**
- 7.5 Rights attaching to Approved Successor Shares**
- 7.6 Summary of the Offer Management Agreement**
- 7.7 Consents**
- 7.8 Interests of advisers**
- 7.9 Interests of Westpac Directors**
- 7.10 Contingent liabilities**
- 7.11 ASX waivers and approvals**
- 7.12 Future design and distribution obligations**
- 7.13 Foreign selling restrictions**
- 7.14 Acknowledgment and privacy statement**
- 7.15 Governing law**

**CAUTION** - Westpac Capital Notes 7 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.

## 7.1 Restrictions on ownership for Westpac

The *Financial Sector (Shareholdings) Act 1988* (Cth) restricts the aggregate voting power of a person and their associates in an Australian bank to 20%. A shareholder may apply to the Treasurer of the Commonwealth of Australia to extend its stake beyond 20%, however approval cannot be granted unless the Treasurer is satisfied that it is in the national interest to approve a holding of greater than 20%.

Acquisitions of interests in shares in Australian companies by foreign persons are subject to review and approval by the Treasurer of the Commonwealth of Australia under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in certain circumstances. Potential investors should consult their professional advisers to determine whether the *Foreign Acquisitions and Takeovers Act 1975* (Cth) may affect their holding or ownership of Notes or Ordinary Shares.

## 7.2 Information, disclosure and availability

### 7.2.1 Reporting and disclosure obligations

Westpac is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require that Westpac prepare both yearly and half-yearly financial statements and a report on the operations of Westpac during the relevant accounting period together with an audit or review report by its auditor. Copies of these documents and other documents lodged with ASIC by Westpac may be obtained from, or inspected at, an ASIC office.

Westpac also has an obligation under the ASX Listing Rules to notify ASX immediately of any information concerning Westpac of which it becomes aware and which a reasonable person would expect to have a material effect on the price or value of Westpac's securities unless exceptions from disclosure apply under ASX Listing Rules. ASX maintains records of company announcements for all companies listed on ASX. Westpac's announcements may be viewed on ASX's website ([www.asx.com.au](http://www.asx.com.au)).

### 7.2.2 Accessing information about Westpac

Westpac will provide a copy of any of the following documents free of charge to any person who requests a copy during the Offer Period in relation to this Prospectus:

- the financial statements of Westpac for the year ended 30 September 2020 (being the most recent annual financial statements lodged with ASIC before the lodgement of this Prospectus);
- the interim financial report of Westpac for the half year ended 31 March 2020 (being the most recent interim financial statements lodged with ASIC before the lodgement of this Prospectus);
- any document or financial statement lodged by Westpac with ASIC or ASX under the continuous disclosure reporting requirements in the period after the lodgement of the annual financial statements and before the lodgement of this Prospectus; and
- Westpac's Constitution.

Written requests for copies of these documents should be addressed to:

Westpac Group Secretariat  
Level 18  
275 Kent Street  
Sydney NSW 2000

Copies of Westpac's financial statements and annual reports (including its 2020 Annual Report containing its financial statements for the year ended 30 September 2020) are available at:

[www.westpac.com.au/about-westpac/investor-centre/financial-information/annual-reports](http://www.westpac.com.au/about-westpac/investor-centre/financial-information/annual-reports).

Copies of Westpac's Constitution are available at:

[www.westpac.com.au/about-westpac/westpac-group/corporate-governance/constitution-board](http://www.westpac.com.au/about-westpac/westpac-group/corporate-governance/constitution-board).

## 7.3 Rights attaching to Westpac Capital Notes 7

The rights attaching to the Notes are contained in the Westpac Capital Notes 7 Terms, which are contained in Appendix B.

## 7.4 Rights attaching to Ordinary Shares

Ordinary Shares may be issued to Holders by Westpac on Conversion of Notes. These Ordinary Shares will be issued as fully paid and will rank equally with all other Ordinary Shares already on issue in all respects.

The rights attaching to Ordinary Shares are set out in Westpac's Constitution, the ASX Listing Rules and the Corporations Act. A summary of these rights is set out in this Section 7.4.

### 7.4.1 Transfers

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

Unless otherwise required by law, Westpac is not required to recognise any interest in Ordinary Shares apart from that of registered holders of Ordinary Shares.

Where two or more persons are registered as joint holders of Ordinary Shares, they are taken to hold the Ordinary Shares as joint tenants with rights of survivorship.

Westpac is not required to register more than three persons as joint holders of an Ordinary Share or issue more than one share certificate or holding statement for Ordinary Shares jointly held.

Restrictions apply in respect of persons who become entitled to Ordinary Shares by reason of the death, bankruptcy or mental incapacity of a holder of Ordinary Shares.

## 7.4.2 Profits and Dividends

Holders of Ordinary Shares are entitled to receive such Dividends as may be determined by Westpac. Dividends determined by Westpac are payable to holders of Ordinary Shares in proportion to the amounts paid on the Ordinary Shares that they hold.

Dividends must only be paid in accordance with applicable laws and Westpac's Constitution. Westpac is restricted from paying Dividends unless:

- Westpac's assets exceed its liabilities immediately before the Dividend is determined and the excess is sufficient for the payment of the Dividend;
- the payment of the Dividend is fair and reasonable to Westpac's shareholders as a whole; and
- the payment of the Dividend does not materially prejudice Westpac's ability to pay its creditors.

Additionally, Dividends would not be payable if making such a payment would breach or cause a breach by Westpac of applicable capital adequacy or other supervisory requirements of APRA, or if Westpac was directed by APRA not to pay a Dividend under the Banking Act. APRA's requirements include that Westpac must obtain APRA's written approval prior to making a Dividend payment on Ordinary Shares if the aggregate amount of Dividend payments on Ordinary Shares in the 12 months covered by one or more sets of publicly available operating results preceding the date of the proposed Dividend payment exceeds Westpac's after-tax earnings after taking into account any payments on more senior capital instruments in the same 12 months.

There are restrictions on the amount of earnings that can be distributed through Tier 1 Capital Distributions should an ADI's Level 1 or Level 2 CET1 Ratios fall below the Distribution Restriction Trigger. Refer to Section 4.2.4 for further information.

Dividends that are paid, but not claimed, may be invested by the Westpac Directors for the benefit of Westpac until required to be dealt with under any law relating to unclaimed monies.

## 7.4.3 Winding Up of Westpac

Subject to the preferential entitlement (if any) of preference shareholders, holders of Ordinary Shares are entitled to share equally in any surplus assets if Westpac is wound up.

## 7.4.4 Meetings and voting rights

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

## 7.4.5 Issue of further Ordinary Shares

The Westpac Directors control the issue of Ordinary Shares. Subject to the Corporations Act, the Westpac Directors may issue further Ordinary Shares, and grant options and pre-emptive rights over Ordinary Shares, on terms they think fit.

## 7.5 Rights attaching to Approved Successor Shares

If Westpac is replaced as the ultimate holding company of the Westpac Group by an Approved Successor, and the Westpac Capital Notes 7 Terms are amended to enable substitution of the Approved Successor as debtor of the Westpac Capital Notes 7 and the issuer of ordinary shares on Conversion, Holders will be issued with Approved Successor Shares on Conversion (rather than Ordinary Shares). In order to be classified as an Approved Successor, the shares of the proposed successor holding company must be listed on an internationally recognised stock exchange – see clause 16.2 of the Westpac Capital Notes 7 Terms (definition of “**Acquisition Event**”). The Approved Successor will be obliged to use all reasonable endeavours to obtain quotation of the Approved Successor Shares issued under the Westpac Capital Notes 7 Terms on the stock exchanges on which the other Approved Successor Shares are quoted at the time of a Conversion – see clause 13.4 of the Westpac Capital Notes 7 Terms.

## 7.6 Summary of the Offer Management Agreement

Westpac and the Joint Lead Managers entered into the Offer Management Agreement (“**OMA**”) on 4 November 2020. Under the OMA, Westpac has appointed Westpac Institutional Bank, ANZ Securities Limited, Citigroup Global Markets Australia Pty Limited, Commonwealth Bank of Australia, E&P Corporate Advisory Pty Limited, Morgans Financial Limited, Ord Minnett Limited and Shaw and Partners Limited as the Joint Lead Managers and joint bookrunners for the Offer.

Under the OMA, the Joint Lead Managers agreed to conduct the Bookbuild before the Opening Date. In this process, Syndicate Brokers and Institutional Investors were invited to lodge bids for a number of Notes at various margins within an indicative margin range. Using those bids, Westpac and the Joint Lead Managers set the Margin and determined the total number of Notes to be Allocated and Westpac determined the firm Allocations to Syndicate Brokers and Institutional Investors. The Bookbuild was conducted on the terms and conditions in the OMA.

The OMA contains various representations and warranties, and imposes various obligations on Westpac, including representations, warranties and obligations to ensure that this Prospectus complies with the Corporations Act and ASX Listing Rules, and to conduct the Offer under the agreed timetable, ASX Listing Rules, this Prospectus and all other applicable laws.

The OMA provides that Westpac will not, without the Joint Lead Managers' consent (not to be unreasonably withheld or delayed), allot, agree to allot or indicate in any way that it may or will allot or agree to allot any hybrid debt or preference security with Tier 1 Capital or Tier 2 Capital status in the Australian retail market before the Issue Date, other than pursuant to the Offer and in certain other specified circumstances.

Westpac has agreed to indemnify the Joint Lead Managers (other than Westpac Institutional Bank) and parties affiliated with each Joint Lead Manager against damages, losses, costs, expenses and liabilities in connection with the Offer, other than where these result from any fraud, recklessness, wilful misconduct or negligence of the indemnified parties or certain other events.

## 7.6.1 Settlement support

Each Joint Lead Manager has agreed to provide settlement support for the number of Notes Allocated to Syndicate Brokers under the Bookbuild. Under the OMA, as part of that settlement support, each Joint Lead Manager will pay to Westpac, or procure payment to Westpac of, its JLM Broker Firm Amount under the Bookbuild by the settlement date (3 December 2020). Each Joint Lead Manager is only responsible for ensuring that payment is made for Notes Allocated to them or at their direction. Westpac Institutional Bank need only pay, or procure payment, to Westpac of the proportion of its JLM Broker Firm Amount, Other Broker Firm Amount, Institutional Amount and Co-Manager Amount that it actually receives from third party investors.

## 7.6.2 Fees

Under the OMA, Westpac will pay:

- each Joint Lead Manager, a selling fee of 0.75% of that Joint Lead Manager's JLM Broker Firm Amount;
- each Joint Lead Manager whose bid into the Bookbuild equals or exceeds a minimum threshold, a bookrunning fee of 0.50% of that Joint Lead Manager's JLM Broker Firm Amount;
- to Westpac Institutional Bank, a bookrunning fee of 0.50% of the Co-Manager Amount; and
- to Westpac Institutional Bank, a selling fee of 0.25% of the Institutional Amount; and
- to Westpac Institutional Bank, an arranger fee.

Westpac Institutional Bank agrees to pay, on behalf of Westpac, a selling fee of 0.75% of the Co-Manager Amount to any Co-Managers, subject to receipt of this fee from Westpac. Westpac Institutional Bank also agrees to pay, on behalf of Westpac, a selling fee of 0.75% of the Other Broker Firm Amount to Third Party Brokers and certain other participating brokers, subject to Westpac Institutional Bank receiving the selling fee of 0.75% of its JLM Broker Firm Amount described in this Section 7.6.2.

Westpac may pay to Westpac Institutional Bank, and Westpac Institutional Bank agrees to pay on Westpac's behalf to certain investors, a commitment fee of up to 0.75% of the Application Payment made by those investors. This is subject to the satisfaction of certain conditions, including a minimum bid under the Bookbuild and a minimum holding period in respect of the Notes Allocated to those investors.

The Joint Lead Managers may pay fees on behalf of Westpac to Australian financial services licensees and their authorised representatives ("**External Third Parties**") in respect of Notes Allocated to them for allocation to their clients. Under the OMA, the amount of the fee payable to an External Third Party must not exceed 0.75% (or 1.25% if the External Third Party is an affiliate of the Joint Lead Manager or an External Third Party approved by Westpac) of the amount which is equal to the number of Notes which are Allocated to that External Third Party multiplied by the Initial Face Value. External Third Parties may in turn rebate fees (which may not exceed 0.75% of the amount which is equal to the number of Notes which are Allocated to that External Third Party multiplied by the Initial Face Value) to other External Third Parties for procuring Applications for any Notes by their clients, among other things.

The estimated aggregate fees payable by Westpac to the Joint Lead Managers and the arranger as set out above are approximately \$16.8 million (exclusive of GST), making certain assumptions as to the allocation of Westpac Capital Notes 7 between the Broker Firm Offer, Institutional Offer,

Reinvestment Offer and Securityholder Offer, as well as to the total amount of Westpac Capital Notes 7 issued.

## 7.6.3 Termination

Any/each Joint Lead Manager may terminate its obligations under the OMA on the occurrence of a number of customary termination events, including (among others):

- a downgrade of certain credit ratings assigned to Westpac;
- ASIC issues a stop order in relation to the Offer;
- a supplementary prospectus is required under section 719 of the Corporations Act;
- ASX refuses to quote the Notes on ASX;
- any person (other than a Joint Lead Manager or Co-Manager) withdraws their consent to be named in this Prospectus;
- certain breaches of the OMA;
- Westpac withdraws this Prospectus or the Offer;
- trading of certain ASX listed Capital Securities is suspended for a certain period of time, or certain ASX listed Capital Securities cease to be quoted on ASX;
- unauthorised alterations to the Notes Deed Poll or Westpac's Constitution; and
- an adverse change in the financial position or prospects of the Westpac Group.

Certain termination events will only give rise to a right to terminate if the Joint Lead Manager has reasonable and bona fide grounds to believe and does believe that the event has or is likely to have a material adverse effect on the Offer. If termination occurs, the Joint Lead Manager who terminates (or each Joint Lead Manager that terminates) will no longer be a lead manager or bookrunner and will not be obliged to provide settlement support for the Bookbuild.

Under the OMA, if one Joint Lead Manager terminates, each other Joint Lead Manager must give notice in writing to Westpac and each of the terminating Joint Lead Managers stating whether it will also terminate or whether it will assume the obligations of the terminating Joint Lead Manager(s).

## 7.7 Consents

Each Westpac Director has given, and not withdrawn, their consent to the lodgement of this Prospectus with ASIC.

Each of the parties (referred to as "**Consenting Parties**"), who are named in this Section 7.7:

- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based other than as specified in the fourth bullet point in this Section 7.7;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus, other than the reference to its name and/or statement or report included in this Prospectus with the consent of that Consenting Party;
- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named; and
- in the case of Allens, has given and has not, before the lodgement of this Prospectus with ASIC withdrawn its written consent to the inclusion of Section 6 in the form and context in which it appears in this Prospectus.

Role	Consenting Parties
<b>Arranger</b>	Westpac Institutional Bank
<b>Joint Lead Managers</b>	Westpac Institutional Bank ANZ Securities Limited Citigroup Global Markets Australia Pty Limited Commonwealth Bank of Australia E&P Corporate Advisory Pty Limited Morgans Financial Limited Ord Minnett Limited Shaw and Partners Limited
<b>Co-Managers</b>	Bell Potter Securities Limited
<b>Australian legal adviser to the Offer, including the Reinvestment Offer</b>	Allens
<b>Australian tax adviser to the Offer, including the Reinvestment Offer</b>	Greenwoods & Herbert Smith Freehills Pty Limited
<b>Auditor</b>	PricewaterhouseCoopers
<b>Accounting adviser</b>	PricewaterhouseCoopers Securities Limited
<b>Registrar</b>	Link Market Services Limited

## 7.8 Interests of advisers

Westpac Institutional Bank has acted as arranger and a Joint Lead Manager, in respect of which it will receive the fees set out in Section 7.6.2. The remaining Joint Lead Managers and Co-Managers will receive fees, as also set out in Section 7.6.2.

The Joint Lead Managers are full service securities firms and they, along with their respective affiliates, are engaged in various activities, including securities trading, investment management, financing and brokerage activities and financial planning and benefits counselling for both companies and individuals. In the ordinary course of these activities, the Joint Lead Managers and their respective affiliates may trade or provide advice in relation to the securities of Westpac and its related bodies corporate, and may receive customary fees or commissions for so doing. The Joint Lead Managers have represented to Westpac that they will manage any conflicts in connection with their role as Joint Lead Managers in compliance with their legal obligations.

Allens is acting as Australian legal adviser (other than in relation to taxation) to Westpac in relation to the Offer, including the Reinvestment Offer. In respect of this work, Westpac estimates that it will pay to Allens approximately \$350,000 (excluding disbursements and GST). Further amounts in relation to the Offer, including the Reinvestment Offer, may be paid to Allens under its normal time-based charges.

Greenwoods & Herbert Smith Freehills Pty Limited is acting as Australian tax adviser to Westpac in relation to the Offer, including the Reinvestment Offer. In respect of this work, Westpac estimates that it will pay to Greenwoods & Herbert Smith Freehills Pty Limited approximately \$95,000 (excluding disbursements and GST). Further amounts in relation to the Offer, including the Reinvestment Offer, may be paid to Greenwoods & Herbert Smith Freehills Pty Limited under its normal time-based charges.

PricewaterhouseCoopers Securities Limited is acting as accounting adviser to Westpac. Westpac estimates that it will pay to PricewaterhouseCoopers Securities Limited approximately \$75,000 (excluding disbursements and GST). Further amounts in relation to the Offer may be paid to PricewaterhouseCoopers Securities Limited under its normal time-based charges.

Other than as set out in this Prospectus:

- no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; and
- no promoter or underwriter of the offer of the Notes or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the date of this Prospectus, or has held in the two years before that date, an interest in:

- the formation or promotion of Westpac;
- the Offer; or
- any property acquired or proposed to be acquired by Westpac in connection with its formation or promotion or with the Offer.

Other than as set out in this Prospectus, no such person has been paid or agreed to be paid any amount, nor has any benefit been given or agreed to be given to any such persons for services provided by them, in connection with the formation or promotion of Westpac or with the Offer.

## 7.9 Interests of Westpac Directors

The Westpac Directors and their associates may acquire Notes offered under this Prospectus subject to the ASX Listing Rules, including any waivers described in Section 7.11. Details of the Westpac Directors' holdings of Ordinary Shares and other securities of Westpac are disclosed to, and available from, the ASX at [www.asx.com.au](http://www.asx.com.au). Details of the remuneration paid to Westpac Directors by Westpac for financial year 2020 are set out in the Remuneration Report in Westpac's 2020 Annual Report. Westpac's 2020 Annual Report can be accessed as described in Section 7.2.2.

Other than as set out in this Section 7.9, no Westpac Director or proposed Westpac Director holds, at the date of this Prospectus, or has held in the two years before that date, an interest in:

- the formation or promotion of Westpac;
- the Offer; or
- any property acquired or proposed to be acquired by Westpac in connection with its formation or promotion or with the Offer.

Other than as set out in this Section 7.9 and in the Remuneration Report in the 2020 Annual Report, no Westpac Director or proposed Westpac Director has been paid or agreed to be paid any amount (whether in cash or

in shares or otherwise), nor has any benefit been given or agreed to be given to any Westpac Director or proposed Westpac Director to induce them to become or qualify them as a Westpac Director, or for services provided by them in connection with the formation or promotion of Westpac or with the Offer.

## 7.10 Contingent liabilities

Contingent liabilities exist in respect of actual and potential claims and proceedings. An assessment of Westpac's likely loss has been made on a case-by-case basis for the purposes of Westpac's financial statements for the year ended 30 September 2020 and specific provisions have been made where appropriate. Refer to Note 27 of Westpac's financial statements for the year ended 30 September 2020, for further details (these financial statements can be accessed as described in Section 7.2.2).

## 7.11 ASX waivers and approvals

Westpac has received the following ASX waivers or confirmations in relation to the Westpac Capital Notes 7 Terms and the Offer:

- ASX Listing Rule 10.11 has been waived to the extent necessary to permit the Westpac Directors and their associates to participate in the Offer and be issued Notes without shareholder approval on the following conditions:
  - the number of Notes which may be issued to Westpac Directors and their associates collectively is no more than 0.2% of the total number of Notes issued under the Offer, and the participation of the Westpac Directors and their associates in the Offer is on the same terms and conditions as applicable to other subscribers for Notes;
  - Westpac releases the terms of the waiver to the market when the Offer is announced; and
  - when the Notes are issued, Westpac announces to the market the total number of Notes issued to the Westpac Directors and their associates in aggregate;
- the Westpac Capital Notes 7 Terms are appropriate and equitable for the purposes of ASX Listing Rule 6.1;
- the Notes are classified as "equity securities" for the purposes of the ASX Listing Rules;
- ASX Listing Rule 6.12 does not apply to the terms of issue of the Notes which provide for their Conversion, write-off, Redemption or Transfer;
- for the purposes of ASX Listing Rule 7.1, the maximum number of Ordinary Shares into which the Notes can be Converted should be calculated in accordance with ASX Listing Rule 7.1B.1(e);
- the issue of Ordinary Shares on Conversion of the Notes will be within Exception 9 of ASX Listing Rule 7.2 and will not be subject to ASX Listing Rule 7.1; and
- a confirmation that the timetable for the Offer is acceptable.

Westpac has also received the following ASX confirmations in relation to Westpac Capital Notes 3 and the Reinvestment Offer:

- that the amendments to the Westpac Capital Notes 3 Terms as described in Section 3.6.1 are appropriate and equitable for the purposes of ASX Listing Rule 6.1;

- that ASX has no objection to the amendments to the Westpac Capital Notes 3 Terms as described in Section 3.6.1 for the purposes of Listing Rule 15.1.2;
- that the First Pro-Rata Westpac Capital Notes 3 Distribution and Second Pro-Rata Westpac Capital Notes 3 Distribution are permitted under ASX Listing Rule 6.10; and
- that the timetable for the Reinvestment Offer is acceptable.

## 7.12 Future design and distribution obligations

In April 2019, the *Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019* (Cth) was enacted. It introduced new design and distribution obligations on issuers and distributors of certain financial products offered to retail investors, including Additional Tier 1 Capital securities and grants product intervention powers to ASIC if it believes significant consumer detriment may occur.

As the product design and distribution obligations have a two-year transitional period, they do not come into force until October 2021 and therefore they do not apply to the Offer and do not apply to secondary market trading in the Notes.

Relevantly, the product design and distribution obligations require issuers to prepare and make publicly available a 'target market determination' ("TMD"), which aims to ensure that financial products for the retail market are targeted and sold to appropriate investors. Issuers must then take reasonable steps to ensure compliance with the TMD by distributors and are subject to ongoing obligations to review the TMD. Distributors must not distribute a product to retail investors unless it has a TMD and must also take reasonable steps to ensure their distribution is consistent with the TMD. In December 2019, ASIC released a consultation paper on its proposals for regulatory guidance in respect of the design and distribution obligations. The final regulatory guide is due to be released during late 2020.

The new legislation also gives ASIC a significant, proactive power to issue a product intervention order if it believes that a financial product has resulted in or will, or is likely to, result in significant detriment to retail clients or customers. It is uncertain whether ASIC would perceive significant consumer detriment in relation to the Notes or similar securities. ASIC is required to undertake a consultation process before it makes a product intervention order.

The impact of these new obligations and powers remains untested, however there is a risk that they may adversely impact the issue, distribution and refinancing (via similar instruments) of financial products in the future, including instruments like Westpac Capital Notes 7. These changes may also affect the liquidity of funding instruments (including Additional Tier 1 Capital securities such as Westpac Capital Notes 7), if they lead to a material reduction in future issuance volumes or secondary trading activity by investors (see Section 5.1.5).

## 7.13 Foreign selling restrictions

### 7.13.1 Other foreign jurisdictions

The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus in jurisdictions outside Australia, then you should seek

advice on, and observe, any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify Notes or the Offer or to otherwise permit a public offering of Notes in any jurisdiction outside Australia.

### 7.13.2 United States

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

Each of the Joint Lead Managers has agreed that it will not offer, sell, deliver or transfer the Notes within the United States or to, or for the account or benefit of, US Persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offer and the Issue Date (the “**Distribution Compliance Period**”), and it will have sent to each dealer, distributor or other relevant parties to which Notes are Allocated during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers, sales, deliveries and transfers of the Notes within the United States or to, or for the account or benefit of, US Persons.

In addition, until 40 days after the commencement of the Offer, an offer or sale of Notes within the United States by any dealer that is not participating in the Offer may violate the registration requirements of the US Securities Act.

Each of the Joint Lead Managers has agreed that (i) neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts within the meaning of Rule 902 under the US Securities Act with respect to the Notes, and it and they have complied with and will comply with the offering restrictions requirement of Regulation S under the US Securities Act and (ii) it has not entered and will not enter into any contractual arrangement with any person with respect to the distribution of the Notes, unless such person has agreed in writing that all offers and sales of the Notes prior to the expiration of the Distribution Compliance Period shall be made only in accordance with the OMA and Regulation S under the US Securities Act.

### 7.13.3 New Zealand

This Prospectus has not been and will not be registered in New Zealand, and no advertisement or offering material relating to the Notes may be distributed in New Zealand. Notes may not be offered or sold directly or indirectly in New Zealand, other than to a “wholesale investor” as that term is defined in clause 3(2) of Schedule 1 to the *Financial Markets Conduct Act 2013 of New Zealand* (“**FCMA**”), being:

- a person who is:
  - (1) an “investment business”;
  - (2) “large”; or
  - (3) a “government agency”,in each case as defined in Schedule 1 to the FMCA; or
- a person who meets the “investment activity criteria” specified in clause 38 of Schedule 1 to the FMCA.

## 7.14 Acknowledgment and privacy statement

By completing and submitting a Broker Firm Application Form or making an online Reinvestment Application or Securityholder Application you acknowledge that you have read this Prospectus.

Westpac is required to collect certain information about Holders under company and tax law. Applicants will be asked to provide personal information to Westpac (directly or via its agents, including the Registrar). You acknowledge that the personal information submitted as part of the Broker Firm Application Form, in an online Reinvestment Application or Securityholder Application, or in other forms and otherwise provided to Westpac (directly or via its agents, including the Registrar) will be collected, used and disclosed by Westpac (and its agents, including the Registrar) in order to process your Application, service your needs as a Holder (and following Conversion, if applicable, your holding of Ordinary Shares), provide facilities and services that you request, carry out appropriate administration, send you information about the products and services of members of the Westpac Group, including future offers of securities and as otherwise required or authorised by law (including, without limitation, any law relating to taxation, money laundering or counter-terrorism).

Such disclosure may include disclosure to third parties including other members of the Westpac Group and to Westpac’s agents, service providers, auditors and advisers. Such disclosure may also include disclosure to domestic and overseas regulators or other government agencies (including ASIC and the ATO), stock exchanges, and the public by way of public registers maintained by regulators or other bodies. Some of these recipients may be located outside Australia where your personal information may not receive the same level of protection as afforded under Australian law. You acknowledge that if you do not provide the personal information required by the Broker Firm Application Form, the online Reinvestment Application or Securityholder Application, or other forms, it might not be possible to process your Application, administer your securityholding and/or send you information about the products and services of members of the Westpac Group, including future offers of securities.

If you do not wish to receive information about the products and services of members of the Westpac Group, including future offers of securities, please contact the **Westpac Capital Notes 7 Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 668 378 (within Australia) and +61 1300 668 378 (from outside Australia)** and request that Westpac does not send you marketing material.

Westpac’s privacy policy is available on Westpac’s website at [www.westpac.com.au/privacy](http://www.westpac.com.au/privacy) and contains information about how you may access and seek correction of the personal information that Westpac holds about you, how you may complain about a breach of the *Privacy Act 1988* (Cth) by Westpac and how Westpac will deal with such a complaint.

## 7.15 Governing law

This Prospectus and the contracts that arise from the acceptance of Applications are governed by the laws applicable in New South Wales, Australia and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.



# Applying for Westpac Capital Notes 7

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## SECTION 8

This Section sets out:

- 8.1 The Offer**
- 8.2 Applying for Westpac Capital Notes 7**
- 8.3 Allocation and Allotment**
- 8.4 ASX quotation, trading and Holding Statements**
- 8.5 Holding information**
- 8.6 Enquiries**

**CAUTION** - Westpac Capital Notes 7 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.

## 8.1 The Offer

The Offer is for the issue of Notes at the Issue Price of \$100 each to raise approximately \$1.4 billion, with the ability to raise more or less.

The Offer consists of:

- a Reinvestment Offer – to Eligible Westpac Capital Notes 3 Holders;
- a Securityholder Offer – to Eligible Securityholders;
- a Broker Firm Offer – to Australian resident clients of the Syndicate Brokers; and
- an Institutional Offer – to Institutional Investors invited by Westpac Institutional Bank to bid for any Notes in the Bookbuild.

Westpac will give priority to Applications received under the Reinvestment Offer (including Applications made through Syndicate Brokers) when Allocating the Westpac Capital Notes 7. This priority will not extend to Applications for additional Westpac Capital Notes 7 by Eligible Westpac Capital Notes 3 Holders.

There is no general public offer of the Notes. However, Westpac reserves the right to accept Applications from other persons at its discretion.

Westpac and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice. Westpac may also withdraw the Offer at any time before Notes are issued. Accordingly, if you wish to apply for any Notes, you are encouraged to do so as soon as possible after the Opening Date.

No action has been taken to register or qualify Notes or otherwise permit a public offer of the Notes in any jurisdiction outside Australia. See Section 7.13 which details selling restrictions applicable to the Offer.

Applications must be for a minimum of 50 Notes (\$5,000). If your Application is for more than 50 Notes, then you must apply in multiples of 10 Notes (\$1,000) thereafter. For further details about how this applies to the Reinvestment Offer, please see Section 8.2.1. Please also see Section 3 for further details about the Reinvestment Offer.

## 8.2 Applying for Westpac Capital Notes 7

### 8.2.1 Reinvestment Offer

**Eligible Westpac Capital Notes 3 Holders may apply for Notes by following the Reinvestment Application instructions via the Offer website at [www.westpac.com.au/westpaccapnotes7](http://www.westpac.com.au/westpaccapnotes7) after the Offer opens on 13 November 2020. The Prospectus will only be available via the Offer website.**

<b>Who may apply</b>	<ul style="list-style-type: none"> <li>• Eligible Westpac Capital Notes 3 Holders, being registered holders of Westpac Capital Notes 3 shown on the Register at 7.00pm Sydney time on 28 October 2020 to have an address in Australia.</li> </ul>
<b>When to apply</b>	<ul style="list-style-type: none"> <li>• Applications will only be accepted during the Offer Period which opens on 13 November 2020.</li> <li>• The Closing Date for the Reinvestment Offer is expected to be 5.00pm (Sydney time) on 30 November 2020.</li> <li>• Eligible Westpac Capital Notes 3 Holders who are clients of a Syndicate Broker should seek instructions from their Syndicate Broker or controlling participant as to how to participate in the Reinvestment Offer.</li> </ul>
<b>How to apply online</b>	<ul style="list-style-type: none"> <li>• Complete the online Reinvestment Application, including applying for additional Notes, after the Offer opens by following two steps:               <ol style="list-style-type: none"> <li>1. Go to <a href="http://www.westpac.com.au/westpaccapnotes7">www.westpac.com.au/westpaccapnotes7</a> and click on Reinvestment Application. Follow the instructions to confirm the amount of Westpac Capital Notes 3 you would like to reinvest in Westpac Capital Notes 7. You will need your Westpac Capital Notes 3 SRN or HIN. If you apply to reinvest <b>all</b> of your Participating Westpac Capital Notes 3, then you will be prompted to consider applying for additional Westpac Capital Notes 7. If you apply for additional Westpac Capital Notes 7 you will be provided with the Biller Code and your unique reference number to enable payment for any additional Westpac Capital Notes 7 by BPAY<sup>®</sup>.</li> <li>2. <b>Make your Application Payment via BPAY<sup>®</sup>:</b> Application Payments, which are only required for additional Westpac Capital Notes 7, must be made by BPAY<sup>®</sup> and can be made online or by telephone. You will need the Biller Code and your unique reference number.</li> </ol> </li> </ul>

Note:

<sup>1</sup> Registered to BPAY Pty Limited ABN 69 079 137 518.

<b>How to apply online (continued)</b>	<ul style="list-style-type: none"> <li>If you apply to reinvest Westpac Capital Notes 3 in Westpac Capital Notes 7, no payment is required as the transfer proceeds of your Participating Westpac Capital Notes 3 will be automatically reinvested in Westpac Capital Notes 7.</li> <li>Your Application Payment amount should be equal to the number of additional Westpac Capital Notes 7 that you wish to apply for multiplied by the Initial Face Value (e.g. 50 Westpac Capital Notes 7 x \$100 = \$5,000). Your Application Payment must be received by the Registrar by the Closing Date, which is expected to be 5.00pm (Sydney time) on 30 November 2020.</li> <li><b>BPAY®:</b> Check your daily transaction limit with your financial institution and ask about their BPAY® closing times to ensure your Application Payment is received by the Closing Date, otherwise your Application for additional Westpac Capital Notes 7 will not be accepted. BPAY® payments must be made from an Australian dollar bank account of an Australian financial institution. Payments by cash or cheque will not be accepted for this Offer.</li> <li>Contact your financial institution if you have any questions on making a BPAY® payment.</li> </ul>
<b>Minimum Application amount</b>	<ul style="list-style-type: none"> <li>There is no minimum number of Westpac Capital Notes 3 that you must hold to be able to participate in the Reinvestment Offer.</li> <li>You may apply to reinvest all or some of your Westpac Capital Notes 3 in Westpac Capital Notes 7, except that, if you wish to participate in the Reinvestment Offer and: <ul style="list-style-type: none"> <li>you own 50 Westpac Capital Notes 3 or fewer, you must apply to reinvest all of your Westpac Capital Notes 3; or</li> <li>you own more than 50 Westpac Capital Notes 3, you must apply to reinvest a minimum of 50 Westpac Capital Notes 3 (\$5,000).</li> </ul> </li> <li>If you apply to reinvest all of your Westpac Capital Notes 3, you may also apply for additional Westpac Capital Notes 7. Your application for additional Westpac Capital Notes 7 must be for a minimum of 50 additional Westpac Capital Notes 7 (\$5,000), and thereafter in multiples of 10 Westpac Capital Notes 7 (\$1,000) (over and above your Application for reinvestment).</li> <li>If you apply to reinvest some of your Westpac Capital Notes 3, the Westpac Capital Notes 3 not reinvested will be dealt with as explained in Section 3.3.</li> </ul>

If you apply to participate in the Reinvestment Offer, you are taken to agree to a holding lock being placed on those Westpac Capital Notes 3 elected for reinvestment, pending completion of the Reinvestment Offer. If on the Closing Date you hold less Westpac Capital Notes 3 than you elected to reinvest, your Reinvestment Application will be for the number of Westpac Capital Notes 3 registered in your name on the Closing Date.

## 8.2.2 Securityholder Offer

**Eligible Securityholders may apply for Notes by following the Securityholder Application instructions via the Offer website at [www.westpac.com.au/westpaccapnotes7](http://www.westpac.com.au/westpaccapnotes7) after the Offer opens on 13 November 2020. The Prospectus will only be available via the Offer website.**

**Payments must be made by BPAY®. Cash or cheque payments will not be accepted.**

<b>Who may apply</b>	<ul style="list-style-type: none"> <li>Eligible Securityholders, being registered holders of Ordinary Shares, Westpac Capital Notes 2, Westpac Capital Notes 4, Westpac Capital Notes 5 and/or Westpac Capital Notes 6 shown on the Register at 7.00pm Sydney time on 28 October 2020 to have an address in Australia.</li> </ul>
<b>When to apply</b>	<ul style="list-style-type: none"> <li>Applications will only be accepted during the Offer Period which opens on 13 November 2020.</li> <li>The Closing Date for the Securityholder Offer is expected to be 5.00pm (Sydney time) on 30 November 2020.</li> <li>Application Payments must be made by BPAY® and must be received by the Registrar by the Closing Date.</li> </ul>

<b>How to apply</b>	<ul style="list-style-type: none"> <li>• Apply for Notes online after the Offer opens by completing two steps:               <ol style="list-style-type: none"> <li>1. <b>Obtain your BPAY® payment details online:</b> Go to <a href="http://www.westpac.com.au/westpaccapnotes7">www.westpac.com.au/westpaccapnotes7</a> and click on Securityholder Application. Follow the instructions to obtain the Biller Code and your unique reference number. You will need your SRN or HIN.</li> <li>2. <b>Make your Application Payment via BPAY®:</b> Application Payments must be made by BPAY® and can be made online or by telephone. You will need the Biller Code and your unique reference number.</li> </ol> <p>Your Application Payment amount should be equal to the number of Notes that you wish to apply for multiplied by the Initial Face Value (e.g. 50 Notes x \$100 = \$5,000). Your Application Payment must be received by the Registrar by the Closing Date, which is expected to be 5.00pm (Sydney time) on 30 November 2020.</p> </li> <li>• <b>BPAY®:</b> Check your daily transaction limit with your financial institution and ask about their BPAY® closing times to ensure your Application Payment is received by the Closing Date, otherwise your Application will not be accepted.</li> </ul> <p>BPAY® payments must be made from an Australian dollar bank account of an Australian financial institution. Payments by cash or cheque will not be accepted for this Offer.</p> <ul style="list-style-type: none"> <li>• Contact your financial institution if you have any questions on making a BPAY® payment.</li> </ul>
<b>Minimum Application amount</b>	<ul style="list-style-type: none"> <li>• Applications must be for a minimum of 50 Notes (\$5,000).</li> <li>• If your Application is for more than 50 Notes, you must apply in multiples of 10 Notes (\$1,000) thereafter.</li> </ul>

### 8.2.3 Broker Firm Offer

<b>Who may apply</b>	<ul style="list-style-type: none"> <li>• Australian resident clients of the Syndicate Brokers, including clients who are also Eligible Westpac Capital Notes 3 Holders and are applying under the Reinvestment Offer.</li> </ul>
<b>When to apply</b>	<ul style="list-style-type: none"> <li>• Completed Broker Firm Application Forms and Application Payments must be received by your Syndicate Broker in sufficient time for them to process your Application on your behalf by the Closing Date, expected to be 5.00pm (Sydney time) on 30 November 2020.</li> <li>• You must contact your Syndicate Broker directly for instructions on how to participate in the Broker Firm Offer.</li> </ul>
<b>How to apply</b>	<ul style="list-style-type: none"> <li>• Contact your Syndicate Broker for instructions on how to apply generally.</li> </ul>
<b>Minimum Application amount</b>	<ul style="list-style-type: none"> <li>• Applications must be for a minimum of 50 Notes (\$5,000).</li> <li>• If your Application is for more than 50 Notes, you must apply in multiples of 10 Notes (\$1,000) thereafter.</li> <li>• If you are an Eligible Westpac Capital Notes 3 Holder who is also a client of a Syndicate Broker, the minimum Application amount requirements applicable to the Reinvestment Offer apply (see Section 8.2.1).</li> </ul>

### 8.2.4 Brokerage, stamp duty and other ongoing fees and costs

No brokerage or stamp duty is payable to Westpac on your Application. You may have to pay brokerage on any later sale of your Notes on ASX after Notes have been quoted on ASX.

You will not be required to pay any ongoing fees or other costs following the issue of the Notes. The costs of carrying out the Offer and maintaining an ASX listing for the Notes will be paid by Westpac.

### 8.2.5 Refunds and interest

All Application Payments received by the Registrar before the Notes are issued will be held by Westpac in a non-interest bearing bank account established solely for the purpose of depositing Application Payments received.

If you are not Allocated any Notes or you are Allocated fewer Notes than the number that you applied for as a result of a scaleback, all or some of your Application Payment (as applicable) will be returned to you (without interest) as soon as possible after the Issue Date.

If you are an Eligible Westpac Capital Notes 3 Holder and you have applied for additional Westpac Capital Notes 7 under the Reinvestment Offer and your Application for additional Westpac Capital Notes 7 is scaled back, you will have the applicable part of your Application Payment refunded to you (without interest) as soon as possible after the Issue Date.

If the Offer does not proceed for any reason, Applicants (including Applicants for additional Westpac Capital Notes 7 under the Reinvestment Offer) will have their Application Payments refunded to them (without interest) as soon as practicable.

Please refer to Section 3.6.4 for further information about what happens if you have elected to apply to reinvest all or some of your Westpac Capital Notes 3 under the Reinvestment Offer and the Offer does not proceed.

## 8.3 Allocation and Allotment

### 8.3.1 Allocation and scaleback

Allocations for any Westpac Capital Notes 7 applied for under the Reinvestment Offer, including any additional Westpac Capital Notes 7, and any Application under the Securityholder Offer will be determined by Westpac at the close of the Offer. Westpac may consult with the Joint Lead Managers in determining such Allocation. Allocations and any scaleback will be announced on ASX on or before the day the Westpac Capital Notes 7 commence trading, which is expected to be 7 December 2020.

There is no guaranteed Allocation under the Offer, but Westpac will give priority to Applications received under the Reinvestment Offer, including Applications from Eligible Westpac Capital Notes 3 Holders received through Syndicate Brokers under the Broker Firm Offer. This priority will not extend to Applications for additional Westpac Capital Notes 7 by Eligible Westpac Capital Notes 3 Holders.

Westpac reserves the right not to accept Applications from any Applicant and Westpac and the Joint Lead Managers reserve the right to Allocate any Eligible Westpac Capital Notes 3 Holder or Eligible Securityholder a lesser number of Westpac Capital Notes 7 than applied for, including less than the minimum Application of 50 Westpac Capital Notes 7 (\$5,000). Westpac and the Joint Lead Managers also reserve the right to scale back Applications and to treat Applications in excess of \$250,000 as part of the Institutional Offer.

If you are an Eligible Westpac Capital Notes 3 Holder and you apply for additional Westpac Capital Notes 7, your Application for additional Westpac Capital Notes 7 may be scaled back if there is excess demand for the Offer.

The Allocations for Joint Lead Managers, Co-Managers and Institutional Investors were determined under the Bookbuild – see Section 7.6. Westpac has the right to nominate the persons to whom Notes were or will be Allocated, including in respect of firm Allocations to Syndicate Brokers and Institutional Investors under the Bookbuild.

Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.

Westpac also reserves the right not to issue any Notes. In this instance no Applicants will receive an Allocation.

### 8.3.2 Allotment

Westpac intends to issue and Allot approximately 14,000,000 Notes at an Issue Price of \$100 each, to raise approximately \$1.4 billion with the ability to raise more or less.

Westpac will not Allot any Notes until it has been granted approval for the Notes to be quoted on ASX and all proceeds from accepted Applications have been received by Westpac. Subject to approval for quotation being granted, Westpac intends to Allot the Notes on 4 December 2020. Westpac and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice. Westpac may also withdraw the Offer at any time before Notes are issued.

## 8.4 ASX quotation, trading and Holding Statements

### 8.4.1 ASX quotation

Westpac has applied for the Notes to be quoted on ASX. Quotation is not guaranteed. If ASX does not grant permission for the Notes to be quoted, then the Notes will not be issued and Application Payments will be refunded (without interest) to Applicants as soon as possible.

It is expected that the Notes will be quoted under ASX code WBCPJ.

### 8.4.2 Trading

It is expected that the Notes will begin trading on ASX on a normal settlement basis on 7 December 2020. You are responsible for confirming your Allocation before trading Notes to avoid the risk of selling Notes you do not own. If you sell your Notes before you receive confirmation of your Allocation, you do so at your own risk.

If you are a Broker Firm Applicant (including an Eligible Westpac Capital Notes 3 Holder reinvesting in Westpac Capital Notes 7 through a Syndicate Broker), you should contact your Syndicate Broker to find out your Allocation prior to receiving your Holding Statement. If you have applied under the Reinvestment Offer or the Securityholder Offer, you should call the **Westpac Capital Notes 7 Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 668 378 (within Australia) and +61 1300 668 378 (from outside Australia)**.

### 8.4.3 Holding Statements

Westpac expects Holding Statements will be dispatched to successful Applicants on or by 8 December 2020. Westpac has applied for the Notes to participate in CHESSE. Westpac does not intend to quote the Notes on any securities exchange apart from ASX. No certificates will be issued for the Notes.

## 8.5 Holding information

Applicants issued with Notes under the Offer will be sent a new investor pack shortly after the Issue Date. In addition to a Holding Statement, this pack will contain important information relating to your holding of Westpac Capital Notes 7.

### 8.5.1 Provision of bank account details for Distributions and other payments

Westpac will direct credit payment of Distributions, repayment of Face Value and other amounts relating to the Notes into an Australian dollar account of a financial institution nominated by you. Westpac will not pay Distributions on the Notes or other payments by cheque.

As part of the new investor pack for the Notes, you will have the opportunity to provide or update your bank account details. Please provide these account details to the Registrar as soon as possible.

If your Notes are issued under an existing holding number with Westpac, your current elections, including bank account details, will apply to the Notes unless you advise the Registrar otherwise.

If the payment of any money to your account does not complete for any reason, Westpac will send a notice to the postal address or email address most recently notified by

you advising of the uncompleted payment. In that case, the amount of the uncompleted payment will be held as a deposit in a non-interest bearing account until one of the following occurs:

- you nominate a suitable Australian dollar account maintained in Australia with a financial institution to which the payment may be credited; or
- Westpac is entitled or obliged to deal with the amount in accordance with the law relating to unclaimed moneys.

No interest is payable in respect of any delay in payment.

### **8.5.2 Provision of Tax File Number or Australian Business Number**

The Registrar will invite Holders to quote or update their TFN, ABN or both. A Holder may, but is not required to, quote their TFN or ABN. If a Holder does not quote a TFN (or in certain circumstances an ABN) or proof of exemption, Westpac will be required to withhold Australian taxation at the maximum marginal tax rate plus the Medicare levy (currently 47% of the unfranked amount) from any Distribution payable on Notes which is not fully franked and remit the amount withheld to the ATO. You should also read the information about Australian tax consequences for Holders in Section 6.

If your Notes are issued under an existing holding number with Westpac, your current elections, including TFN or ABN details, will apply to the Notes unless you advise the Registrar otherwise.

## **8.6 Enquiries**

If you have any questions on how to apply for Notes, you should contact the **Westpac Capital Notes 7 Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 668 378 (within Australia) and +61 1300 668 378 (from outside Australia).**

If you are unclear in relation to any matter or are uncertain if the Notes are a suitable investment for you, you should consult your financial adviser or other professional adviser.

If you are a Broker Firm Applicant and you are in any doubt about what action you should take, you should contact your Syndicate Broker.

# Glossary

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## APPENDIX A

CAUTION - Westpac Capital Notes 7 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.

Defined terms in this glossary and in clause 16.2 of the Westpac Capital Notes 7 Terms are used throughout this Prospectus and the attached, or accompanying, Broker Firm Application Form or online Reinvestment Application or online Securityholder Application.

<b>ABN</b>	Australian Business Number
<b>Acquisition Event</b>	<p>occurs when:</p> <ul style="list-style-type: none"> <li>• a takeover bid is made and certain conditions are satisfied; or</li> <li>• a court orders one or more meetings to be convened to approve a scheme of arrangement and certain conditions are satisfied</li> </ul> <p>An Acquisition Event does not occur upon the proposed replacement of Westpac as the ultimate holding company of the Westpac Group if certain conditions are met</p>
<b>Acquisition Event Conversion Date</b>	has the meaning set out in clause 5.9(a)(iii) of the Westpac Capital Notes 7 Terms
<b>Additional Tier 1 Capital</b>	has the meaning prescribed by APRA in the Prudential Standards
<b>ADI</b>	an Authorised Deposit-taking Institution under the Banking Act
<b>AFSL</b>	Australian Financial Services Licence
<b>Allocation</b>	<p>the number of Notes allocated under the Offer to:</p> <ul style="list-style-type: none"> <li>• Eligible Westpac Capital Notes 3 Holders and Eligible Securityholders at the end of the Offer Period; and</li> <li>• Syndicate Brokers and Institutional Investors under the Bookbuild</li> </ul> <p><b>Allocate, Allocated</b> and <b>Allocating</b> have the corresponding meanings</p>
<b>Allotment</b>	<p>the issue of Notes to Applicants on the Issue Date under their Allocation</p> <p><b>Allotted</b> and <b>Allot</b> have the corresponding meanings</p>
<b>Alternative BBSW Rate</b>	<p>a rate other than the 3 month BBSW Rate, that is, in Westpac’s opinion, generally accepted in the Australian market as the successor to the 3 month BBSW Rate, or if there is no such rate:</p> <ul style="list-style-type: none"> <li>• a reference rate that is, in Westpac’s opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to Westpac Capital Notes 7; or</li> <li>• such other reference rate as Westpac considers appropriate having regard to available comparable indices</li> </ul> <p>For the full definition, see clause 3.1 of the Westpac Capital Notes 7 Terms.</p>
<b>AML/CTF</b>	anti-money laundering and counter-terrorism financing
<b>Applicant</b>	a person who submits an Application in accordance with this Prospectus
<b>Application</b>	a valid application made under this Prospectus to apply for a specified number of Notes by following the online Reinvestment Application, online Securityholder Application or using the Broker Firm Application Form
<b>Application Payment</b>	the monies payable on Application, calculated as the number of Notes applied for multiplied by the Initial Face Value
<b>Approved Successor</b>	a holding company that replaces, or is proposed to replace, Westpac as the ultimate holding company of the Westpac Group and that satisfies the requirements under paragraphs (c) to (h) of the definition of “Acquisition Event” in clause 16.2 of the Westpac Capital Notes 7 Terms
<b>Approved Successor Share</b>	a fully paid ordinary share in the capital of the Approved Successor
<b>APRA</b>	Australian Prudential Regulation Authority



<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or the financial market operated by ASX Limited, as the context requires
<b>ASX Listing Rules</b>	the listing rules of ASX with any modification or waivers which ASX may grant to Westpac
<b>ASX Operating Rules</b>	the market operating rules of ASX as amended, varied or waived by ASX from time to time
<b>ATO</b>	Australian Taxation Office
<b>Banking Act</b>	<i>Banking Act 1959</i> (Cth)
<b>BBSW Rate</b>	has the meaning given in clause 3.1 of the Westpac Capital Notes 7 Terms
<b>BBSW Rate Disruption Event</b>	occurs when in Westpac's opinion, the 3 month BBSW Rate: <ul style="list-style-type: none"> <li>• has been discontinued or otherwise ceased to be calculated or administered; or</li> <li>• is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of Westpac Capital Notes 7</li> </ul>
<b>BCBS</b>	Basel Committee on Banking Supervision
<b>Bookbuild</b>	the process conducted by the Joint Lead Managers as agents for Westpac to determine the Margin and firm Allocations of the Notes to certain Syndicate Brokers and Institutional Investors
<b>Broker Firm Applicant</b>	an Australian resident client of a Syndicate Broker who applies for a broker firm Allocation from a Syndicate Broker under the Broker Firm Offer
<b>Broker Firm Application Form</b>	the application form accompanying this Prospectus upon which a Broker Firm Applicant can make an Application
<b>Broker Firm Offer</b>	the invitation made to Australian resident clients of the Syndicate Brokers to apply for a broker firm Allocation from the relevant Syndicate Broker under this Prospectus
<b>Business Day</b>	a day which is: <ul style="list-style-type: none"> <li>• a business day as defined in the ASX Listing Rules; and</li> <li>• for all purposes other than any calculation in respect of a Conversion, a date on which banks are open for general business in Sydney</li> </ul>
<b>Buy Back</b>	a transaction involving the acquisition by Westpac of its Ordinary Shares pursuant to the provisions of Part 2J of the Corporations Act
<b>Capital Reduction</b>	a reduction in capital by Westpac of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act
<b>Capital Securities</b>	Ordinary Shares or any equity, hybrid or subordinated debt capital security (whether comprised of one or more instruments) issued by Westpac excluding the Notes
<b>Capital Trigger Event</b>	occurs when: <ul style="list-style-type: none"> <li>• Westpac determines; or</li> <li>• APRA notifies Westpac in writing that it believes,</li> </ul> that either or both the Westpac Level 1 Common Equity Tier 1 Capital Ratio or Westpac Level 2 Common Equity Tier 1 Capital Ratio (each as defined in the Westpac Capital Notes 7 Terms) is equal to or less than 5.125%

<b>Capital Trigger Event Conversion Date</b>	has the meaning set out in clause 5.2(d)(iii) of the Westpac Capital Notes 7 Terms
<b>Cash Rate</b>	the interest rate which banks pay to borrow funds from other banks in the money market on an overnight basis
<b>Cash Rate Target</b>	the RBA's operational target for the implementation of monetary policy. A decision to ease policy is reflected in a new lower target for the cash rate, while a decision to tighten policy is reflected in a higher target
<b>CCM</b>	Close and Continuous Monitoring
<b>Change of Law</b>	<ul style="list-style-type: none"> <li>• an amendment to, change in or announced prospective change (that has been or will be introduced) in any laws or regulations under those laws affecting taxation in Australia;</li> <li>• a judicial decision interpreting, applying or clarifying laws or regulations affecting taxation in Australia;</li> <li>• an administrative pronouncement, ruling, confirmation, advice or action (including a failure or refusal to provide a ruling) affecting taxation in Australia that represents an official position, including a clarification of an official position of the governmental authority or regulatory body making the administrative pronouncement or taking any action; or</li> <li>• a challenge in relation to (or in connection with) the tax treatment of the Notes asserted or threatened in writing from a governmental authority or regulatory body in Australia,</li> </ul> <p>which amendment or change is announced or which action or clarification or challenge occurs on or after the Issue Date and which Westpac did not expect as at the Issue Date</p>
<b>CHESS</b>	Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532)
<b>Chi-X</b>	Chi-X Australia Pty Ltd (ABN 47 129 584 667) or the financial market operated by Chi-X Australia Pty Ltd, as the context requires
<b>Closing Date</b>	the last day on which Applications for the Reinvestment Offer, Securityholder Offer and Broker Firm Offer will be accepted, expected to be 5.00pm Sydney time on 30 November 2020 <sup>1</sup>
<b>Co-Managers</b>	Bell Potter Securities Limited, and any other co-managers appointed to the Offer by Westpac
<b>Co-Manager Amount</b>	the Allocation to any Co-Managers multiplied by the Initial Face Value
<b>Common Equity Tier 1 Capital or CET1</b>	has the meaning prescribed by APRA in the Prudential Standards
<b>Common Equity Tier 1 Capital Ratio or CET1 Ratio</b>	has the meaning prescribed by APRA in the Prudential Standards
<b>Consenting Party</b>	each of the consenting parties named in Section 7.7
<b>Conversion</b>	<p>the conversion of all, some or in the case of a Capital Trigger Event or Non-Viability Trigger Event only, a proportion of the Face Value of each of the, Notes into Ordinary Shares under the Westpac Capital Notes 7 Terms</p> <p><b>Convert</b> and <b>Converted</b> have the corresponding meaning</p>

## Note:

1. Westpac and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice. Westpac may also withdraw the Offer at any time before the Notes are issued.

<b>Conversion Date</b>	the applicable: <ul style="list-style-type: none"> <li>• Scheduled Conversion Date;</li> <li>• Capital Trigger Event Conversion Date;</li> <li>• Non-Viability Trigger Event Conversion Date;</li> <li>• Acquisition Event Conversion Date; or</li> <li>• Optional Conversion Date</li> </ul>
<b>Conversion Number</b>	has the meaning given in clause 9.1 of the Westpac Capital Notes 7 Terms
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>Distribution</b>	interest on the Face Value of each Note as set out in clause 3.1 of the Westpac Capital Notes 7 Terms
<b>Distribution Payment Conditions</b>	the conditions set out in clause 3.3 of the Westpac Capital Notes 7 Terms, being: <ul style="list-style-type: none"> <li>• Westpac's absolute discretion;</li> <li>• the payment of the Distribution not resulting in a breach of Westpac's capital requirements (on a Level 1 basis) or of the Westpac Group's capital requirements (on a Level 2 basis) under the Prudential Standards as they are applied to the Westpac Group at the time of the payment;</li> <li>• the payment of the Distribution not resulting in Westpac becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and</li> <li>• APRA not otherwise objecting to the payment of the Distribution</li> </ul>
<b>Distribution Payment Date</b>	has the meaning given in clause 3.5 of the Westpac Capital Notes 7 Terms
<b>Distribution Period</b>	the period from (but excluding) the Issue Date until (and including) the first Distribution Payment Date or thereafter from (but excluding) each Distribution Payment Date until (and including) the next Distribution Payment Date
<b>Distribution Rate</b>	has the meaning given in clause 3.1 of the Westpac Capital Notes 7 Terms
<b>Dividend</b>	any interim, final or special dividends payable in accordance with the Corporations Act and Westpac's Constitution in relation to Ordinary Shares
<b>D-SIB</b>	Domestic Systemically Important Bank
<b>Eligible Securityholder</b>	a registered holder of Ordinary Shares, Westpac Capital Notes 2, Westpac Capital Notes 4, Westpac Capital Notes 5 and/or Westpac Capital Notes 6 shown on the Register at 7.00pm Sydney time on 28 October 2020 to have an address in Australia
<b>Eligible Westpac Capital Notes 3 Holder</b>	a registered holder of Westpac Capital Notes 3 shown on the Register at 7.00pm Sydney time on 28 October 2020 to have an address in Australia
<b>Equal Ranking Capital Securities</b>	has the meaning given in clause 16.2 of the Westpac Capital Notes 7 Terms
<b>Face Value</b>	as applicable, either: <ul style="list-style-type: none"> <li>• the Initial Face Value; or</li> <li>• the Initial Face Value reduced by the amount of Face Value per Note which has previously been Converted in accordance with clauses 5.2 or 5.4 of the Westpac Capital Notes 7 Terms or the rights in respect of which have been terminated in accordance with clause 5.8 of the Westpac Capital Notes 7 Terms</li> </ul>
<b>FATCA</b>	sections 1471 through 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 entered into or non-US laws enacted with respect to those provisions)

<b>Final Westpac Capital Notes 3 Distribution</b>	the intended final distribution to be paid to a Westpac Capital Notes 3 holder in respect of their Westpac Capital Notes 3 for the period from (but excluding) 22 December 2020 to (and including) 22 March 2021, provided such Westpac Capital Notes 3 Holder is a registered holder of Westpac Capital Notes 3 at 7.00pm Sydney time on the record date for this distribution (and provided the distribution payment conditions in the Westpac Capital Notes 3 Terms are satisfied)
<b>Financial Claims Scheme</b>	the financial claims scheme established under the Banking Act
<b>First Pro-Rata Westpac Capital Note 3 Distribution</b>	the expected distribution to be paid to a Westpac Capital Notes 3 holder in respect of their Westpac Capital Notes 3 for the period from (but excluding) 22 September 2020 to (and including) 4 December 2020, provided such Westpac Capital Notes 3 holder is a registered holder of Westpac Capital Notes 3 at 7.00pm Sydney time on 26 November 2020 (and provided the distribution payment conditions in the Westpac Capital Notes 3 Terms are satisfied)
<b>First Scheduled Conversion Condition</b>	the VWAP on the 25 <sup>th</sup> Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date is greater than 56.12% of the Issue Date VWAP, as set out in clause 4.2(a)(i) of the Westpac Capital Notes 7 Terms
<b>FSTR Act</b>	<i>Financial Sector (Transfer and Restructure) Act 1999</i> (Cth)
<b>GST</b>	Goods and Services Tax, as contained in the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth) and any relevant GST regulations
<b>HIN</b>	holder identification number
<b>Holder</b>	a registered holder of Notes
<b>Holding Statement</b>	a statement issued to Holders by the Registrar which sets out details of Notes Allotted to them under the Offer
<b>Ineligible Holder</b>	either: <ul style="list-style-type: none"> <li>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 <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth), the <i>Financial Sector (Shareholdings) Act 1998</i> (Cth) and Part IV of the <i>Competition and Consumer Act 2010</i> (Cth)) 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); or</li> <li>a Holder whose address in the Register is a place outside Australia or who Westpac otherwise believes may not be a resident of Australia and Westpac is not satisfied that the laws of the Holder's country of residence permit the offer, holding or acquisition of Ordinary Shares to 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</li> </ul>
<b>Initial Face Value or Issue Price</b>	\$100 per Note
<b>Institutional Amount</b>	the Allocation to Institutional Investors multiplied by the Initial Face Value
<b>Institutional Investor</b>	an investor to whom offers of securities can be made without the need for a prospectus (or other formality, other than a formality which Westpac is willing to comply with), including in Australia persons to whom offers of securities can be made without the need for a lodged prospectus under Chapter 6D of the Corporations Act
<b>Institutional Offer</b>	the invitation by Westpac Institutional Bank to Institutional Investors to bid for Notes in the Bookbuild

<b>Issue Date</b>	the date on which the Notes are issued, expected to be 4 December 2020
<b>Issue Date VWAP</b>	the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clauses 9.4 to 9.7 of the Westpac Capital Notes 7 Terms
<b>JLM Broker Firm Amount</b>	for each Joint Lead Manager, the Initial Face Value multiplied by the Allocation to that Joint Lead Manager
<b>Joint Lead Managers</b>	Westpac Institutional Bank, ANZ Securities Limited, Citigroup Global Markets Australia Pty Limited, Commonwealth Bank of Australia, E&P Corporate Advisory Pty Limited, Morgans Financial Limited, Ord Minnett Limited and Shaw and Partners Limited
<b>Level 1, Level 2 and Level 3</b>	has the meaning prescribed by APRA in the Prudential Standards
<b>LIBOR</b>	London Interbank Offered Rate
<b>Liquidation Sum</b>	an amount of surplus assets equal to \$100 per Note (as adjusted for any Conversion under clauses 5.2 or 5.4 of the Westpac Capital Notes 7 Terms or any termination of rights under clause 5.8 of the Westpac Capital Notes 7 Terms)
<b>Margin</b>	the margin for the Notes, which is 3.40% per annum
<b>Maximum Conversion Number</b>	<p>has the meaning given in clause 9.1 of the Westpac Capital Notes 7 Terms, calculated according to the following formula:</p> $\text{Face Value}/(\text{Relevant Percentage} \times \text{Issue Date VWAP})$ <p>Where:</p> <p><b>Relevant Percentage</b> means if Conversion is occurring on a Scheduled Conversion Date or the Optional Conversion Date on 22 March 2027, 50%; and if Conversion is occurring at any other time, 20%</p>
<b>Nominated Party</b>	one or more third parties selected by Westpac in its absolute discretion (which cannot include a member of the Westpac Group or a related entity (as described in the Prudential Standards) of Westpac)
<b>Non-Participating Westpac Capital Notes 3</b>	<p>Westpac Capital Notes 3 which are not reinvested in Notes under the Reinvestment Offer, whether because:</p> <ul style="list-style-type: none"> <li>• an Eligible Westpac Capital Notes 3 Holder chose not to participate in the Reinvestment Offer;</li> <li>• an Eligible Westpac Capital Notes 3 Holder elected to participate in the Reinvestment Offer but in respect of only some Westpac Capital Notes 3;</li> <li>• a holder of Westpac Capital Notes 3 on the Reinvestment Offer Record Date does not meet the eligibility criteria to qualify as an Eligible Westpac Capital Notes 3 Holder and therefore cannot elect to participate in the Reinvestment Offer; or</li> <li>• an Eligible Westpac Capital Notes 3 Holder who has elected to participate in the Reinvestment Offer but either (a) did not receive an Allocation or (b) had their Allocation scaled back</li> </ul>
<b>Non-Participating Westpac Capital Notes 3 Holder</b>	a holder of Non-Participating Westpac Capital Notes 3
<b>Non-Viability Trigger Event</b>	<p>occurs when APRA notifies Westpac in writing that it believes:</p> <ul style="list-style-type: none"> <li>• Conversion of the Notes, or conversion, write-off or write down of other capital instruments of the Westpac Group, is necessary because, without it, Westpac would become non-viable; or</li> <li>• a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable</li> </ul>

<b>Non-Viability Trigger Event Conversion Date</b>	has the meaning set out in clause 5.4(c)(iii) of the Westpac Capital Notes 7 Terms
<b>Notes Deed Poll</b>	the Notes Deed Poll in relation to the Notes
<b>Offer</b>	the offer of the Notes under this Prospectus at an Initial Face Value and Issue Price of \$100 each to raise approximately \$1.4 billion with the ability to raise more or less. The offer is comprised of the Reinvestment Offer, the Securityholder Offer, the Broker Firm Offer and the Institutional Offer
<b>Offer Period</b>	the period from the Opening Date to the Closing Date <sup>2</sup>
<b>OMA or Offer Management Agreement</b>	the Offer Management Agreement entered into between Westpac and the Joint Lead Managers as summarised in Section 7.6
<b>Opening Date</b>	the day the Offer opens, being 13 November 2020
<b>Optional Conversion</b>	a Conversion at Westpac's option in accordance with clause 6 of the Westpac Capital Notes 7 Terms
<b>Optional Conversion Date</b>	in respect of each Note: <ul style="list-style-type: none"> <li>• 22 March 2027; or</li> <li>• the date specified by Westpac as the Optional Conversion Date in accordance with clause 6.3(b)(i)(B) of the Westpac Capital Notes 7 Terms</li> </ul>
<b>Optional Conversion Notice</b>	a notice issued in accordance with clause 6 of the Westpac Capital Notes 7 Terms
<b>Optional Conversion Restriction</b>	has the meaning given in clause 6.2 of the Westpac Capital Notes 7 Terms
<b>Ordinary Share</b>	a fully paid ordinary share in the capital of Westpac
<b>Original Prospectus</b>	the prospectus dated 4 November 2020 and lodged with ASIC on that date, which this Prospectus replaces
<b>Other Broker Firm Amount</b>	the Allocation to any Third Party Brokers and other participating brokers multiplied by the Initial Face Value
<b>Participating Westpac Capital Notes 3</b>	Westpac Capital Notes 3 which are reinvested in Westpac Capital Notes 7 under the Reinvestment Offer
<b>Participating Westpac Capital Notes 3 Holder</b>	an Eligible Westpac Capital Notes 3 Holder who elects to participate in the Reinvestment Offer and receives an Allocation of Westpac Capital Notes 7
<b>Prospectus</b>	this document (including the electronic form), and any supplementary or replacement Prospectus in relation to the Offer (including the electronic form)
<b>Prudential Standards</b>	the Prudential Standards and guidelines published by APRA and applicable to Westpac or the Westpac Group from time to time
<b>RBA</b>	the Reserve Bank of Australia
<b>RBNZ</b>	Reserve Bank of New Zealand

Note:

2. Westpac and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice. Westpac may also withdraw the Offer at any time before the Notes are issued.

<b>Record Date</b>	<p>in the case of:</p> <ul style="list-style-type: none"> <li>the payment of Distributions, the date which is eight calendar days before the relevant Distribution 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 ASX Listing Rules or, if not prescribed by the ASX Listing Rules, a date determined by Westpac and notified to ASX); and</li> <li>the payment of the Face Value of the Note upon a Redemption or Transfer, a date determined by Westpac and notified to ASX (or such other date as may be prescribed by ASX)</li> </ul>
<b>Redemption</b>	<p>the redemption of all or some of the Notes for their Face Value under the Westpac Capital Notes 7 Terms</p> <p><b>Redeem</b> and <b>Redeemed</b> have corresponding meanings</p>
<b>Redemption Date</b>	<p>in respect of each Note:</p> <ul style="list-style-type: none"> <li>22 March 2027; or</li> <li>the date specified by Westpac as the Redemption Date in accordance with clause 7.2(b)(i)(B) of the Westpac Capital Notes 7 Terms</li> </ul>
<b>Register</b>	<p>the official register of Ordinary Shares, Westpac Capital Notes 7 (if issued), Westpac NZD Subordinated Notes, Westpac Capital Notes 6, Westpac Capital Notes 5, Westpac Capital Notes 4, Westpac Capital Notes 3 or Westpac Capital Notes 2 maintained by Westpac, and includes any sub-register established and maintained under CHESS</p>
<b>Registrar</b>	<p>Link Market Services Limited (ABN 54 083 214 537) or any other registrar that Westpac appoints to maintain a register of its securities</p>
<b>Regulatory Event</b>	<ul style="list-style-type: none"> <li>broadly, will occur if Westpac receives legal advice that, as a result of a change of law or regulation after the Issue Date: <ul style="list-style-type: none"> <li>more than <i>de minimis</i> additional requirements would be imposed on the Westpac Group or there would be a more than <i>de minimis</i> negative impact on the Westpac Group in relation to (or in connection with) Notes which Westpac determines to be unacceptable; or</li> <li>Westpac determines or APRA confirms that Westpac will not be entitled to treat some or all of the Notes as Additional Tier 1 Capital of the Westpac Group</li> </ul> </li> <li>a Regulatory Event will not arise where, at the Issue Date, Westpac expected the event would occur</li> </ul>
<b>Reinvestment Application</b>	<p>the online application by an Eligible Westpac Capital Notes 3 Holder to participate in the Reinvestment Offer (and if applicable, to apply for any additional Westpac Capital Notes 7) may be made</p>
<b>Reinvestment Offer</b>	<p>the priority offer to Eligible Westpac Capital Notes 3 Holders to apply to reinvest all or some of their Westpac Capital Notes 3 in Westpac Capital Notes 7 which will be via the transfer of Participating Westpac Capital Notes 3 to the Westpac Capital Notes 3 Nominated Party for \$100 per Participating Westpac Capital Note 3 and the automatic reinvestment of the transfer proceeds in Westpac Capital Notes 7 (\$100 per Westpac Capital Note 7) as described in Section 3 of this Prospectus, and the invitation to Eligible Westpac Capital Notes 3 Holders to apply for additional Westpac Capital Notes 7</p>
<b>Reinvestment Offer Record Date</b>	<p>28 October 2020 (7.00pm Sydney time)</p>
<b>Relevant Securities</b>	<p>a security forming part of the Tier 1 Capital of Westpac on a Level 1 basis or Level 2 basis</p>
<b>RWA</b>	<p>risk weighted assets</p>
<b>Sale Agent</b>	<p>the nominee (who cannot be a member of the Westpac Group or a related entity (as described in the Prudential Standards) of Westpac) appointed by Westpac under the facility established for the sale of Ordinary Shares issued by Westpac on Conversion on behalf of Holders who do not wish to receive Ordinary Shares on Conversion or who are Ineligible Holders</p>

<b>Scheduled Conversion</b>	Conversion on the Scheduled Conversion Date
<b>Scheduled Conversion Conditions</b>	the First Scheduled Conversion Condition and the Second Scheduled Conversion Condition
<b>Scheduled Conversion Date</b>	the date that is the earlier of: <ul style="list-style-type: none"> <li>• 22 March 2029; and</li> <li>• the first Distribution Payment Date after 22 March 2029, on which the Scheduled Conversion Conditions are satisfied</li> </ul>
<b>Second Pro-Rata Westpac Capital Note 3 Distribution</b>	the expected distribution to be paid to a Westpac Capital Notes 3 holder in respect of their Westpac Capital Notes 3 for the period from (but excluding) 4 December 2020 to (and including) 22 December 2020, provided such Westpac Capital Notes 3 holder is a registered holder of Westpac Capital Notes 3 at 7.00pm Sydney time on 14 December 2020 (and provided the distribution payment conditions in the Westpac Capital Notes 3 Terms are satisfied)
<b>Second Scheduled Conversion Condition</b>	the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date is greater than 50.51% of the Issue Date VWAP, as set out in clause 4.2(a)(ii) of the Westpac Capital Notes 7 Terms
<b>Securityholder Application</b>	an online Application by an Eligible Securityholder made by following the instructions via the Offer website at <a href="http://www.westpac.com.au/westpaccapnotes7">www.westpac.com.au/westpaccapnotes7</a>
<b>Securityholder Offer</b>	the invitation to Eligible Securityholders to apply for Notes under this Prospectus
<b>Senior Creditors</b>	all creditors of Westpac (present and future), including depositors of Westpac and all holders of Westpac's senior or subordinated debt: <ul style="list-style-type: none"> <li>• whose claims are admitted in a Winding Up; and</li> <li>• whose claims are not made as holders of indebtedness arising under: <ol style="list-style-type: none"> <li>1. an Equal Ranking Capital Security; or</li> <li>2. an Ordinary Share</li> </ol> </li> </ul>
<b>Solvent Reconstruction</b>	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 undertakings of Westpac are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented
<b>Special Resolution</b>	<ul style="list-style-type: none"> <li>• a resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or</li> <li>• the written approval of Holders holding at least 75% of the Notes</li> </ul>
<b>SRN</b>	securityholder reference number
<b>Sydney time</b>	time in Sydney, New South Wales, Australia
<b>Syndicate Broker</b>	any of the Joint Lead Managers (or their affiliated retail brokers), Co-Managers or Third Party Brokers and any other participating broker in the Offer
<b>Tax Act</b>	the <i>Income Tax Assessment Act 1936</i> (Cth) or the <i>Income Tax Assessment Act 1997</i> (Cth) (both as amended from time to time, as the case may be, and a reference to a section of the <i>Income Tax Assessment Act 1936</i> (Cth) includes a reference to that section as rewritten in the <i>Income Tax Assessment Act 1997</i> (Cth)) and any other law setting the rate of income tax payable or regulation made under such laws



<b>Tax Event</b>	<p>occurs when Westpac determines, after receiving a supporting opinion of reputable legal counsel or other tax adviser in Australia, experienced in such matters, that (as a result of a Change of Law) there is a more than insubstantial risk that:</p> <ul style="list-style-type: none"> <li>• Westpac would be exposed to a more than <i>de minimis</i> adverse tax consequence or increased cost in relation to the Notes; or</li> <li>• any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act</li> </ul> <p>A Tax Event will not arise where, at the Issue Date, Westpac expected the event would occur</p>
<b>Tax Rate</b>	the Australian corporate tax rate applicable to the franking account of Westpac at the relevant Distribution Payment Date. At the date of this Prospectus, the relevant Tax Rate is 30% or, expressed as a decimal, 0.30 (but that rate may change)
<b>TFN</b>	Tax File Number
<b>Third Party Broker</b>	any third party brokers appointed to the Offer by Westpac Institutional Bank to participate in the Bookbuild
<b>Tier 1 Capital, Tier 1 Capital Ratio, Tier 2 Capital, Tier 2 Capital Ratio, Total Capital and Total Capital Ratio</b>	have the meaning prescribed by APRA in the Prudential Standards
<b>Tier 1 Capital Distributions</b>	Dividends, Additional Tier 1 Capital distributions (which will include Distribution payments on the Notes) and discretionary staff bonuses
<b>Transfer</b>	<p>the transfer of Notes by Holders to a Nominated Party in accordance with clause 8 of the Westpac Capital Notes 7 Terms</p> <p><b>Transferred</b> has a corresponding meaning</p>
<b>Transfer Date</b>	<p>in respect of each Note:</p> <ul style="list-style-type: none"> <li>• 22 March 2027; or</li> <li>• the date specified by Westpac as the Transfer Date in accordance with clause 8.2(b)(i) (B) of the Westpac Capital Notes 7 Terms</li> </ul>
<b>Transfer Notice</b>	a notice issued in accordance with clause 8 of the Westpac Capital Notes 7 Terms under which Westpac elects that a Transfer occur in relation to some or all of the Notes
<b>TTR</b>	threshold transaction report
<b>US Person</b>	has the meaning given in Regulation S of the US Securities Act
<b>US Securities Act</b>	United States Securities Act of 1933, as amended
<b>VWAP</b>	subject to any adjustments under clauses 9.2 and 9.3 of the Westpac Capital Notes 7 Terms, the average of the daily volume weighted average sales prices (such average and each such daily average sales price being expressed in Australian dollars and cents and rounded to the nearest full cent, with A\$0.005 being rounded upwards) of Ordinary Shares sold on ASX and Chi-X 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
<b>VWAP Period</b>	the period over which the VWAP is calculated, as set out in clause 16.2 of the Westpac Capital Notes 7 Terms
<b>Westpac</b>	Westpac Banking Corporation (ABN 33 007 457 141, AFSL No. 233714)
<b>Westpac's Constitution</b>	the constitution of Westpac

<b>Westpac Capital Notes 2</b>	the 13,105,705 Westpac Capital Notes 2 issued by Westpac under a prospectus dated 15 May 2014
<b>Westpac Capital Notes 3</b>	the 13,244,280 Westpac Capital Notes 3 issued by Westpac, acting through its London branch, under a prospectus dated 6 August 2015
<b>Westpac Capital Notes 3 Nominated Party</b>	<p>the nominated party identified in:</p> <ul style="list-style-type: none"> <li>• a transfer notice intended to be given by Westpac under clause 8.1(a)(i) of the Westpac Capital Notes 3 Terms in respect of Non-Participating Westpac Capital Notes 3; or</li> <li>• the transfer notice given under clause 8.1(a)(iii) of the Westpac Capital Notes 3 Terms in respect of Participating Westpac Capital Notes 3,</li> </ul> <p>as the context requires</p>
<b>Westpac Capital Notes 3 Terms</b>	the full terms of issue of Westpac Capital Notes 3 set out in Appendix B of the Westpac Capital Notes 3 prospectus dated 6 August 2015, as amended on 4 November 2020
<b>Westpac Capital Notes 4</b>	the 17,020,534 Westpac Capital Notes 4 issued by Westpac under a prospectus dated 26 May 2016
<b>Westpac Capital Notes 5</b>	the 16,903,383 Westpac Capital Notes 5 issued by Westpac under a prospectus dated 13 February 2018
<b>Westpac Capital Notes 6</b>	the 14,230,580 Westpac Capital Notes 6 issued by Westpac under a prospectus dated 20 November 2018
<b>Westpac Capital Notes 7 or Notes</b>	are fully paid, non-cumulative, convertible, transferable, redeemable, subordinated, perpetual, unsecured notes of Westpac, to be issued under the Offer in accordance with the Westpac Capital Notes 7 Terms
<b>Westpac Capital Notes 7 Terms</b>	the Westpac Capital Notes 7 terms of issue set out in Appendix B
<b>Westpac Directors</b>	some or all of the directors of Westpac acting as a board
<b>Westpac Group</b>	Westpac and its controlled entities taken as a whole
<b>Westpac Institutional Bank</b>	Westpac Institutional Bank, a division of Westpac
<b>Westpac NZD Subordinated Notes</b>	the 400,000,000 Westpac NZD Subordinated Notes issued by Westpac, acting through its head office, Sydney, under a New Zealand product disclosure statement dated 26 July 2016
<b>Westpac USD AT1 Securities</b>	the fixed rate, resetting, perpetual, subordinated, contingent, convertible securities issued by Westpac, acting through its New Zealand branch, under the indenture dated 7 September 2017, as supplemented by the first supplemental indenture dated 21 September 2017
<b>Winding Up</b>	<ul style="list-style-type: none"> <li>• a court order is made in Australia for the winding up of Westpac (and such order is not successfully appealed or set aside within 30 days); or</li> <li>• an effective resolution is passed by shareholders or members for the winding up of Westpac in Australia,</li> </ul> <p>other than in connection with a Solvent Reconstruction</p>
<b>WNZL</b>	Westpac New Zealand Limited

# Westpac Capital Notes 7 Terms

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## APPENDIX B

CAUTION - Westpac Capital Notes 7 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.

# 1 Form and Initial Face Value of Westpac Capital Notes 7

## 1.1 Form

Westpac Capital Notes 7:

- (a) are non-cumulative, convertible, transferable, redeemable, subordinated, perpetual, unsecured notes of Westpac;
- (b) are designated as being of a particular series as set out in the Prospectus;
- (c) are constituted under and issued on the terms set out in the Deed Poll and these Terms; and
- (d) take the form of entries in the Westpac Capital Notes 7 Register.

## 1.2 Initial Face Value

Each Westpac Capital Note 7 is issued fully paid at an issue price of \$100.

# 2 Ranking on Winding Up

- (a) Holders do not have any right to prove in a Winding Up in respect of Westpac Capital Notes 7, except as permitted under clause 2(b).
- (b) Westpac Capital Notes 7 will rank for payment of the Liquidation Sum in a Winding Up:
  - (i) senior to Ordinary Shares;
  - (ii) equally among themselves and with all other Equal Ranking Capital Securities; and
  - (iii) junior to, and are conditional on the prior payment in full of, the claims of all Senior Creditors (including in respect of any entitlement to interest under section 563B of the Corporations Act).
- (c) Holders may not exercise voting rights as a creditor in respect of Westpac Capital Notes 7 in a Winding Up to defeat the subordination in this clause.
- (d) Westpac Capital Notes 7 are perpetual and these Terms do not include events of default or any other provisions entitling the Holders to require that Westpac Capital Notes 7 be Redeemed. Holders do not have any right to apply for a Winding Up on the ground of Westpac's failure to pay Distributions or for any other reason.
- (e) For the avoidance of doubt, but subject to clause 5.8, if a Capital Trigger Event or Non-Viability Trigger Event has occurred, Holders will rank for payment in a Winding Up as holders of the number of Ordinary Shares to which they became entitled under clauses 5.2 or 5.4.

# 3 Distributions

## 3.1 Distributions

Subject to these Terms, each Westpac Capital Note 7 entitles the Holder to receive on the relevant Distribution Payment Date interest on the Face Value of the Westpac Capital Note 7 ("**Distribution**"), calculated using the following formula:

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

where:

**Distribution Rate** (expressed as a percentage per annum) is calculated using the following formula:

$$\text{Distribution Rate} = (\text{BBSW Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

**BBSW Rate** (expressed as a percentage per annum) for each Distribution Period, means:

- (a) subject to paragraph (b) below:
  - (i) the rate for prime bank eligible securities having a tenor of 3 months which ASX (or its successor as administrator of that rate) publishes through information vendors by 12pm (Sydney time) (or such other time at which such rate is accustomed to be so published), in the case of the first Distribution Period, on the Issue Date, and in the case of any other Distribution Period, on the first Business Day of that Distribution Period; or
  - (ii) if Westpac determines that such rate as is described in paragraph (a)(i) above is not published by 12pm (Sydney time) on that day (or such other time at which such rate is accustomed to be so published), or is published but Westpac determines that there is an obvious error in that rate, such other rate that Westpac determines in good faith, having regard to comparable indices then available.
- (b) if Westpac determines that a BBSW Rate Disruption Event has occurred, then, subject to APRA's prior written approval, Westpac:
  - (i) shall use as the BBSW Rate such Alternative BBSW Rate as it may determine;
  - (ii) shall make such adjustments to the Terms as it determines to be reasonably necessary to calculate Distributions in accordance with such Alternative BBSW Rate; and
  - (iii) in making the above determination in this paragraph (b):
    - (A) shall act in good faith and in a commercially reasonable manner;
    - (B) may consult such sources of market practice as it considers appropriate; and
    - (C) may otherwise make such determination in its discretion.

- (c) for the purposes of this definition of "BBSW Rate":
  - (i) **Alternative BBSW Rate** means a rate other than the rate described in paragraph (a) of the definition of BBSW Rate, that is, in Westpac's opinion, generally accepted in the Australian market as the successor to the BBSW Rate, or if there is no such rate:
    - (A) a reference rate that is, in Westpac's opinion, appropriate to floating rate debt securities of a tenor and interest period most comparable to Westpac Capital Notes 7; or
    - (B) such other reference rate as Westpac considers appropriate having regard to available comparable indices,

provided that Westpac reserves the discretion, subject to APRA's prior written approval, to incorporate an adjustment (which may be positive or negative) or a formula or methodology for calculating such an adjustment in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit to Holders as a result of the use of an Alternative BBSW Rate; and

(ii) **BBSW Rate Disruption Event** occurs when, in Westpac's opinion, the rate for prime bank eligible securities having a tenor of 3 months in paragraph (a) of the definition of BBSW Rate:

- (A) has been discontinued or otherwise ceased to be calculated or administered; or
- (B) is no longer generally accepted in the Australian market as a reference rate appropriate to floating rate debt securities of a tenor and interest period comparable to that of Westpac Capital Notes 7.

*Holders should note that APRA's approval may not be given for any Alternative BBSW Rate that APRA considers to have the effect of increasing the Distribution Rate contrary to applicable Prudential Standards.*

**Margin** means 3.40% per annum;

**Tax Rate** (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of Westpac at the relevant Distribution Payment Date; and

**N** means, in respect of a Distribution Period, the number of days in that Distribution Period.

### 3.2 Adjustment to calculation of Distributions if not fully franked

If payment of any Distribution will not be franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), otherwise than because of any act by, or circumstances affecting, any particular Holder, the Distribution will be calculated using the following formula:

$$\text{Distribution} = \frac{D}{1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]}$$

where:

**D** means the Distribution entitlement on that Distribution Payment Date as calculated under clause 3.1;

**Tax Rate** (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of Westpac at the relevant Distribution Payment Date; and

**Franking Rate** (expressed as a decimal) means the percentage of Distribution that would carry franking credits (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part), applicable to the relevant Distribution entitlement on that Distribution Payment Date.

### 3.3 Conditions to payment of Distributions

- (a) The payment of any Distribution on a Distribution Payment Date is subject to:
  - (i) Westpac's absolute discretion;
  - (ii) the payment of the Distribution not resulting in a breach of Westpac's capital requirements (on a Level 1 basis) or of the Westpac Group's capital requirements (on a Level 2 basis) under the then current Prudential Standards at the time of the payment;
  - (iii) the payment of the Distribution not resulting in Westpac becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and
  - (iv) APRA not otherwise objecting to the payment of the Distribution.
- (b) Westpac must notify ASX as soon as reasonably practicable if payment of any Distribution will not be made because of this clause.

### 3.4 Distributions are discretionary, non-cumulative and only payable in cash

- (a) Payments of Distributions are within the absolute discretion of Westpac and are non-cumulative. If a Distribution is not paid because of the provisions of clause 3.3 or because of any other reason, Westpac has no liability to pay such Distribution to the Holder and the Holder has no:
  - (i) claim (including, without limitation, on a Winding Up); or
  - (ii) right to apply for a Winding Up, in respect of such non-payment.
- (b) Any payments of Distributions to Holders must be made in the form of cash.
- (c) Non-payment of a Distribution because of the provisions of clause 3.3, or because of any other reason, does not constitute an event of default.

### 3.5 Distribution Payment Date

Distributions in respect of Westpac Capital Notes 7 are payable:

- (a) quarterly in arrear on 22 March, 22 June, 22 September and 22 December of each year, commencing on 22 March 2021 until that Westpac Capital Note 7 has been Converted at its full Face Value (or terminated following a failure to Convert) or Redeemed, in each case in accordance with these Terms; and
- (b) on the Conversion Date (other than a Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date), Redemption Date or Transfer Date (as the case may be) on which such Westpac Capital Note 7 is Converted, Redeemed or Transferred, in each case in accordance with these Terms (each a "Distribution Payment Date").

### 3.6 Record Dates

Distributions are only payable on a Distribution Payment Date to those persons registered as Holders on the Record Date for that Distribution Payment Date.

### 3.7 Restrictions in the case of non-payment of a Distribution

Subject to clause 3.8, if for any reason a Distribution has not been paid in full on the relevant Distribution Payment Date, Westpac must not:

- (a) determine or pay any Dividends; or
  - (b) undertake any discretionary Buy Back or Capital Reduction,
- unless the amount of the unpaid Distribution is paid in full within 20 Business Days of that Distribution Payment Date or:
- (c) all Westpac Capital Notes 7 have been Converted at their full Face Value (or terminated following a failure to Convert) or Redeemed;
  - (d) on a subsequent Distribution Payment Date, a Distribution for the subsequent Distribution Period is paid in full; or
  - (e) a Special Resolution of the Holders has been passed approving such action,

and, in respect of the actions contemplated by paragraphs (c), (d) and (e), APRA does not otherwise object.

### 3.8 Restrictions not to apply in certain circumstances

The restrictions in clause 3.7 do not apply in connection with:

- (a) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of Westpac or any member of the Westpac Group; or
- (b) Westpac or any of its controlled entities purchasing shares in Westpac in connection with transactions for the account of customers of Westpac or any of its controlled entities or in connection with the distribution or trading of shares in Westpac in the ordinary course of business (such distribution or trading of shares in the ordinary course of business is subject to the prior written approval of APRA); or
- (c) to the extent that at the time a Distribution has not been paid on the relevant Distribution Payment Date, Westpac is legally obliged to pay on or after that date a Dividend or complete on or after that date a Buy Back or Capital Reduction.

### 3.9 Notification

- (a) In relation to each Distribution Period, Westpac must notify the ASX of the Distribution Rate and the amount of Distribution payable on each Westpac Capital Note 7.
- (b) Westpac must give notice under this clause 3.9 as soon as practicable after it makes its calculations or determinations and, in any event, by no later than the fifth Business Day of the relevant Distribution Period.
- (c) Westpac may amend the calculation or determination of any amount, date, or rate (or make appropriate alternative arrangements by way of adjustment) including as a result of the extension or reduction of a Distribution Period without prior notice, but must notify ASX promptly after doing so.

### 3.10 Calculations and determinations final

The calculation or determination by Westpac of all rates and amounts payable by it in relation to Westpac Capital Notes 7 is, in the absence of manifest or proven error, final and binding on Westpac, the Registrar and each Holder.

## 4 Scheduled Conversion

### 4.1 Scheduled Conversion

Subject to clauses 5, 6, 7 and 8, Westpac must Convert all (but not some) Westpac Capital Notes 7 on issue on the date that is the earlier of:

- (a) 22 March 2029; and
- (b) the first Distribution Payment Date after 22 March 2029, on which the Scheduled Conversion Conditions are satisfied (each a “**Scheduled Conversion Date**”).

### 4.2 Scheduled Conversion Conditions

- (a) The Scheduled Conversion Conditions for each Scheduled Conversion Date are:
  - (i) the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date is greater than 56.12% of the Issue Date VWAP (“**First Scheduled Conversion Condition**”); and

- (ii) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date is greater than 50.51% of the Issue Date VWAP (the “**Second Scheduled Conversion Condition**”).

- (b) If the First Scheduled Conversion Condition is not satisfied, Westpac will announce to ASX not less than 21 Business Days before the Scheduled Conversion Date that Conversion will not proceed on the Scheduled Conversion Date.
- (c) If the Second Scheduled Conversion Condition is not satisfied, Westpac will notify Holders on or as soon as practicable after the Scheduled Conversion Date that Conversion did not occur.

## 5 Automatic Conversion

### 5.1 Capital Trigger Event

A Capital Trigger Event occurs when:

- (a) Westpac determines; or
- (b) APRA notifies Westpac in writing that it believes,

that either or both the Westpac Level 1 Common Equity Tier 1 Capital Ratio or Westpac Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%.

### 5.2 Consequences of a Capital Trigger Event

- (a) Westpac must notify APRA immediately in writing if it determines that a Capital Trigger Event has occurred.
- (b) If a Capital Trigger Event occurs, Westpac must Convert such number of Westpac Capital Notes 7 (or, if it so determines, such percentage of the Face Value of each Westpac Capital Note 7) as is sufficient (following any conversion, write-off or write down of other Relevant Securities as referred to in paragraph 5.2(c)(i) below) to return either or both the Westpac Level 1 Common Equity Tier 1 Capital Ratio or Westpac Level 2 Common Equity Tier 1 Capital Ratio, as the case may be, to above 5.125%.
- (c) In determining the number of Westpac Capital Notes 7, or percentage of the Face Value of each Westpac Capital Note 7, which must be Converted in accordance with this clause, Westpac will:

- (i) first, convert, write-off or write down such number or percentage of the face value of any other Relevant Securities whose terms require them to be converted, written-off or written down, before Conversion of Westpac Capital Notes 7; and
- (ii) second, if conversion, write-off or write down of those Relevant Securities is not sufficient, Convert (in the case of Westpac Capital Notes 7) and convert, write-off or write down (in the case of any other Relevant 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 the Westpac Capital Notes 7 and the face value of any Relevant Securities whose terms require or permit them to be converted, written-off or written down in that manner (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 face value of any Westpac Capital Notes 7 or other Relevant Securities remaining on issue and the need to effect the conversion, write-off or write-down immediately),

but such determination will not impede the immediate Conversion of the relevant number of Westpac Capital Notes 7 or percentage of the Face Value of each Westpac Capital Note 7 (as the case may be) or, if applicable, the termination of the relevant Holder's rights and claims in accordance with clause 5.8.

(d) If a Capital Trigger Event occurs:

- (i) the relevant number of Westpac Capital Notes 7, or percentage of the Face Value of each Westpac Capital Note 7, must be Converted immediately upon occurrence of the Capital Trigger Event in accordance with clauses 5.7 and 9 and the Conversion will be irrevocable;
- (ii) Westpac must give notice as soon as practicable that Conversion has occurred to ASX and the Holders; and
- (iii) the notice must specify:
  - (A) the date on which the Capital Trigger Event occurred ("**Capital Trigger Event Conversion Date**");
  - (B) the relevant number of the Westpac Capital Notes 7 which were, or the percentage of the Face Value of each Westpac Capital Note 7 which was, Converted and details of any other Relevant Securities converted, written-off or written down in accordance with clause 5.2(c); and
  - (C) 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 Westpac Capital Notes 7 remaining on issue.
- (e) Failure or delay in undertaking any of the steps in clauses 5.2(d)(ii) and 5.2(d)(iii), or in quotation of the Ordinary Shares to be issued on Conversion, does not prevent, invalidate, delay or otherwise impede Conversion.

### 5.3 Non-Viability Trigger Event

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

- (a) Conversion of the Westpac Capital Notes 7, or conversion, write-off or write down of other 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.

### 5.4 Consequences of a Non-Viability Trigger Event

- (a) If a Non-Viability Trigger Event occurs, Westpac must Convert such number of Westpac Capital Notes 7 (or, if it so determines, such percentage of the Face Value of each Westpac Capital Note 7) as is equal (following any conversion, write-off or write down of other Relevant Securities as referred to in paragraph 5.4(b)(ii)(A) below) to the aggregate face value of capital instruments as is necessary to satisfy APRA that Westpac will no longer be non-viable.
- (b) In determining the number of Westpac Capital Notes 7, or percentage of the Face Value of each Westpac Capital Note 7, which must be Converted in accordance with this clause, Westpac will:

- (i) where a Non-Viability Trigger Event occurs under clause 5.3(b), Convert at their full Face Value all of the Westpac Capital Notes 7; or
- (ii) in all other circumstances:

- (A) first, convert, write-off or write down such number or percentage of the face value of any other Relevant Securities whose terms require them to be converted, written-off or written down before Conversion of Westpac Capital Notes 7; and
- (B) second, if conversion, write-off or write down of those securities is not sufficient, Convert (in the case of Westpac Capital Notes 7) and convert, write-off or write down (in the case of any other Relevant 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 the Westpac Capital Notes 7 and the face value of any Relevant Securities whose terms require or permit them to be converted, written-off or written down in that manner (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 face value of any Westpac Capital Notes 7 or other Relevant Securities remaining on issue and the need to effect the conversion, write-off or write-down immediately),

but such determination will not impede the immediate Conversion of the relevant number of Westpac Capital Notes 7 or percentage of the Face Value of each Westpac Capital Note 7 (as the case may be) or, if applicable, the termination of the relevant Holder's rights and claims in accordance with clause 5.8.

(c) If a Non-Viability Trigger Event occurs:

- (i) the relevant number of Westpac Capital Notes 7, or percentage of the Face Value of each Westpac Capital Note 7, must be Converted immediately upon occurrence of the Non-Viability Trigger Event in accordance with clauses 5.7 and 9 and the Conversion will be irrevocable;
- (ii) Westpac must give notice as soon as practicable that Conversion has occurred to ASX and the Holders; and
- (iii) the notice must specify:
  - (A) the date on which the Non-Viability Trigger Event occurred ("**Non-Viability Trigger Event Conversion Date**");
  - (B) the relevant number of the Westpac Capital Notes 7 which were, or the percentage of the Face Value of each Westpac Capital Note 7 which was, Converted, and details of any other Relevant Securities converted, written-off or written down in accordance with clause 5.4(b); and
  - (C) 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 Westpac Capital Notes 7 remaining on issue.

- (d) Failure to undertake any of the steps in clauses 5.4(c)(ii) and 5.4(c)(iii) does not prevent, invalidate, delay or otherwise impede Conversion.

## 5.5 Scheduled Conversion Conditions not applicable

For the avoidance of doubt, the Scheduled Conversion Conditions do not apply to Conversion as a result of a Capital Trigger Event or Non-Viability Trigger Event.

## 5.6 Priority of early Conversion obligations

A Conversion required because of a Capital Trigger Event or a Non-Viability Trigger Event takes place on the date, and in the manner, required by clauses 5.2, 5.4, 5.7 and 5.8, notwithstanding any other provision for Conversion, Redemption or Transfer in these Terms.

## 5.7 Automatic Conversion upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event

If a Capital Trigger Event or Non-Viability Trigger Event has occurred and all or some Westpac Capital Notes 7 (or percentage of the Face Value of each Westpac Capital Note 7) are required to be Converted in accordance with clauses 5.2 or 5.4, then:

- (a) Conversion of the relevant Westpac Capital Notes 7 or percentage of the Face Value of each Westpac Capital Note 7 will be taken to have occurred in accordance with clause 9 immediately upon the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date;
- (b) subject to clause 9.10, the entry of the corresponding Westpac Capital Notes 7 in each relevant Holder's holding in the Westpac Capital Notes 7 Register will constitute an entitlement of that Holder to the relevant number of Ordinary Shares (and, if applicable, also to any remaining balance of Westpac Capital Notes 7 or Westpac Capital Notes 7 with a Face Value equal to the aggregate of the remaining percentage of the Face Value of each Westpac Capital Note 7), 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 the part of Westpac, take any appropriate procedural steps to record such Conversion, including updating the Westpac Capital Notes 7 Register and the Ordinary Share register); and
- (c) subject to clause 9.10, upon Conversion a Holder has no further right or claim under these Terms in respect of the Westpac Capital Notes 7 Converted, except in relation to the relevant number of Ordinary Shares and the Holder's entitlement, if any, to Westpac Capital Notes 7 which have not been required to be Converted or Westpac Capital Notes 7 representing the unconverted outstanding Face Value.

## 5.8 No further rights if Conversion does not occur for any reason

If, for any reason, Conversion of any Westpac Capital Notes 7 (or a percentage of the Face Value of any Westpac Capital Notes 7) required to be Converted under clauses 5.2 or 5.4 fails to take effect under clauses 5.7(a) and (b) or does not occur for any other reason and the Ordinary Shares are not issued for any reason in respect of such Conversion by 5.00pm on the fifth Business Day after

the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date, then:

- (a) such Westpac Capital Notes 7 or percentage of the Face Value of Westpac Capital Notes 7 will not be Converted in respect of such Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be) and will not be Converted, Redeemed or Transferred under these Terms on any subsequent date; and
- (b) the relevant Holders' rights (including to payment of Distributions and Face Value and any other payments) in relation to such Westpac Capital Notes 7 or percentage of the Face Value of Westpac Capital Notes 7 are immediately and irrevocably terminated and such termination will be taken to have occurred immediately upon the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date, as the case may be.

## 5.9 Automatic Conversion upon the occurrence of an Acquisition Event

- (a) If an Acquisition Event occurs, then:
  - (i) Westpac must Convert all (but not some) Westpac Capital Notes 7;
  - (ii) Westpac must give notice as soon as practicable and in any event within 10 Business Days after becoming aware of that event occurring to ASX and the Holders;
  - (iii) the notice must specify a date on which it is proposed Conversion will occur (proposed "Acquisition Event Conversion Date") being:
    - (A) in the case of an Acquisition Event that is a takeover bid, no later than the Business Day prior to the then announced closing date of the relevant takeover bid; or
    - (B) in the case of an Acquisition Event that is a court approved scheme, a date no later than the record date for participation in the relevant scheme of arrangement;
  - (iv) the notice must specify the details of the Conversion process including any details to take into account the effect on marketable parcels and whole numbers of Ordinary Shares; and
  - (v) on the proposed Acquisition Event Conversion Date, all Westpac Capital Notes 7 will Convert in accordance with clause 9.
- (b) The Second Scheduled Conversion Condition applies to a Conversion following an Acquisition Event as though the proposed Acquisition Event Conversion Date were a Scheduled Conversion Date for the purposes of clause 4 (except that in the case of an Acquisition Event, the Second Scheduled Conversion Condition will apply as if it referred to 20.20% of the Issue Date VWAP). If the Second Scheduled Conversion Condition is not satisfied, the Westpac Capital Notes 7 will not Convert.
- (c) If the Second Scheduled Conversion Condition is not satisfied on the proposed Acquisition Event Conversion Date, Westpac will notify Holders as soon as practicable after the proposed Acquisition Event Conversion Date that Conversion did not occur.



## 5.10 Issue of ordinary shares of Approved Successor

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 Westpac Capital Notes 7 may not occur as a consequence of the Replacement (as defined in clause 13.4(a)). Instead, these Terms may be amended in accordance with clause 13.4.

## 6 Optional Conversion

### 6.1 Conversion at the option of Westpac

- (a) Subject to the other provisions of this clause 6, Westpac may at its option Convert in accordance with clause 9:
- (i) all or some Westpac Capital Notes 7 on 22 March 2027; or
  - (ii) all (but not some) of the Westpac Capital Notes 7 on an Optional Conversion Date following the occurrence of a Tax Event or Regulatory Event.
- (b) If only some (but not all) Westpac Capital Notes 7 are to be Converted under clause 6.1(a)(i), those Westpac Capital Notes 7 to be Converted will be specified in the Optional Conversion Notice and selected:
- (i) in a manner that is, in the opinion of Westpac, fair and reasonable; and
  - (ii) in compliance with any applicable law, directive or requirement of ASX.

### 6.2 Restriction on election to Convert

Westpac may only elect to Convert the Westpac Capital Notes 7 under clause 6.1(a) if on the second Business Day before the date on which an Optional Conversion Notice is to be sent by Westpac (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) the VWAP on that date is:

- (a) in respect of a Conversion under clause 6.1(a)(i), greater than 56.12% of the Issue Date VWAP; and
- (b) in respect of a Conversion under clause 6.1(a)(ii), greater than 22.20% of the Issue Date VWAP,

(the “Optional Conversion Restriction”).

### 6.3 Optional Conversion Notice

- (a) Subject to clause 6.2, Westpac may only Convert under clause 6.1(a)(i) if Westpac has given an Optional Conversion Notice of its election to do so at least 25 Business Days before the proposed Optional Conversion Date to ASX and the Holders.
- (b) The Optional Conversion Notice must specify:
- (i) the date on which it is proposed the Optional Conversion will occur, which:
    - (A) in the case of clause 6.1(a)(i), will be 22 March 2027; and
    - (B) in the case of a Tax Event or Regulatory Event, is the Next Distribution Payment Date, unless Westpac determines an earlier date having regard to the best interests of Holders as a whole and the relevant event;
  - (ii) whether any Distribution will be paid in respect of the Westpac Capital Notes 7 to be Converted on the Optional Conversion Date; and
  - (iii) the details of the Conversion process including any details to take into account the effect on marketable parcels and the need to round to whole numbers of Ordinary Shares.

### 6.4 Restriction on Conversion on the Optional Conversion Date

- (a) The Second Scheduled Conversion Condition applies to an Optional Conversion as though the proposed Optional Conversion Date were a Scheduled Conversion Date for the purposes of clause 4 (except that in the case of an Optional Conversion following a Tax Event or Regulatory Event, the Second Scheduled Conversion Condition will apply as if it referred to 20.20% of the Issue Date VWAP).
- (b) If the Second Scheduled Conversion Condition is not satisfied on the proposed Optional Conversion Date:
- (i) the Westpac Capital Notes 7 will not Convert; and
  - (ii) Westpac will notify Holders as soon as practicable after the proposed Optional Conversion Date that Conversion did not occur.

### 6.5 Deferred Conversion

If Westpac has given an Optional Conversion Notice under clause 6.3 and the Second Scheduled Conversion Condition (as if it applied on the Optional Conversion Date) is not satisfied, then, notwithstanding any other provision of these Terms:

- (a) the Optional Conversion Date will be deferred until the first Distribution Payment Date (under clause 3.5(a)) on which the Scheduled Conversion Conditions are satisfied (except that in the case of a Tax Event or Regulatory Event, the Second Scheduled Conversion Condition will apply as if it referred to 20.20% of the Issue Date VWAP) as if that Distribution Payment Date were a Scheduled Conversion Date for the purposes of clause 4 (the “Deferred Conversion Date”);
- (b) Westpac must convert the Westpac Capital Notes 7 on the Deferred Conversion Date unless the Westpac Capital Notes 7 are Converted earlier in accordance with these Terms; and
- (c) until the Deferred Conversion Date, all rights attaching to the Westpac Capital Notes 7 will continue as if the Optional Conversion Notice had not been given.

### 6.6 Final Distribution

For the avoidance of doubt, Optional Conversion may occur even if Westpac, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

### 6.7 No Conversion at the option of the Holders

Holders do not have a right to request Conversion of their Westpac Capital Notes 7 at any time.

## 7 Optional Redemption

### 7.1 Redemption at the option of Westpac

- (a) Subject to the other provisions of this clause 7, Westpac may at its option Redeem:
- (i) all or some Westpac Capital Notes 7 on 22 March 2027; or
  - (ii) all (but not some) of the Westpac Capital Notes 7 on a Redemption Date following the occurrence of a Tax Event or Regulatory Event,
- in each case for their Face Value.

(b) If only some (but not all) Westpac Capital Notes 7 are to be Redeemed under clause 7.1(a)(i), those Westpac Capital Notes 7 to be Redeemed will be specified in the Redemption Notice and selected:

- (i) in a manner that is, in the opinion of Westpac, fair and reasonable; and
- (ii) in compliance with any applicable law, directive or requirement of ASX.

## 7.2 Optional Redemption Notice

(a) Westpac may only Redeem under clause 7.1(a) if Westpac has given a Redemption Notice of its election to do so at least 21 Business Days before the proposed Redemption Date to ASX and the Holders.

(b) The Redemption Notice must specify:

- (i) the date on which it is proposed the Redemption will occur, which must be:
  - (A) in the case of clause 7.1(a)(i), 22 March 2027;
  - (B) in the case of a Tax Event or Regulatory Event, the Next Distribution Payment Date, unless Westpac determines an earlier date having regard to the best interests of Holders as a whole and the relevant event; and
- (ii) whether any Distribution will be paid in respect of the Westpac Capital Notes 7 to be Redeemed on the Redemption Date.

## 7.3 APRA approval to Redeem

Westpac may only Redeem under this clause 7 if:

(a) either:

- (i) before or concurrently with Redemption, Westpac replaces Westpac Capital Notes 7 with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than Westpac Capital Notes 7 and the replacement of Westpac Capital Notes 7 is done under conditions that are sustainable for the income capacity of Westpac (for the purposes of the Prudential Standards); 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 Westpac Capital Notes 7; and

(b) APRA has given its prior written approval to the Redemption. Approval is at the discretion of APRA and may or may not be given.

## 7.4 Final Distribution

For the avoidance of doubt, Redemption may occur even if Westpac, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

## 7.5 No Redemption at the option of the Holders

Holders do not have a right to request Redemption of their Westpac Capital Notes 7 at any time.

## 7.6 Effect of Redemption Notice

Subject to any early Conversion required because of a Capital Trigger Event or a Non-Viability Trigger Event and any termination of rights under clause 5.8, any Redemption Notice given under this clause 7 is irrevocable and Westpac must (subject to clause 11.1) Redeem Westpac Capital Notes 7 on the Redemption Date specified in that Redemption Notice.

# 8 Optional Transfer

## 8.1 Transfer at the option of Westpac

(a) Westpac may elect that Transfer occur in relation to:

- (i) all or some Westpac Capital Notes 7 on 22 March 2027; or
- (ii) all (but not some) of the Westpac Capital Notes 7 on a Transfer Date following the occurrence of a Tax Event or Regulatory Event.

(b) If only some (but not all) Westpac Capital Notes 7 are to be Transferred under clause 8.1(a)(i), the number of Westpac Capital Notes 7 to be Transferred will be specified in the Transfer Notice and selected:

- (i) in a manner that is, in the opinion of Westpac, fair and reasonable; and
- (ii) in compliance with any applicable law, directive or requirement of ASX.

## 8.2 Optional Transfer Notice

(a) Westpac may only elect to Transfer Westpac Capital Notes 7 under clause 8.1(a) if Westpac has given a Transfer Notice at least 21 Business Days before the proposed Transfer Date to ASX and the Holders.

(b) The Transfer Notice must specify:

- (i) the date on which it is proposed the Transfer will occur, which must be:
  - (A) in the case of clause 8.1(a)(i), 22 March 2027;
  - (B) in the case of a Tax Event or Regulatory Event, the Next Distribution Payment Date, unless Westpac determines an earlier date having regard to the best interests of Holders as a whole and the relevant event; and
- (ii) whether any Distribution will be paid in respect of the Westpac Capital Notes 7 to be Transferred on the Transfer Date.

## 8.3 Final Distribution

For the avoidance of doubt, a Transfer may occur even if Westpac, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

## 8.4 No Transfer at the option of the Holders

Holders do not have a right to request Transfer of their Westpac Capital Notes 7 at any time.

## 8.5 Effect of Transfer Notice

(a) Any Transfer Notice given under this clause 8 is irrevocable and Westpac must (subject to clause 11.1) Transfer Westpac Capital Notes 7 on the Transfer Date specified in that Transfer Notice.

(b) If Westpac issues a Transfer Notice under this clause 8:

- (i) each Holder is taken irrevocably to offer to sell the relevant number of their Westpac Capital Notes 7 to the Nominated Party on the Transfer Date for a cash amount per Westpac Capital Note 7 equal to the Face Value (and to have appointed Westpac as its agent and attorney to execute documents and do all things necessary which Westpac considers may be necessary or desirable in connection with that offer and any resulting sale);
- (ii) subject to payment by the Nominated Party of the Face Value to Holders, all right, title and interest in

the relevant number of Westpac Capital Notes 7 will be Transferred from the Holders to the Nominated Party on the Transfer Date; and

(iii) if the Nominated Party does not pay the Face Value to the relevant Holders on the Transfer Date, the relevant number of Westpac Capital Notes 7 will not be Transferred to the Nominated Party.

(c) Clause 11 will apply to payments by the Nominated Party as if the Nominated Party were Westpac. If any payment to a particular Holder is not made or treated as made on the Transfer Date because of any error by or on behalf of the Nominated Party, the relevant Westpac Capital Notes 7 of that Holder will not be Transferred until payment is made but the Transfer of all other relevant Westpac Capital Notes 7 will not be affected by the failure.

## 9 General provisions applicable to Conversion

### 9.1 Conversion

On the Conversion Date, subject to clauses 5.6 and 9.10, the following will apply:

(a) Westpac will allot and issue the Conversion Number of Ordinary Shares for each Westpac Capital Note 7 held by the Holder. The Conversion Number is calculated according to the following formula, and subject always to the Conversion Number being no greater than the Maximum Conversion Number:

$$\text{Conversion Number for each Westpac Capital Note 7} = \frac{\text{Face Value}}{0.99 \times \text{VWAP}}$$

where:

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

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

$$\text{Maximum Conversion Number for each Westpac Capital Note 7} = \frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$$

**Relevant Percentage** means:

- (i) if Conversion is occurring on a Scheduled Conversion Date or the Optional Conversion Date on 22 March 2027, 50%; and
  - (ii) if Conversion is occurring at any other time, 20%.
- (b) Each Holder's rights (including to Distributions other than the Distribution, if any, payable on a date when Conversion is required that is not a Capital Trigger Event Conversion Date or a Non-Viability Trigger Event Conversion Date) in relation to each Westpac Capital Note 7 that is being Converted will be immediately and irrevocably terminated for an amount equal to the Face Value and Westpac will apply the Face Value of each Westpac Capital Note 7 by way of payment for the subscription for the Ordinary Shares to be allotted and issued under clause 9.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 9.1 is to be applied as provided for in this clause and Holders do not have any right to payment in any other way.

(c) If the total number of Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Westpac Capital Notes 7 includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

### 9.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under clause 9.1:

- (a) where, on some or all of the 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 Westpac Capital Notes 7 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 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 Act;
  - (ii) in the case of any other entitlement that is not a dividend or other distribution under clause 9.2(a) (i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the 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 any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by Westpac;
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Westpac Capital Notes 7 will be Converted into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the 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; and
- (c) any adjustment made by Westpac in accordance with clause 9.2 will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

### 9.3 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 any other 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.

- (b) Any adjustment made by Westpac in accordance with clause 9.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.
- (c) Each Holder acknowledges that Westpac may consolidate, divide or reclassify Ordinary Shares so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action requiring any consent or concurrence of any Holders.

#### 9.4 Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP under clause 9.1, adjustments will be made in accordance with clause 9.2 and clause 9.3 during the period in which the Issue Date VWAP is determined. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made by Westpac in accordance with clauses 9.5 to 9.7 (inclusive);
- (b) if so made, will correspondingly affect the application of the Scheduled Conversion Conditions and the Optional Conversion Restriction and cause an adjustment to the Maximum Conversion Number; and
- (c) if so made, will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

#### 9.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clauses 9.5(b) and 9.5(c), if at any time on or from the Issue Date Westpac makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally (in a manner not involving any cash payment (or the giving of any other form of consideration) to or by holders of Ordinary Shares), the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = \frac{V_o \times RD}{(RD + RN)}$$

where:

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

**V<sub>o</sub>** 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) Clause 9.5(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 clause, 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.
- (d) No adjustments to the Issue Date VWAP will be made under this clause 9.5 for any offer of Ordinary Shares not covered by clause 9.5(a), including a rights issue or other essentially pro rata issue.
- (e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by clause 9.5(a) shall not in any way restrict Westpac from issuing Ordinary Shares at any time on such terms as it sees fit nor require any consent or concurrence of any Holders.

#### 9.6 Adjustments to Issue Date VWAP for capital reconstruction

- (a) If at any time on or from 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 (or the giving of any other form of consideration) 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 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.

- (b) Each Holder acknowledges that Westpac may consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action requiring any consent or concurrence of any Holders.

#### 9.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 9.5 and 9.6, no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded to the nearest full cent, with \$0.005 being rounded upwards) would be less than one percent of the Issue Date VWAP then in effect.

#### 9.8 Announcement of adjustments to Issue Date VWAP

Westpac will notify any adjustment to the Issue Date VWAP under this clause 9 to ASX and the Holders within 10 Business Days of Westpac determining the adjustment and the adjustment will be final and binding.

## 9.9 Status and listing of Ordinary Shares

- (a) Ordinary Shares issued or arising from Conversion will rank equally with, and will have the same rights as, 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 (or such other time required by APRA).
- (b) Westpac will use all reasonable endeavours to list the Ordinary Shares issued on Conversion of Westpac Capital Notes 7 on ASX.

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

- (a) If Westpac Capital Notes 7 of a Holder 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,
- then, on the Conversion Date, all of the Holder's rights in relation to each such Westpac Capital Note 7 being Converted are immediately and irrevocably terminated (including to Distributions other than the Distribution, if any, payable on a date when Conversion is required that is not a Capital Trigger Event Conversion Date or a Non-Viability Trigger Event Conversion Date) and Westpac will issue the Conversion Number of Ordinary Shares to the Sale Agent 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, the Sale Agent will arrange for their sale at market value and pay the proceeds, less selling costs, brokerage, stamp duty and other taxes and charges, to the relevant Holder.
- Westpac will 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 Conversion Date.
- (b) If Conversion under this clause 9.10 is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event and the Conversion fails to take effect under clauses 5.2 or 5.4 or does not occur for any other reason and the Ordinary Shares are not issued to the Sale Agent for any reason in respect of such Conversion by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date, then:
- (i) such Westpac Capital Notes 7 or percentage of the Face Value of Westpac Capital Notes 7 will not be Converted in respect of such Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date (as the case may be) and will not be Converted, Redeemed or Transferred under these Terms on any subsequent date; and
- (ii) the relevant Holders' rights (including to payment of Distributions and Face Value and any other payments) in relation to such Westpac Capital Notes 7 or percentage of the Face Value of Westpac Capital Notes 7 are immediately and irrevocably terminated and such termination will be taken to have occurred immediately upon the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date, as the case may be.

## 9.11 Final Distribution

For the avoidance of doubt, Conversion may occur even if Westpac, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

## 9.12 No Conversion after Winding Up commences

If before the Conversion Date a Winding Up commences, then Conversion will not occur and clause 2 will apply, except where Conversion is required for a Capital Trigger Event or Non-Viability Trigger Event (in which case such Conversion shall occur (subject to clause 5.8) in accordance with clauses 5.2 or 5.4 (as applicable) and clause 5.7).

## 9.13 Conversion of a percentage of Face Value

If under these Terms it is necessary to Convert a percentage of the Face Value, this clause 9 will apply to the Conversion as if references to the Face Value were references to the relevant percentage of the Face Value to be Converted multiplied by the Face Value and references to the Westpac Capital Note(s) 7 were references to the percentage of the Face Value of the Westpac Capital Note(s) 7 to be Converted.

## 9.14 Consent to receive Ordinary Shares and other acknowledgements

Subject to clause 5.8, each Holder irrevocably:

- (a) upon receipt of the Conversion Number of Ordinary Shares following Conversion of Westpac Capital Notes 7 in accordance with clauses 4, 5 or 6 consents to becoming a member of Westpac and agrees to be bound by the constitution of Westpac, in each case in respect of Ordinary Shares issued on Conversion;
- (b) acknowledges and agrees that, unless it has given notice in accordance with clause 9.10 that it does not wish to receive Ordinary Shares as a result of Conversion, it is obliged to accept Ordinary Shares of Westpac on Conversion notwithstanding anything that might otherwise affect a Conversion of Westpac Capital Notes 7 including:
- (i) any change in the financial position of Westpac since the issue of the Westpac Capital Notes 7;
- (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 Westpac Capital Notes 7;
- (c) acknowledges and agrees that:
- (i) Conversion is not subject to any conditions other than those expressly provided for in these Terms;
- (ii) subject to any conditions, Conversion must occur immediately on the Conversion Date and that may result in disruption or failures in trading or dealings in the Westpac Capital Notes 7;
- (iii) it will not have any rights to vote in respect of any Conversion; and
- (iv) notwithstanding clause 9.9, Ordinary Shares issued on Conversion may not be quoted at the time of Conversion or at all;
- (d) acknowledges and agrees that where clause 5.8 applies, no other conditions or events will affect the operation of that clause and it will not have any rights to vote in respect of any termination under that clause;

- (e) acknowledges and agrees that it has no right to request that Westpac Convert Westpac Capital Notes 7; and
- (f) acknowledges and agrees that it has no remedies on account of the failure of Westpac to issue Ordinary Shares in accordance with clauses 5.2 or 5.4 other than, subject to clause 5.8, to seek specific performance of Westpac's obligation to issue Ordinary Shares.

## 10 Title and transfer of Westpac Capital Notes 7

### 10.1 CHESS

While a Westpac Capital Note 7 remains in CHESS:

- (a) the rights of a person holding an interest in the Westpac Capital Note 7; and
- (b) all dealings (including transfers and payments) in relation to the Westpac Capital Note 7,

will be governed by and subject to the rules and regulations of CHESS (but without affecting any of these Terms which affect the eligibility of the Westpac Capital Notes 7 as Additional Tier 1 Capital). To the extent of any inconsistency:

- (c) between these Terms (other than any of these Terms which affect the eligibility of the Westpac Capital Notes 7 as Additional Tier 1 Capital) and the rules and regulations of CHESS, the rules and regulations of CHESS prevail; and
- (d) between any of these Terms which affect the eligibility of the Westpac Capital Notes 7 as Additional Tier 1 Capital and the rules and regulations of CHESS, these Terms prevail.

### 10.2 Effect of entries in Westpac Capital Notes 7 Register

Each entry in the Westpac Capital Notes 7 Register of a person as a Holder constitutes:

- (a) conclusive evidence of that person's:
  - (i) absolute ownership of those Westpac Capital Notes 7; and
  - (ii) entitlement to the other benefits given to Holders under these Terms in respect of Westpac Capital Notes 7; and
- (b) an undertaking by Westpac to pay a Distribution and any other amount in accordance with these Terms,

subject to correction of the Westpac Capital Notes 7 Register for fraud or error.

### 10.3 Non-recognition of interests

Except as required by law, Westpac and the Registrar must treat the person whose name is entered in the Westpac Capital Notes 7 Register as a Holder as the absolute owner of that Westpac Capital Notes 7. This clause applies despite any notice of ownership, trust or interest in that Westpac Capital Notes 7.

### 10.4 Joint Holders

Where two or more persons are entered in the Westpac Capital Notes 7 Register as joint Holders, they are taken to hold those Westpac Capital Notes 7 as joint tenants with rights of survivorship but the Registrar is not bound to register more than three persons as joint Holders of any Westpac Capital Notes 7.

### 10.5 Transfers

- (a) A Holder may transfer Westpac Capital Notes 7:
  - (i) while Westpac Capital Notes 7 are registered with CHESS, in accordance with the rules and regulations of CHESS; or
  - (ii) at any other time:
    - (A) by a proper transfer under any other applicable computerised or electronic system recognised by the Corporations Act; or
    - (B) by any proper or sufficient instrument of transfer of marketable securities under applicable law, provided such instrument is delivered to the Registrar with any evidence the Registrar reasonably requires to prove title to or the right to transfer Westpac Capital Notes 7.
- (b) Title to Westpac Capital Notes 7 passes when details of the transfer are entered in the Westpac Capital Notes 7 Register.
- (c) Westpac Capital Notes 7 may be transferred in whole but not in part.
- (d) Westpac must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of Westpac Capital Notes 7.
- (e) Westpac must not charge any fee on the transfer of Westpac Capital Notes 7.
- (f) The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction in connection with a transfer, assignment or other dealing with Westpac Capital Notes 7.
- (g) Upon registration and entry of the transferee in the Westpac Capital Notes 7 Register, the transferor ceases to be entitled to future benefits under these Terms in respect of the transferred Westpac Capital Notes 7.
- (h) Subject to Applicable Regulations, Westpac may determine that transfers of some or all Westpac Capital Notes 7 will not be registered during any period reasonably specified by it prior to the Conversion Date, Redemption Date or Transfer Date of such Westpac Capital Notes 7.

### 10.6 Refusal to register

- (a) Westpac may only refuse to register a transfer of Westpac Capital Notes 7 if permitted by, or if such registration would contravene or is forbidden by, Applicable Regulations or these Terms.
- (b) If Westpac refuses to register a transfer, Westpac must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registrar.

### 10.7 Transmission

A person becoming entitled to Westpac Capital Notes 7 as a consequence of the death, bankruptcy, liquidation or a winding-up of a Holder or of a vesting order by a court or other body with power to make the order, or a person administering the estate of a Holder, may, upon providing evidence as to that entitlement or status, and if Westpac so requires an indemnity in relation to the correctness of such evidence, as Westpac considers sufficient, become registered as the Holder of those Westpac Capital Notes 7.

## 11 Payments

### 11.1 General

- (a) All payments in respect of Westpac Capital Notes 7:
- (i) must be made:
    - (A) in Australian dollars; and
    - (B) free of any set off, deduction or counter claim except as required by law or any agreement with a governmental authority;
  - (ii) are subject to applicable fiscal and other laws and the administrative practices and procedures of fiscal and other authorities;
  - (iii) will be made in accordance with:
    - (A) the rules and regulations of CHES while Westpac Capital Notes 7 remain in CHES;
    - (B) the particulars recorded in the Westpac Capital Notes 7 Register on the relevant Record Date; and
    - (C) these Terms.
- (b) If the date scheduled for any payment under these Terms (other than a payment made under clause 9.1(b) in connection with the Conversion of Westpac Capital Notes 7 following a Capital Trigger Event or a Non-Viability Trigger Event) 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).
- (c) 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 Westpac Capital Notes 7, any fraction of a cent will be rounded to the nearest one Australian cent (with one half of an Australian cent being rounded up to one Australian cent).

### 11.2 Payments to Holders

- (a) Each payment in respect of a Westpac Capital Note 7 will be made to the person that is recorded in the Westpac Capital Notes 7 Register as the Holder of that Westpac Capital Note 7 on the Record Date for that payment.
- (b) A payment to any one joint Holder of a Westpac Capital Note 7 will discharge Westpac's liability in respect of the payment.

### 11.3 Method of payments

- (a) Westpac may, in its absolute discretion, pay to a Holder or any other person entitled to any amount payable in respect of a Westpac Capital Note 7:
- (i) by crediting an account nominated in writing by that Holder or person;
  - (ii) by cheque made payable to the Holder or person, sent to the address of that Holder or person as notified to Westpac by that Holder or person; or
  - (iii) in any other manner as Westpac determines (provided that Distributions must always be paid in cash).
- (b) Westpac may send a cheque referred to in clause 11.3(a) (ii), if relevant, to:
- (i) the address in the Westpac Capital Notes 7 Register of the Holder;

- (ii) if that Westpac Capital Note 7 is jointly held, the address in the Westpac Capital Notes 7 Register of the Holder named first in the register in respect of the Westpac Capital Note 7; or

- (iii) any other address which that person directs in writing.

- (c) If Westpac decides to make a payment by electronic or other means determined under clause 11.3(a)(iii) and an account is not nominated by the Holder or joint Holder, 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, 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.
- (d) All amounts payable but unclaimed may be invested by Westpac as it thinks fit for the benefit of Westpac until claimed or until required to be dealt with in accordance with any law relating to unclaimed moneys.
- (e) 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 Westpac Capital Notes 7 in accordance with such applicable law, administrative practice or procedure or the requirements of any relevant government or regulatory authority.
- (f) Westpac shall not be liable for any costs or loss suffered by a Holder in exercising its discretion under clause 11.3(e), even where a Holder later demonstrates that they were not subject to such law, administrative practice or procedure or sanction.

## 12 Taxation

### 12.1 Deductions

- (a) Westpac or the Nominated Party, as applicable, may deduct or withhold any tax, duty, assessment, levy, governmental charge or other amount from any Distribution or amount payable upon Redemption or Transfer to the Nominated Party of any Westpac Capital Note 7 (or upon or with respect to the issuance of any Ordinary Shares upon any Conversion), as required by law or any agreement with a governmental authority. If any such deduction or withholding has been made and paid over to the relevant governmental authority and the balance of the Distribution or other amount payable has been paid (or, in the case of a Conversion, Ordinary Shares issued) to the relevant Holder, then the full amount payable (or, in the case of a Conversion, the Conversion Number of Ordinary Shares) to such Holder shall be deemed to have been duly paid and satisfied (or, in the case of a Conversion, issued) by Westpac or the Nominated Party, as applicable.

- (b) Westpac or the Nominated Party, as applicable, shall pay the full amount required to be deducted or withheld to the relevant governmental authority within the time allowed for such payment without incurring any penalty under applicable law and shall, if requested by any Holder, deliver to such Holder confirmation of such payment without delay after it is received by Westpac or the Nominated Party, as applicable.

## 12.2 FATCA

Without limiting clause 12.1, if any withholding or deduction arises under or in connection with FATCA, Westpac will not be required to pay any further amounts on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder for or in respect of any such withholding or deduction.

## 12.3 Tax File Number withholdings

- (a) Westpac will, if required, withhold an amount from payment of Distributions on Westpac Capital Notes 7 at the highest marginal tax rate plus the highest Medicare levy if a Holder has not supplied an appropriate tax file number, Australian business number or exemption details.
- (b) If a Holder supplies exemption details and Westpac subsequently determines that the relevant exemption was not available, Westpac may recover the amount that should have been deducted from the relevant Holder and may deduct that amount from any subsequent payment due to that Holder in respect of Westpac Capital Notes 7.

# 13 Amendment of these Terms

## 13.1 Amendment generally

No amendment to these Terms is permitted without APRA's prior written approval if such amendment would impact, or potentially impact, the classification of the Westpac Capital Notes 7 as Additional Tier 1 Capital on a Level 1 or Level 2 basis.

## 13.2 Amendment without consent

Subject to clause 13.1, and complying with all applicable laws and with APRA's prior written approval (except in the case of paragraph 13.2(a)(iii) below), Westpac may, without the authority, assent or approval of Holders, amend these Terms:

- (a) if Westpac is of the opinion that the amendment is:
- (i) of a formal, minor or technical nature;
  - (ii) made to cure any ambiguity;
  - (iii) made to correct any manifest error;
  - (iv) expedient for the purpose of enabling the Westpac Capital Notes 7 to be listed for quotation or to retain listing on any stock exchange or to be offered for, or subscription for, sale under the laws for the time being in force in any place and it is otherwise not considered by Westpac to be materially prejudicial to the interests of Holders as a whole; or
  - (v) necessary to comply with the provisions of any statute, the requirements of any statutory authority, the ASX Listing Rules or the listing or quotation requirements of any stock exchange on which the Westpac Capital Notes 7 are quoted; or
- (b) generally, in any case where such amendment is considered by Westpac not to be materially prejudicial to the interests of Holders as a whole.

## 13.3 Amendment with consent

Without limiting clause 13.2 and subject to clause 13.1, Westpac may, with APRA's prior written approval, amend these Terms if the amendment has been approved by a Special Resolution.

## 13.4 Amendment for Approved Successor

- (a) Subject to clause 13.4(c), 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 under these Terms by entering into a deed poll for the benefit of Holders under which it agrees (among other things):
    - (A) to deliver 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 of these Terms as amended by this clause 13.4;
    - (B) to comply with the restriction in clause 3.7 (with all appropriate modifications) of these Terms; and
    - (C) 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 Terms 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 Business Days before the Replacement occurs) specifying the amendments to these Terms which will be made in accordance with this clause 13.4 to effect the substitution of the Approved Successor as the debtor in respect of Westpac Capital Notes 7 and the issuer of ordinary shares on Conversion.

An Approved Replacement Notice, once given, is irrevocable.

- (b) If Westpac gives an Approved Replacement Notice to Holders in accordance with clause 13.4(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 under these Terms (as may be amended from time to time) with the same effect as if the Approved Successor had been named as Westpac in these Terms;
  - (ii) Westpac (or any corporation which has previously assumed the obligations of Westpac) will be released from its liability under these Terms;
  - (iii) references to Westpac in these Terms will be taken to be references to the Approved Successor and references to Ordinary Shares in these Terms will be taken to be references to Approved Successor Shares; and



(iv) such other amendments may be made to these Terms as in Westpac's reasonable opinion are necessary and appropriate to effect the substitution of an Approved Successor as debtor in respect of Westpac Capital Notes 7 and the issuer of the Approved Successor Shares on Conversion in the manner contemplated by these Terms (including such amendment as is necessary or expedient for the purposes of complying with the provisions of Chapter 2L of the Corporations Act where the Approved Successor is not an ADI).

(c) Where an amendment under clause 13.4(b) results in Approved Successor Shares being issued to Holders, each Holder agrees to become a member of the Approved Successor immediately prior to the issue of the Approved Successor Shares and appoints Westpac as its attorney as contemplated under clause 14.10 to do all things necessary or desirable to give effect to this clause 13.4.

(d) Westpac must not issue an Approved Replacement Notice unless:

(i) the Approved Successor or another entity which is not a member of the Westpac Group and approved by APRA subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or take other steps acceptable to APRA to ensure that the capital position of Westpac on a Level 1 and Level 2 basis as described in the Prudential Standards will not be adversely affected, including, if required by APRA or the Prudential Standards, undertaking any capital injection in relation to Westpac to replace the Westpac Capital Notes 7; and

(ii) any capital injection carried out pursuant to paragraph 13.4(d)(i) is:

(A) unconditional;

(B) occurs simultaneously with the substitution of the Approved Successor; and

(C) of equal or better quality capital and at least the same amount as the Westpac Capital Notes 7, unless otherwise approved by APRA in writing.

(e) Nothing in this clause 13.4 prevents Westpac from proposing, or limits, any scheme of arrangement or other similar proposal that may be put to Holders or other members of Westpac.

### 13.5 Meanings

In this clause "amend" includes modify, cancel, alter or add to, and "amendment" has a corresponding meaning.

## 14 General

### 14.1 Not deposit liabilities or protected accounts

(a) Westpac Capital Notes 7 are not deposit liabilities of Westpac nor protected accounts for the purposes of the Banking Act or Financial Claims Scheme and are not subject to the depositor protection provisions of the Banking Act.

(b) No member of the Westpac Group (other than Westpac) has any liability for Westpac Capital Notes 7 and neither Westpac nor any member of the Westpac Group guarantees Westpac Capital Notes 7.

### 14.2 Further issues

Westpac reserves the right to issue further Westpac Capital Notes 7 or other securities which rank senior to, equally with or behind existing Westpac Capital Notes 7, whether in respect to distributions, dividends, return of capital on a Winding Up or otherwise.

### 14.3 No set-off

Neither Westpac nor any Holder is entitled to set-off any amounts due in respect of the Westpac Capital Notes 7 against any amount of any nature owed by Westpac to the Holder or by the Holder to Westpac (as applicable).

### 14.4 Quotation

Westpac must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of Westpac Capital Notes 7 on the financial market operated by ASX.

### 14.5 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 these Terms and the granting of approvals, consents and waivers.

### 14.6 Notices

The Deed Poll contains provisions for the giving of notices.

### 14.7 No other rights

Before Conversion, Westpac Capital Notes 7 confer no rights on a Holder:

(a) to vote at, or receive notices of, any meeting of shareholders 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 Terms.

### 14.8 Ability to trade, buy-back or purchase

(a) Westpac or any member of the Westpac Group may, to the extent permitted by applicable laws and regulations and with APRA's prior written approval, at any time buy or sell Westpac Capital Notes 7 in the open market, by tender to all or some of the Holders, by private agreement or in any other manner, at any price.

(b) Subject to APRA's prior written approval, Westpac may purchase on-market or otherwise conduct a buy-back in relation to Westpac Capital Notes 7 at any time and at any price.

(c) Any Westpac Capital Note 7 purchased or bought-back by Westpac pursuant to this clause is immediately cancelled.

### 14.9 Waiver of immunity

Westpac irrevocably and unconditionally waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 15.

## 14.10 Power of attorney

- (a) 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 for the Holder to observe or perform the Holder’s obligations under these Terms.
- (b) The power of attorney given in this clause 14.10 is given for valuable consideration and to secure the performance by the Holder of the Holder’s obligations under these Terms and is irrevocable.

## 15 Governing Law

These Terms are governed by the laws of New South Wales, Australia. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales, and agrees that it will not object to the venue or claim that the relevant action or proceedings have been brought in an inconvenient forum.

## 16 Interpretation and definitions

### 16.1 Interpretation

The following rules of interpretation apply in these Terms unless the contrary intention appears or the context otherwise requires.

- (a) Definitions and interpretation under Westpac’s constitution will also apply to these Terms unless the contrary intention is expressed.
- (b) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms and Westpac’s constitution then, to the maximum extent permitted by law, the provisions of these Terms will prevail.
- (c) Unless otherwise specified, the Westpac Directors may exercise all powers of Westpac under these Terms as are not, by the Corporations Act or by Westpac’s constitution, required to be exercised by Westpac in general meeting.
- (d) Notices may be given by Westpac to a Holder in the manner prescribed by Westpac’s constitution for the giving of notices to members of Westpac and the relevant provisions of Westpac’s constitution apply with all necessary modification to notices to Holders.
- (e) Unless otherwise specified, a reference to a clause is a reference to a clause of these Terms.
- (f) If a calculation is required under these Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (g) If a payment is required to be made under these Terms, unless the contrary intention is expressed, the payment will be made in Australian dollars only.
- (h) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to Westpac only if Westpac is an entity, or the holding company of an entity, subject to regulation and supervision by APRA at the relevant time.
- (i) Any provisions in these Terms requiring the prior written approval by APRA for a particular course of action to be taken by Westpac do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.

- (j) The terms takeover bid, relevant interest, scheme of arrangement, buy-back and on-market buy-back when used in these Terms have the meaning given in the Corporations Act.
- (k) Headings and boldings are for convenience only and do not affect the interpretation of these Terms.
- (l) The singular includes the plural and vice versa.
- (m) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (n) Other than in relation to a Capital Trigger Event or a Non-Viability Trigger Event (including a Conversion of the Westpac Capital Notes 7 on a Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date and any termination of rights under clause 5.8) and other than as otherwise specified in these Terms, if an event under these Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.
- (o) A reference to \$, dollars or cents is a reference to the lawful currency of Australia.
- (p) A reference to time in these Terms is a reference to Sydney, New South Wales, Australia time.
- (q) Calculations, elections and determinations made by Westpac under these Terms are binding on Holders in the absence of manifest error.
- (r) If any provision of these Terms is prohibited or unenforceable in its terms but would not be prohibited or unenforceable if it were read down, and is capable of being read down, that provision must be read down accordingly. If, despite this clause, a provision is still prohibited or unenforceable, if the provision would not be prohibited or unenforceable if a word or words were omitted, the relevant words must be severed and, in any other case, the whole provision must be severed. However, the remaining provisions of these Terms are of full force and effect.

### 16.2 Definitions

In these Terms, except where the contrary intention appears:

**Acquisition Event** means:

- (a) a takeover bid is made for Ordinary Shares and the offer is, or becomes, unconditional and the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or
- (b) a court orders one or more meetings to be convened to approve a scheme of arrangement under Part 5.1 of the Corporations Act which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and either:
  - (i) the relevant classes of members pass a resolution approving the scheme; or
  - (ii) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares; or
  - (iii) Holders are treated as being a separate class for the purposes of a scheme of arrangement in respect of the replacement of Westpac as the ultimate holding company of the Westpac Group.

Notwithstanding the foregoing, the proposed replacement of Westpac as the ultimate holding company of the Westpac Group shall not constitute an Acquisition Event if:

- (c) the proposed successor holding company complies with all applicable legal requirements and obtains any necessary regulatory approvals (including APRA's prior written approval);
- (d) the proposed successor holding company agrees to take any necessary action to give effect to an amendment to these Terms as contemplated in clause 13.4;
- (e) the ordinary shares of the proposed successor holding company are to be listed on any internationally recognised stock exchange;
- (f) 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 Westpac Capital Notes 7;
- (g) the proposed successor holding company has, in the reasonable opinion of Westpac, the financial capacity to satisfy Westpac's obligations under these Terms and the Deed Poll; and
- (h) the proposed replacement of Westpac and the events described in paragraphs (c) to (e) would not, in the reasonable opinion of Westpac, otherwise adversely affect the interests of Holders.

**Acquisition Event Conversion Date** has the meaning set out in clause 5.9(a)(iii).

**Additional Tier 1 Capital** has the meaning prescribed by APRA in the Prudential Standards.

**ADI** means an Authorised Deposit-taking Institution under the Banking Act.

**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).

**Alternative BBSW Rate** has the meaning given in clause 3.1.

**Applicable Regulations** means the ASX Listing Rules, the ASX Settlement Operating Rules, the ASX Operating Rules, the rules and regulations of CHES, the Corporations Act and any rules or regulations made under or pursuant to them.

**Approved Replacement Notice** has the meaning given in clause 13.4(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 requirements under paragraphs (c) to (h) of the definition of 'Acquisition Event' in these Terms.

**Approved Successor Share** means a fully paid ordinary share in the capital of the Approved Successor.

**APRA** means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any authority succeeding to its powers or responsibilities.

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

**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.

**ASX Settlement Operating Rules** means the settlement operating rules of ASX from time to time with any applicable modification or waiver granted by ASX.

**Banking Act** means the *Banking Act 1959* (Cth).

**BBSW Rate** has the meaning given in clause 3.1.

**BBSW Rate Disruption Event** has the meaning given in clause 3.1.

**Bookbuild** means a process conducted by or on behalf of Westpac whereby bids are lodged for the Westpac Capital Notes 7, and, on the basis of those bids, Westpac determines the Margin.

**Business Day** means a day which is:

- (a) a business day as defined in the ASX Listing Rules; and
- (b) for all purposes other than any calculation in respect of a Conversion, a date on which banks are open for general business in Sydney.

**Buy Back** means a transaction involving the acquisition by Westpac of its Ordinary Shares pursuant to the provisions of Part 2J of the Corporations Act.

**Capital Reduction** means a reduction in capital by Westpac of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act.

**Capital Securities** means shares or any equity, hybrid or subordinated debt capital security (whether comprised of one or more instruments) issued by Westpac excluding the Westpac Capital Notes 7. **Capital Security** has the corresponding meaning.

**Capital Trigger Event** has the meaning given in clause 5.1.

**Capital Trigger Event Conversion Date** has the meaning set out in clause 5.2(d)(iii)(A).

**Change of Law** means:

- (a) an amendment to, change in or announced prospective change that has been or will be introduced in any laws or regulations under those laws affecting taxation in Australia;
- (b) a judicial decision interpreting, applying or clarifying laws or regulations affecting taxation in Australia;
- (c) an administrative pronouncement, ruling, confirmation, advice or action (including a failure or refusal to provide a ruling) affecting taxation in Australia that represents an official position, including a clarification of an official position of the governmental authority or regulatory body making the administrative pronouncement or taking any action; or
- (d) a challenge in relation to (or in connection with) the tax treatment of Westpac Capital Notes 7 asserted or threatened in writing from a governmental authority or regulatory body in Australia,

which amendment or change is announced or which action or clarification or challenge occurs on or after the Issue Date and which Westpac did not expect as at the Issue Date.

**CHES** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

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## Westpac Capital Notes 7 Terms

**Chi-X** means Chi-X Australia Pty Ltd (ABN 47 129 584 667), or the financial market operated by Chi-X Australia Pty Ltd, as the context requires.

**Common Equity Tier 1 Capital** has the meaning prescribed by APRA in the Prudential Standards.

**Conversion** means the conversion of all, some or in the case of a Capital Trigger Event or Non-Viability Trigger Event only, a proportion of the Face Value of each of the, Westpac Capital Notes 7 into Ordinary Shares under these Terms and **Convert** and **Converted** have corresponding meanings.

**Conversion Date** means the applicable:

- (a) Scheduled Conversion Date;
- (b) Capital Trigger Event Conversion Date;
- (c) Non-Viability Trigger Event Conversion Date;
- (d) Acquisition Event Conversion Date; or
- (e) Optional Conversion Date.

**Conversion Number** has the meaning given in clause 9.1.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Deed Poll** means the deed poll entitled “Westpac Capital Notes 7 Deed Poll” executed by Westpac and dated on or around the date of the Bookbuild.

**Distribution** has the meaning given in clause 3.1.

**Distribution Payment Date** has the meaning given in clause 3.5.

**Distribution Period** means the period from (but excluding) the Issue Date until (and including) the first Distribution Payment Date or thereafter from (but excluding) each Distribution Payment Date until (and including) the next Distribution Payment Date.

**Distribution Rate** has the meaning given in clause 3.1.

**Dividends** means any interim, final or special dividends payable in accordance with the Corporations Act and Westpac’s constitution in relation to Ordinary Shares.

**Equal Ranking Capital Security** means:

- (a) in the case of a dividend, distribution or interest in respect of the Capital Security, a Capital Security (including Westpac Capital Notes 2, Westpac Capital Notes 3, Westpac Capital Notes 4, Westpac Capital Notes 5, Westpac Capital Notes 6 and Westpac USD AT1 Securities) which ranks or is expressed to rank for payment of a dividend, distribution or interest equally with Westpac Capital Notes 7; and
- (b) in the case of redemption or repayment of, reduction of capital on, cancellation of or acquisition of the Capital Security, a Capital Security (including Westpac Capital Notes 2, Westpac Capital Notes 3, Westpac Capital Notes 4, Westpac Capital Notes 5, Westpac Capital Notes 6 and Westpac USD AT1 Securities) which ranks or is expressed to rank equally with Westpac Capital Notes 7 for repayment or a return of capital if Westpac is wound up.

**Face Value** means as applicable either:

- (a) the Initial Face Value; or
- (b) the Initial Face Value reduced by the amount of Face Value per Westpac Capital Note 7 which has previously been Converted in accordance with clause 5.2 or clause 5.4 or the rights in respect of which have been terminated in accordance with clause 5.8.

**FATCA** means sections 1471 through 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 entered into or non-US laws enacted with respect to those provisions).

**Financial Claims Scheme** means the financial claims scheme established under the Banking Act.

**First Scheduled Conversion Condition** has the meaning set out in clause 4.2(a)(i).

**Holder** means, in respect of a Westpac Capital Note 7, the person whose name is for the time being entered in the Westpac Capital Notes 7 Register as the owner of it or, where it is held jointly by two or more persons, the persons whose names appear in the Westpac Capital Notes 7 Register as the joint owners of the Westpac Capital Note 7.

**Ineligible Holder** means either:

- (a) 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* (Cth), the *Financial Sector (Shareholdings) Act 1998* (Cth) and Part IV of the *Competition and Consumer Act 2010* (Cth)) 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 Westpac Capital Notes 7, it shall only be treated as an Ineligible Holder in respect of those Westpac Capital Notes 7 and not in respect of the balance of its Westpac Capital Notes 7); or
- (b) a Holder whose address in the Westpac Capital Notes 7 Register is a place outside Australia or who Westpac otherwise believes may not be a resident of Australia and Westpac is not satisfied that the laws of the Holder’s country of residence permit the offer, holding or acquisition of Ordinary Shares to 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.

**Initial Face Value** means \$100 per Westpac Capital Note 7.

**Issue Date** means the date on which Westpac Capital Notes 7 are issued, which is expected to be on or about 4 December 2020.

**Issue Date VWAP** means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clauses 9.4 to 9.7.

**Level 1** and **Level 2** has the meaning prescribed by APRA in the Prudential Standards.

**Liquidator** means the liquidator or other official responsible for the conduct and administration of a Winding Up.

**Liquidation Sum** means an amount of surplus assets equal to \$100 per Westpac Capital Note 7 (as adjusted for any Conversion under clauses 5.2 or 5.4 or any termination of rights under clause 5.8).

**Margin** has the meaning given in clause 3.1.

**Maximum Conversion Number** has the meaning given in clause 9.1.

**Next Distribution Payment Date** means the scheduled quarterly Distribution Payment Date immediately following the date on which the Optional Conversion Notice,

Redemption Notice or Transfer Notice (as applicable) was given by Westpac provided that if such Distribution Payment Date is less than 21 Business Days following the date on which such notice was given then it shall be the immediately following Distribution Payment Date.

**Nominated Party** means one or more third parties selected by Westpac in its absolute discretion (which cannot include a member of the Westpac Group or a related entity (as described in the Prudential Standards) of Westpac).

**Non-Viability Trigger Event** has the meaning given in clause 5.3.

**Non-Viability Trigger Event Conversion Date** has the meaning set out in clause 5.4(c)(iii)(A).

**Optional Conversion** means a Conversion in accordance with clause 6.

**Optional Conversion Date** means, in respect of each Westpac Capital Note 7:

- (a) 22 March 2027; or
- (b) the date specified by Westpac as the Optional Conversion Date in accordance with clause 6.3(b)(i)(B).

**Optional Conversion Notice** means a notice issued in accordance with clause 6.

**Optional Conversion Restriction** has the meaning given in clause 6.2.

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

**Prospectus** means the prospectus relating to the offer of Westpac Capital Notes 7 dated on or about 4 November 2020 and any supplementary or replacement prospectus.

**Prudential Standards** means the Prudential Standards and guidelines published by APRA and applicable to Westpac or the Westpac Group from time to time.

**Reclassification** has the meaning given in clause 9.3.

**Record Date** means, in the case of:

- (a) the payment of Distributions, the date which is eight calendar days before the relevant Distribution 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 ASX Listing Rules or, if not prescribed by the ASX Listing Rules, a date determined by Westpac and notified to ASX); and
- (b) the payment of the Face Value of the Westpac Capital Note 7 upon a Redemption or Transfer, a date determined by Westpac and notified to ASX (or such other date as may be prescribed by ASX).

**Redemption** means the redemption of all or some Westpac Capital Notes 7 for their Face Value under these Terms and **Redeem**, **Redeemable** and **Redeemed** have corresponding meanings.

**Redemption Date** means, in respect of each Westpac Capital Note 7:

- (a) 22 March 2027; or
- (b) the date specified by Westpac as the Redemption Date in accordance with clause 7.2(b)(i)(B).

**Redemption Notice** means a notice issued in accordance with clause 7.

**Registrar** means Link Market Services Limited (ABN 54 083 214 537) or any other person appointed by Westpac to maintain the Westpac Capital Notes 7 Register.

**Regulatory Event** means either:

- (a) as a result of:
  - (i) any amendment to, clarification of, or change (including any announcement of a prospective change that has been or will be introduced) in the laws or regulations of Australia; 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 effective or Administrative Action is announced) after the Issue Date provided it was not expected by Westpac as at the Issue Date:

- (iii) more than *de minimis* additional requirements would be imposed on the Westpac Group in relation to the Westpac Capital Notes 7; or
- (iv) there would be a more than *de minimis* negative impact on the Westpac Group in relation to (or in connection with) Westpac Capital Notes 7,

in relation to which Westpac has received a supporting opinion of reputable legal counsel in Australia, experienced in such matters, or confirmation from APRA, and which Westpac determines, at its sole discretion, to be unacceptable; or

- (b) as a result of any amendment to, clarification of, or change (including any announcement of a prospective change that has been or will be introduced) in any laws or regulations (including the Prudential Standards) by any legislative body, court, government authority or regulatory body (irrespective of the manner in which such amendment, clarification or change is effective) after the Issue Date, Westpac determines, after having received a supporting opinion of reputable legal counsel in Australia, experienced in such matters, or confirmation from APRA, that all, some or a proportion of the Face Value of all or some, Westpac Capital Notes 7 are not or will not be treated as Additional Tier 1 Capital of the Westpac Group under the Prudential Standards, other than as a result of a change of treatment expected by Westpac as at the Issue Date or because Westpac has exceeded a limit or other restriction on the recognition of Additional Tier 1 Capital which was in effect on the Issue Date or which on the Issue Date is expected by Westpac to come into effect.

**Relevant Security** means a security forming part of the Tier 1 Capital of Westpac on a Level 1 basis or Level 2 basis.

**Replacement** has the meaning given in clause 13.4(a).

**Sale Agent** means the nominee (who cannot be a member of the Westpac Group or a related entity (as described in the Prudential Standards) of Westpac) appointed by Westpac under the facility established for the sale of Ordinary Shares issued by Westpac on Conversion on behalf of Holders who do not wish to receive Ordinary Shares on Conversion or who are Ineligible Holders.

**Scheduled Conversion Conditions** means the conditions in clause 4.2.

**Scheduled Conversion Date** has the meaning given in clause 4.1.

**Second Scheduled Conversion Condition** has the meaning set out in clause 4.2(a)(ii).

**Senior Creditors** means all creditors of Westpac (present and future), including depositors of Westpac and all holders of Westpac's senior or subordinated 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 Capital Security; or
  - (ii) an Ordinary Share.

**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 Westpac Capital Notes 7 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.

**Special Resolution** means:

- (a) a resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or
- (b) the written approval of Holders holding at least 75% of the Westpac Capital Notes 7.

**Subsidiary** has the meaning given in the Corporations Act.

**Tax Act** means:

- (a) the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) (both as amended from time to time, as the case may be, and a reference to any section of the *Income Tax Assessment Act 1936* (Cth) includes a reference to that section as rewritten in the *Income Tax Assessment 1997* (Cth)); and
- (b) any other law setting the rate of income tax payable; and
- (c) any regulation made under such laws.

**Tax Event** occurs when Westpac determines, after receiving a supporting opinion of reputable legal counsel or other tax adviser in Australia, experienced in such matters, that (as a result of a Change of Law) there is a more than insubstantial risk that:

- (a) Westpac would be exposed to a more than *de minimis* adverse tax consequence or increased cost in relation to Westpac Capital Notes 7; or
- (b) any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act.

**Terms** means these terms and conditions of Westpac Capital Notes 7.

**Tier 1 Capital** has the meaning prescribed by APRA in the Prudential Standards.

**Transfer** means the transfer of Westpac Capital Notes 7 by Holders to a Nominated Party in accordance with clause 8 and **Transferred** has a corresponding meaning.

**Transfer Date** means, in respect of each Westpac Capital Note 7:

- (a) 22 March 2027; or
- (b) the date specified by Westpac as the Transfer Date in accordance with clause 8.2(b)(i)(B).

**Transfer Notice** means a notice issued in accordance with clause 8.

**VWAP** means, subject to any adjustments under clauses 9.2 and 9.3, the average of the daily volume weighted average sales prices (such average and each such daily average sales price being expressed in Australian dollars and cents and rounded to the nearest full cent, with A\$0.005 being rounded upwards) of Ordinary Shares sold on ASX and Chi-X 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 an Acquisition Event the lesser of:
  - (i) 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Acquisition Event Conversion Date; and
  - (ii) the number of Business Days after the occurrence of the Acquisition Event on which:
    - (A) the Ordinary Shares are quoted for trading on ASX; and
    - (B) trading in Ordinary Shares took place, in each case immediately preceding (but not including) the Business Day before the Acquisition Event Conversion Date;
- (b) in the case of a Conversion resulting from a Capital Trigger Event, or a Non-Viability Trigger Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Conversion Date;
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Conversion Date; or
- (d) otherwise, the period for which the VWAP is to be calculated in accordance with these Terms.

**Westpac** means Westpac Banking Corporation (ABN 33 007 457 141).

**Westpac Capital Notes 2** means the notes issued by Westpac under the note deed poll dated 7 May 2014.

**Westpac Capital Notes 3** means the notes issued by Westpac, acting through its London branch, under the note deed poll dated 27 July 2015.

**Westpac Capital Notes 4** means the notes issued by Westpac, under the note deed poll dated 23 May 2016.

**Westpac Capital Notes 5** means the Westpac Capital Notes 5 issued by Westpac under the note deed poll dated 9 February 2018.

**Westpac Capital Notes 6** means the Westpac Capital Notes 6 issued by Westpac under the note deed poll dated 18 November 2019.

**Westpac Capital Notes 7** means the Westpac Capital Notes 7 issued by Westpac under these Terms.

**Westpac Capital Notes 7 Register** means the register of Holders maintained by Westpac or its agent and includes any subregister established and maintained under CHESS.

**Westpac Directors** means some or all of the directors of Westpac acting as a board.

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

**Westpac Level 1 Common Equity Tier 1 Capital Ratio** means, in respect of the Westpac Level 1 Group, the ratio of the Common Equity Tier 1 Capital of the Westpac Level 1 Group to the risk weighted assets of the Westpac Level 1 Group, calculated in accordance with the Prudential Standards.

**Westpac Level 1 Group** means either:

- (a) Westpac; or
- (b) the “extended licensed entity” which is comprised of Westpac and each Subsidiary of Westpac as specified in any approval granted by APRA in accordance with the Prudential Standards.

**Westpac Level 2 Common Equity Tier 1 Capital Ratio** means, in respect of the Westpac Level 2 Group, the ratio of the Common Equity Tier 1 Capital of the Westpac Level 2 Group to the risk weighted assets of the Westpac Level 2 Group, calculated in accordance with the Prudential Standards.

**Westpac Level 2 Group** means Westpac and each Subsidiary that is recognised by APRA as part of Westpac’s Level 2 group in accordance with the Prudential Standards.

**Westpac USD AT1 Securities** means the fixed rate resetting perpetual subordinated contingent convertible securities issued by Westpac, acting through its New Zealand branch, under the indenture dated 7 September 2017, as supplemented by the first supplemental indenture dated 21 September 2017.

**Winding Up** means:

- (a) a court order is made in Australia for the winding up of Westpac (and such order is not successfully appealed or set aside within 30 days); or
- (b) an effective resolution is passed by shareholders or members for the winding up of Westpac in Australia, 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, Banking Act statutory manager or other similar officer (other than a Liquidator) in respect of Westpac, constitutes a Winding Up for the purposes of these Terms.*

### 16.3 Inconsistency with ASX Listing Rules

So long as Westpac Capital Notes 7 are quoted on ASX, these Terms as they relate to those Westpac Capital Notes 7 are to be interpreted in a manner consistent with the applicable ASX Listing Rules, provided always that where a clause of these Terms is required to give effect to the Prudential Standards, the interpretation which gives effect to that APRA requirement shall prevail.

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## WESTPAC CAPITAL NOTES 7 OFFER – BROKER FIRM APPLICATION FORM

This Broker Firm Application Form (Application Form) relates to the Broker Firm Offer by Westpac of Westpac Capital Notes 7 (Notes) made under the Prospectus dated 4 November 2020.

This Application Form should be read in conjunction with the Prospectus, which contains important information about investing in Notes and should be read in full before applying for Notes. This Application Form must not be distributed unless attached to, or accompanied by, the Prospectus.

Capitalised terms used but not defined in this Application Form have the meanings given to them in the Prospectus.

See the reverse side for instructions on how to complete this Application Form and make your Application Payment (and other important information) and lodgement instructions below. **If you are in any doubt as to how to complete this Application Form, please contact your Syndicate Broker.**

**CAUTION: The Notes are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.**

### PLEASE COMPLETE DETAILS BELOW

Number of Notes applied for **A**  ,  ,  ,  **0** at Issue Price per Note **A\$100** = Application Payment **B**  **A\$**  ,  ,  **0 0 0 0 0**  
(minimum 50 Notes (A\$5,000) and in multiples of 10 Notes (A\$1,000) thereafter)

**Applicant #1 – Surname / Company name (or joint applicant #1)**

**C**   
Title First name Middle name

**Joint applicant #2 – Surname / Company name**

Title First name Middle name

**Designated Account e.g., <Super Fund> (or joint applicant #3)**

**CONTACT DETAILS – if we need to contact you about your Application**  
PO Box / RMB / Locked bag / Care of (c/-) / Property name / Building name (if applicable)

**D**   
Unit number / Level Street number Street name  
Suburb / City or Town State Postcode Country  
Email address  
Telephone – during business hours / mobile Contact name (PRINT)  
(  )

**CHESS PARTICIPANTS – Please insert your CHESS HIN if you want to add your Notes to a specific CHESS holding**

**E** **X**

### LODGEMENT INSTRUCTIONS

The Closing Date for the Broker Firm Offer is expected to be 5.00pm (Sydney time) on 30 November 2020.

Please return your Application Form and Application Payment to the Syndicate Broker who offered you an Allocation under the Broker Firm Offer, in accordance with their instructions. Completed Application Forms and Application Payments must be received by your Syndicate Broker with sufficient time for your Syndicate Broker to process the Application by the Closing Date. Application Forms and Application Payments will NOT be accepted by the Registrar or at any Westpac branch or office.

# HOW TO COMPLETE THIS APPLICATION FORM AND MAKE YOUR APPLICATION PAYMENT

- A** Number of Notes applied for: Enter the number of Notes you wish to apply for. The Application must be for a minimum of 50 Notes (A\$5,000) and in multiples of 10 Notes (A\$1,000) thereafter.
- B** Application Payment: Enter the amount of your Application Payment. To calculate the amount, multiply the number of Notes applied for by the Issue Price (A\$100). Amounts are in Australian dollars. Application Payments must be received by your Syndicate Broker in sufficient time for them to process your Application by the Closing Date.
- C** Registrable name(s): Enter the full name you wish to appear on your Holding Statement. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable names. Applications using the wrong form of names may be rejected or delayed. If you supply a CHES HIN, ensure that name/address details correspond exactly with your CHES registration.

**D** Contact details: Enter your contact details in case we need to contact you in relation to your Application.

**E** CHES Participant: If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Notes Allocated to you (under this Application) on the CHES sub-register, enter your CHES Holder Identification Number (HIN).

If your CHES registration details are not identical, you will not be able to include any Notes Allocated to you on your existing CHES HIN. Instead, you will be issued with an issuer-sponsored holding and allocated a unique Securityholder Reference Number (SRN) for any Notes Allocated to you. Once Notes have been Allotted, you may be able to combine your Notes holding with your existing CHES sponsored holdings by contacting your broker.

## ACCEPTANCE OF THE OFFER

By returning this Application Form and Application Payment to my/our Syndicate Broker in accordance with their instructions, I/we:

### Prospectus

- a) acknowledge having personally received a copy of the full Prospectus (and any supplementary or replacement document) accompanying this Application Form and declare that I/we have read them all in full;
- b) acknowledge that the information contained in the Prospectus (and any supplementary or replacement document) is not financial product or investment advice or a recommendation that Notes are suitable for me/us, and has been prepared without taking into account my/our investment objectives, financial situation or particular needs;

### Risks

- c) acknowledge that Notes are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act or Financial Claims Scheme, are not subject to the depositor protection provisions of Australian banking legislation (including the Australian Government guarantee of certain bank deposits), and are not guaranteed or insured by the Australian government, or any government agency or compensation scheme of Australia or any other jurisdiction;
- d) acknowledge that an investment in Notes is subject to investment risk, including possible delays in payment and loss of income and principal invested, and that neither Westpac nor any member of the Westpac Group guarantees the capital value or performance of Notes or any particular rate of return;
- e) acknowledge that investments in Notes are an investment in Westpac and may be affected by the ongoing performance and financial position and solvency of Westpac;

### Note Terms and Westpac's constitution

- f) agree to be registered as a Holder of Notes and to be bound by the terms of the Offer, the Prospectus, the Westpac Capital Notes 7 Terms and the Notes Deed Poll;
- g) agree to become a member of Westpac and to be bound by the terms of Westpac's Constitution, if issued Ordinary Shares on Conversion;

### Eligibility and selling restrictions

- h) declare that each Applicant, if a natural person, is over 18 years of age;
- i) declare that I am/we are an Australian resident(s);
- j) represent and warrant that I am/we are not acting for the account or benefit of any person to whom it would not be lawful to make the Offer under applicable securities laws;
- k) represent and warrant that I am/we are not in a jurisdiction in which it would not be lawful for the Offer to be made to me/us, and that I am/we are not in the United States and I am/we are not a US Person (and not acting for the account or benefit of a US Person), and I/we will not offer, sell, deliver or transfer Notes in the United States or to, or for the account or benefit of, any US Person;

### Privacy

- l) acknowledge and declare that I/we consent to the use and disclosure of my/our personal information by Westpac and members of the Westpac Group (and their agents, including the Registrar, on Westpac's behalf) in the manner set out in Section 7.14 of the Prospectus;
- m) authorise Westpac and the Joint Lead Managers and their respective officers or agents to do anything on my/our behalf necessary for Notes to be Allocated to me/us, including acting on instructions received by the Registrar upon using the contact details provided in [D] on the front of this Application Form;

### Application Form

- n) acknowledge that once I/we submit this Application Form I/we may not modify or withdraw it subject to applicable law;
- o) declare that all details and statements in this Application Form are complete and accurate;
- p) apply for the number of Notes in the Australian dollar amount shown on the front of this Application Form and agree to be issued such number of Notes or a lesser number (or no Notes at all), as described in the Prospectus; and
- q) acknowledge that Westpac reserves the right not to accept an Application from any Applicant, including where this Application Form and/or Application Payment is not properly completed or submitted by the Closing Date for the Offer.

**Personal Information Collection Notification Statement:** Westpac advises that once you become a holder of Notes, personal information about you will be held on the public register in accordance with Chapter 2C of the Corporations Act. The personal information submitted on this Application Form will be collected, used and disclosed as set out in the acknowledgement and privacy statement in Section 7.14 of the Prospectus. If some or all of the information is not collected then it might not be possible to process your Application or administer your holding. For details about the personal information handling practices of the Registrar, including collection, use, disclosure and how you may access and correct your personal information and raise privacy concerns, visit Link Market Services Limited (Link) at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) for a copy of the Link Group condensed privacy statement, or contact Link by phone on +61 1800 502 355 (free call within Australia), 9.00am to 5.00pm (Sydney time), Monday to Friday (excluding public holidays) to request a copy of Link's complete privacy policy. For more information about how your personal information in connection to your holding will be collected, used and disclosed by Westpac, please see Westpac's privacy policy, which is available on Westpac's website at [www.westpac.com.au/privacy](http://www.westpac.com.au/privacy).

## CORRECT FORMS OF REGISTRABLE NAME(S)

ONLY legal entities or natural persons are allowed to hold Notes. Applications must be in the name(s) of natural persons or companies. At least one full given name and a surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described below.

Type of investor	Correct form of registration	Incorrect form of registration
Individual Insert given name(s) in full, not initials	Mrs Jane Mary Smith	J M Smith
Joint holdings Insert full and complete names	Mr Peter Paul Jones & Ms Mary Ann Jones	Peter Paul & Mary Ann Jones
Minor (a person under the age of 18 years) Insert the name of a responsible adult with an appropriate designation	Ms Mary Ann Jones <Henry Jones A/C>	Master Henry Jones
Long names	Mr James Peter Paul Jones-Smith	Mr James P P Jones-Smith
Company Insert Company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Superannuation funds Insert the name of the trustee of the fund	ABC Pty Ltd <Super Fund A/C>	ABC Pty Ltd Superannuation Fund
Trusts Insert the trustee(s) personal name(s) or company name (in the case of a corporate trustee)	Mr Peter Paul Jones <Peter Paul Jones A/C> or ABC Pty Ltd <Peter Jones A/C>	Peter Paul Jones Family Trust
Partnerships Insert the partners' personal names	Mr Peter Paul Jones & Mr James Michael Jones-Smith	Peter Jones & Son
Clubs / Unincorporated bodies / Business names Insert office bearer(s) personal name(s)	Mr Peter Paul Jones <Vintage Wine Club A/C>	Vintage Wine Club
Deceased estates Insert the executor(s) personal name(s)	Mr Peter Paul Jones & Mrs Jane Mary Smith <Estate Harold Peter Jones>	Estate of the late Harold Peter Jones

Put the name(s) of any joint Applicants and/or account description using < > as indicated above in designated spaces in [C] on the front of this Application Form.

## Corporate directory

### Registered Office of Westpac

Westpac Banking Corporation  
Westpac Group Secretariat  
Level 18, Westpac Place  
275 Kent Street  
Sydney NSW 2000

### Australian legal adviser to the Offer, including the Reinvestment Offer

Allens  
Level 28, Deutsche Bank Place  
Corner Hunter & Phillip Streets  
Sydney NSW 2000

### Australian taxation adviser to the Offer, including the Reinvestment Offer

Greenwoods & Herbert Smith Freehills  
ANZ Tower  
161 Castlereagh Street  
Sydney NSW 2000

### Auditor

PricewaterhouseCoopers  
One International Towers Sydney  
Watermans Quay  
Barangaroo  
Sydney NSW 2000

### Accounting Adviser

PricewaterhouseCoopers Securities Limited  
One International Towers Sydney  
Watermans Quay  
Barangaroo  
Sydney NSW 2000

### Registrar

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

### Arranger and Joint Lead Manager

Westpac Institutional Bank  
Level 2, Westpac Place  
275 Kent Street  
Sydney NSW 2000

### Joint Lead Managers

Westpac Institutional Bank  
Level 2, Westpac Place  
275 Kent Street  
Sydney NSW 2000

ANZ Securities Limited  
ANZ Centre Melbourne  
Level 9, 833 Collins Street  
Docklands VIC 3008

Citigroup Global Markets Australia Pty Limited  
Level 23, Citigroup Centre  
2 Park Street  
Sydney NSW 2000

Commonwealth Bank of Australia  
Level 21, Darling Park Tower 1  
201 Sussex Street  
Sydney NSW 2000

E&P Corporate Advisory Pty Limited  
Level 15, 100 Pacific Highway  
North Sydney NSW 2060

Morgans Financial Limited  
Level 29, Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000

Ord Minnett Limited  
NAB House  
Level 8, 255 George Street  
Sydney NSW 2000

Shaw and Partners Limited  
Level 7, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

### Co-Managers

Bell Potter Securities Limited  
Aurora Place  
Level 38, 88 Philip St  
Sydney NSW 2000

## HOW TO CONTACT US

Website:

[www.westpac.com.au/westpaccapnotes7](http://www.westpac.com.au/westpaccapnotes7)

Westpac Capital Notes 7 Information Line  
1300 668 378 (within Australia) and  
+61 1300 668 378 (from outside Australia)  
(local call cost within Australia)  
(Monday to Friday - 8.30am to 5.30pm, Sydney time)

