

WESTPAC GROUP WESTPAC CAPITAL NOTES 2 OFFER

MAY 2014

STRENGTH

RETURN

GROWTH

PRODUCTIVITY

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Deutsche Bank AG, Sydney Branch, Goldman Sachs Australia Pty Limited, ANZ Securities Limited, National Australia Bank Limited, Commonwealth Bank of Australia and Westpac Banking Corporation (via Westpac Institutional Bank) are the Joint Lead Managers to the Offer ("Joint Lead Managers").

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Westpac Capital Notes 2 are not deposit liabilities of Westpac, nor protected accounts for the purposes of the Banking Act or the Financial Claims Scheme and are not guaranteed or insured by any government agency, by any member of the Westpac Group or any other person.

You should consider and read the Prospectus in full before deciding whether to invest in Westpac Capital Notes 2. A copy of the Prospectus is available at www.westpac.com.au/westpaccapnotes2.

Applications for Westpac Capital Notes 2 can only be made in the relevant Application Form in or accompanying the replacement Prospectus, or as otherwise described in the replacement Prospectus. Neither the Joint Lead Managers nor their respective Affiliates have authorised or issued the Prospectus and do not make, or purport to make, any statement that is included in the Prospectus and there is no statement included in the Prospectus which is based on any statement made by them. To the maximum extent permitted by law, the Joint Lead Managers and their respective Affiliates expressly disclaim and take no responsibility for any part of the Prospectus or in connection with the Offer.

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All amounts are in Australian dollars unless otherwise indicated.

Certain financial information in this presentation is presented on a cash earnings basis. Cash earnings is a non-IFRS measure. Refer to Westpac's Interim Results 2014 (incorporating the requirements of Appendix 4D) for the half year ended 31 March 2014 available at www.westpac.com.au/investorcentre for details of the basis of preparation of cash earnings.

Capitalised terms used in this presentation but not otherwise defined have the meanings given in the Prospectus.

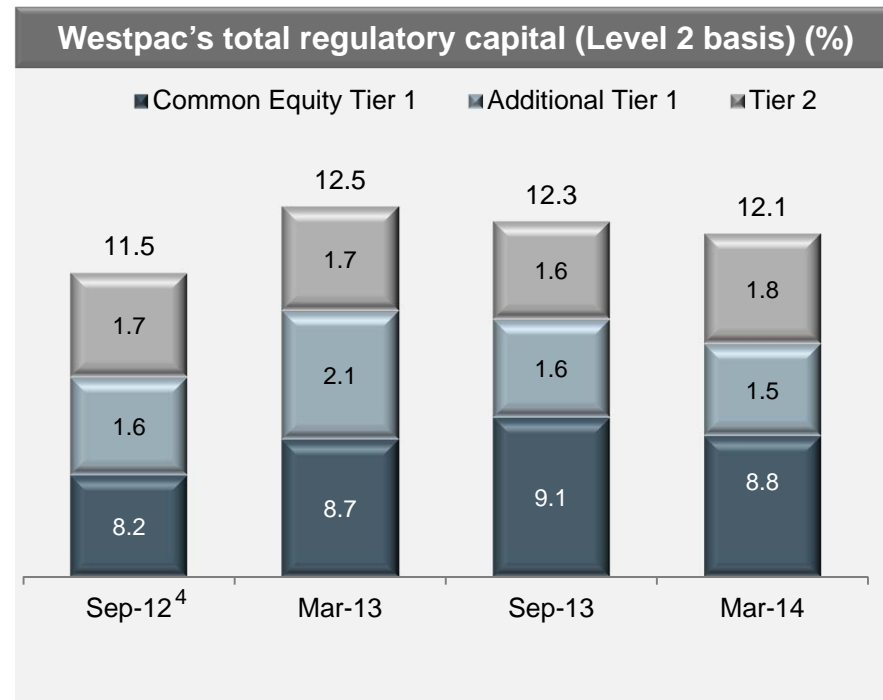
Westpac Capital Notes 2

For investors

- A new investment in Westpac Banking Corporation
- A reinvestment opportunity for existing Westpac SPS II Holders
- Non-cumulative floating rate Distributions, quarterly, expected to be fully franked¹
- Margin range 3.05% - 3.20% per annum. Final margin to be determined under the Bookbuild
- Perpetual (no fixed maturity), with Scheduled Conversion on 23 September 2024
- Westpac option to Convert, Redeem² or Transfer on 23 September 2022
- Mandatory Conversion following a Capital/Non-Viability Trigger Event
- In a Winding Up, ranks ahead of Ordinary Shares, equally with other existing Additional Tier 1 Capital securities and behind Senior Creditors³. The ranking of the Notes will be adversely affected if a Capital Trigger or a Non-Viability Trigger Event occurs
- Expected to be quoted on ASX (WBCPE)

For Westpac

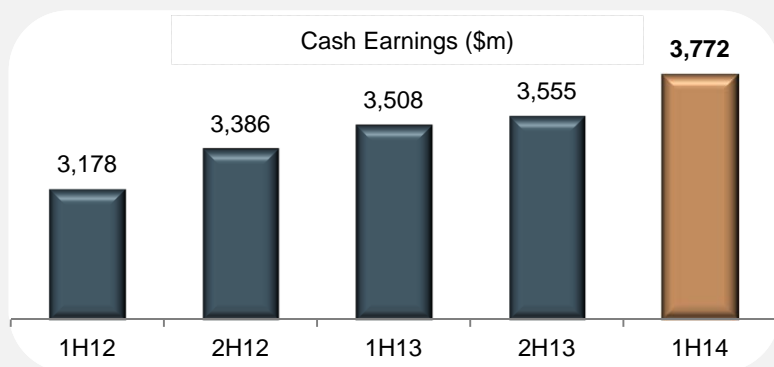
- A new security that will qualify as Additional Tier 1 Capital
- Offer size of A\$750 million, with the ability to raise more or less
- Maintains the Group's strong capital and maintains an appropriate mix of capital



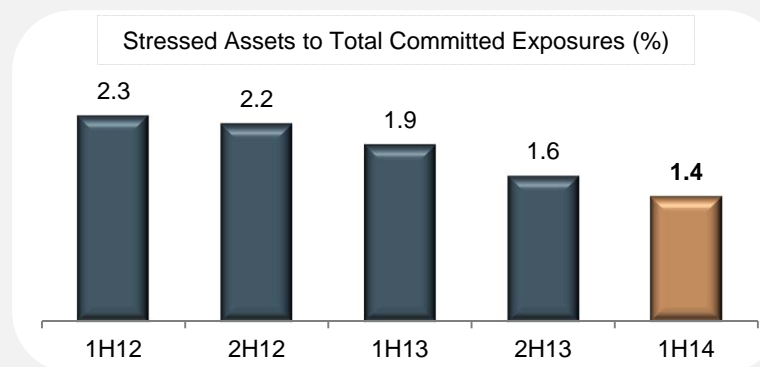
¹ Distributions are within the absolute discretion of Westpac and only payable subject to the satisfaction of the Distribution Payment Conditions. ² Redemption is subject to APRA's prior written approval. There can be no certainty that APRA will provide such approval. ³ Senior Creditors includes depositors of Westpac, holders of Westpac's senior debt and holders of Westpac's less subordinated debt. ⁴ Sep-12 has been restated on a pro-forma Basel III basis.

Westpac delivering consistent financial performance, with a strong balance sheet

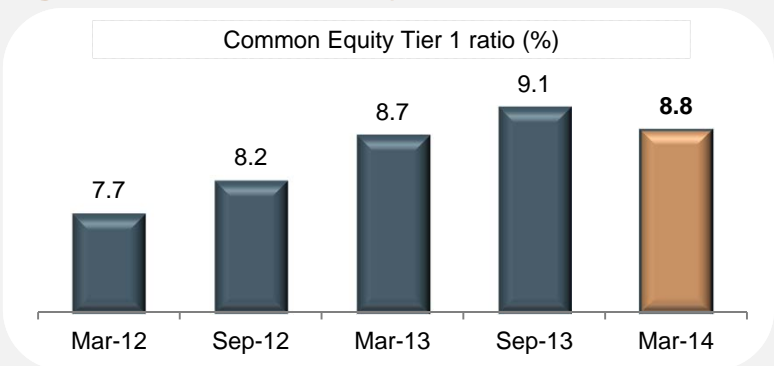
Consistent earnings



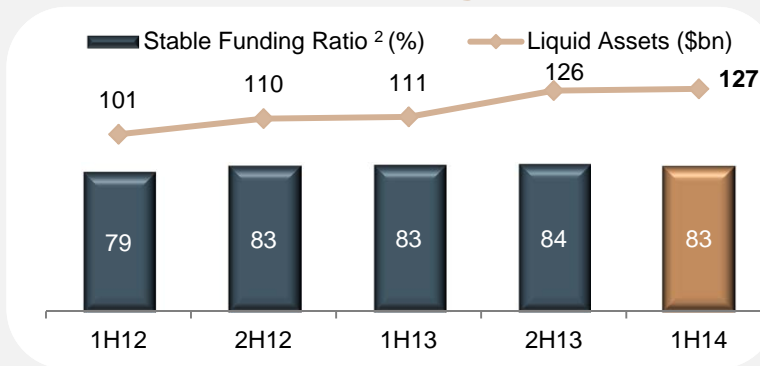
Strong asset quality



High common equity tier 1 capital level¹



Sound funding profile




¹ Numbers prior to March 2013 are on a pro-forma Basel III basis. ² Stable Funding Ratio is total stable funding divided by total funding. Stable funding represents customer deposits, wholesale funding with a residual contractual maturity greater than 12 months, securitisation and equity. Total funding includes customer deposits, total wholesale funding (short and long term) and equity.

Westpac Capital Notes 2 – Summary of terms

Issue	<ul style="list-style-type: none"> Issue of Westpac Capital Notes 2 (Notes) by Westpac Banking Corporation (Westpac)
Offer size	<ul style="list-style-type: none"> A\$750 million with the ability to raise more or less
Face Value	<ul style="list-style-type: none"> Initially A\$100 per Note
Purpose	<ul style="list-style-type: none"> Notes will qualify as Additional Tier 1 Capital of the Westpac Group The proceeds received will be used for general business purposes
Distributions	<ul style="list-style-type: none"> Floating rate, quarterly and expected to be fully franked Discretionary, non-cumulative and only payable subject to the Distribution Payment Conditions Final Margin expected to be in the range of 3.05% - 3.20% per annum and be determined under the Bookbuild
Term	<ul style="list-style-type: none"> Perpetual (no fixed maturity date) unless Converted, Redeemed¹ or Transferred <ul style="list-style-type: none"> Westpac option to Convert, Redeem¹ or Transfer on 23 September 2022 Scheduled Conversion on 23 September 2024 Must Convert following a Capital Trigger Event or Non-Viability Trigger Event Conversion, Redemption¹, or Transfer in other limited circumstances
Ranking	<ul style="list-style-type: none"> In a Winding Up, the Notes rank for payment: <ul style="list-style-type: none"> ahead of Ordinary Shares equally with Equal Ranking Capital Securities (other existing Additional Tier 1 Capital securities) behind Senior Creditors, including depositors and holders of senior or less subordinated debt If the Notes Convert, they become Ordinary Shares, ranking equally with existing Ordinary Shares If Conversion is not possible following a Capital Trigger Event or a Non-Viability Trigger Event within 5 Business Days, all rights in relation to those Notes will be terminated (the investment will lose all of its value and Holders will not receive any compensation or unpaid Distributions) and Notes will have no ranking in a Winding Up
Quotation	<ul style="list-style-type: none"> Expected to be quoted on ASX (WBCPE)

¹ Redemption is subject to APRA's prior written approval. There can be no certainty that APRA will provide such approval.

Ranking of Westpac Capital Notes 2 in a Winding Up

Higher ranking	Illustrative examples ¹	
	Preferred and secured debt	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
	Unsubordinated unsecured debt	Trade and general creditors, bonds, notes and debentures (including covered bonds) and other unsubordinated unsecured debt obligations
	Subordinated unsecured debt issued prior to 1 January 2013	Westpac Subordinated Notes 2012, other subordinated bonds, notes and debentures and other subordinated unsecured debt obligations with a fixed maturity date
	Subordinated unsecured debt issued after 1 January 2013 and subordinated perpetual debt	Westpac Subordinated Notes 2013, 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
	Additional Tier 1 Capital securities	Westpac Capital Notes 2² , notes or preference shares in respect of TPS 2004, Westpac TPS, Westpac SPS II, Westpac CPS and Westpac Capital Notes
	Ordinary shares	Westpac Ordinary Shares
Lower ranking		

¹ The diagram and the descriptions are simplified and illustrative only, and do not include every type of security or obligation that may be issued or entered into by Westpac, or every potential claim against Westpac in a Winding Up. Westpac will from time to time issue additional securities or incur other obligations that rank ahead of, equally with, or subordinated to, Westpac Capital Notes 2. ² The ranking of the notes will be adversely affected if a Capital Trigger Event or a Non-Viability Trigger Event occurs.

Capital Trigger Event and Non-Viability Trigger Event

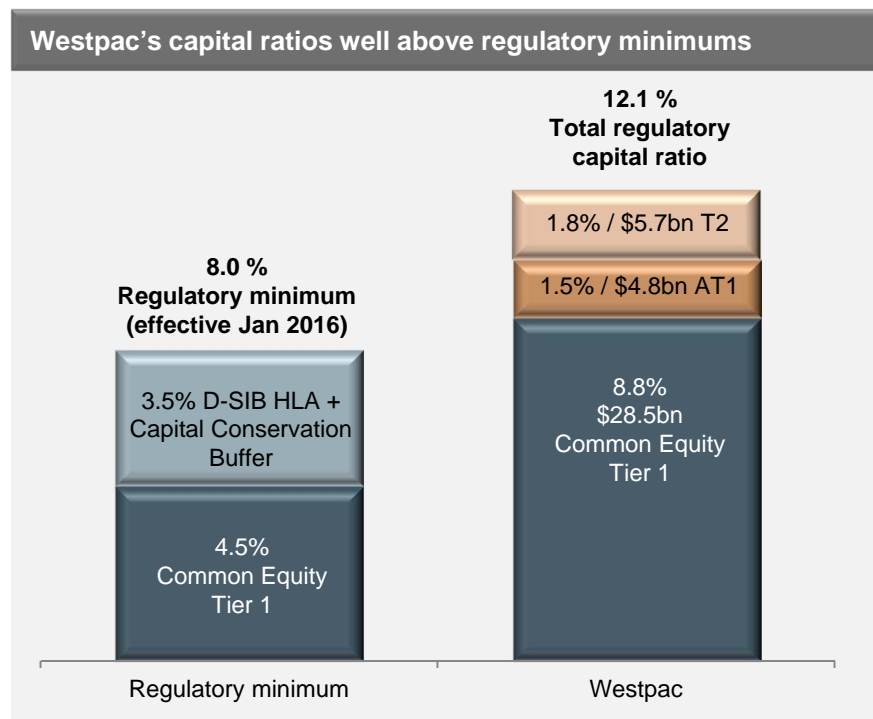
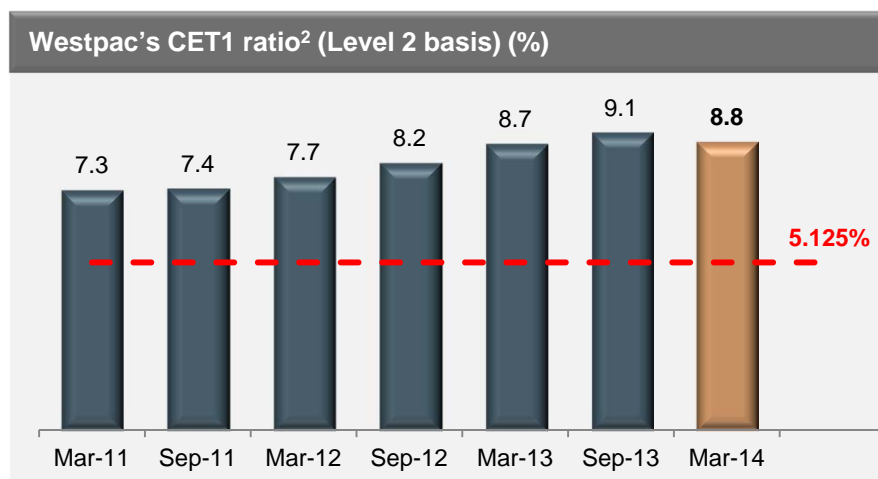
Capital Trigger Event	<ul style="list-style-type: none"> Westpac determines or APRA notifies Westpac in writing that it believes Westpac's Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% (on either a Level 1 or Level 2 basis)
Non-Viability Trigger Event	<ul style="list-style-type: none"> APRA notifies Westpac in writing that it believes Conversion of some or all the Notes (or conversion 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
Conversion following a Capital Trigger Event or Non-Viability Trigger Event	<ul style="list-style-type: none"> Westpac must immediately Convert all or some of the Notes into a variable number of Ordinary Shares with the benefit of a 1% discount to a 5 day VWAP prior to the Conversion Date, subject to a Maximum Conversion Number Conversion is not subject to conversion conditions The application of the Maximum Conversion Number means that depending on the Ordinary Share price, Holders are likely to suffer loss as a consequence
Maximum Conversion Number for Capital Trigger or Non-Viability Trigger Event	<ul style="list-style-type: none"> The Maximum Conversion Number limits the number of Ordinary Shares that may be issued on Conversion The Maximum Conversion Number is the Face Value (initially \$100 per Note) of the Notes divided by 20% of the Issue Date VWAP (as adjusted in limited circumstances)
Termination of Holders' rights if Conversion does not occur	<ul style="list-style-type: none"> If Conversion is not possible¹ and Westpac is not able to issue the Ordinary Shares within 5 Business Days, then the Holders' rights in relation to those Notes are terminated, the investment will lose all of its value and Holders will not receive any compensation or unpaid Distributions

¹ For example, due to applicable laws, order of a court or action of any government authority.

Westpac's significant capital buffers

- From 1 January 2016, APRA requires Australian banks to hold capital buffers above minimum capital requirements
 - A capital conservation buffer (CCB) of 2.5%, and
 - A higher loss absorbency (HLA) requirement of 1% for Domestic Systemically Important Banks (D-SIB), including Westpac
- As at 31 March 2014¹, Westpac's Common Equity Tier 1 (CET1) capital levels were above the regulatory minimum of 8% and above the Capital Trigger Event level of 5.125%
 - CET1 ratio 8.82% (Level 2 basis)
 - CET1 ratio 8.87% (Level 1 basis)

Westpac's CET1 ratio	Level 1	Level 2
30 September 2013	9.3%	9.1%
31 March 2014	8.9%	8.8%
Surplus over 5.125% CET1 trigger as at 31 March 2014	\$10.7bn	\$11.9bn



¹ Westpac gives no assurance as to what its Common Equity Tier 1 Capital Ratio, on Level 1 or Level 2 basis, will be at any time as it may be significantly impacted by unexpected events affecting its business, operations and financial condition. ² All numbers prior to March 2013 on a pro-forma Basel III basis.

Offer summary

<p>Offer size</p>	<ul style="list-style-type: none"> • The Offer is for the issue of Westpac Capital Notes 2 at an Initial Face Value of A\$100 each to raise approximately A\$750 million (with the ability to raise more or less) • The Offer includes a Reinvestment Offer, being a priority offer to Eligible Westpac SPS II Holders
<p>Who can apply?</p>	<ul style="list-style-type: none"> • The Offer consists of: <ul style="list-style-type: none"> – The Reinvestment Offer – a priority offer to Australian resident holders of Westpac SPS II at 7.00pm (Sydney time) on 30 April 2014 – The Securityholder Offer – an offer to Australian resident holders of Ordinary Shares, Westpac TPS, Westpac CPS, Westpac Subordinated Notes 2012, Westpac Subordinated Notes 2013 and/or Westpac Capital Notes at 7.00pm (Sydney time) on 30 April 2014 – The Broker Firm Offer – an offer to Australian resident retail clients of the Syndicate Brokers – The Institutional Offer – an offer to certain Institutional Investors invited by Westpac Institutional Bank
<p>Applications</p>	<ul style="list-style-type: none"> • Applications may be scaled back if there is excess demand • Priority will be given to Applications received under the Reinvestment Offer when Allocating the Notes • Applications must be for a minimum of 50 Notes (A\$5,000) and thereafter in incremental multiples of 10 Notes (A\$1,000) (these requirements do not necessarily apply to Eligible Westpac SPS II Holders) • There is no general public offer of Westpac Capital Notes 2. However, Westpac reserves the right to accept Applications from other persons at its discretion (subject to selling restrictions)

Priority Reinvestment Offer for Eligible SPS II Holders

What is the Reinvestment Offer?	<ul style="list-style-type: none"> The Reinvestment Offer is an opportunity for Eligible Westpac SPS II Holders to reinvest their Westpac SPS II in Notes Participating Westpac SPS II Holders will have their Westpac SPS II sold through the On-Market Buy-Back Facility and automatically reinvested in Notes on 23 June 2014 Westpac will give priority to Applications received through the Reinvestment Offer
Who can participate in the Reinvestment Offer?	<p>To be eligible to participate, Applicants must:</p> <ul style="list-style-type: none"> Be a registered holder of Westpac SPS II on the Reinvestment Offer Record Date, being 7.00pm (Sydney time) on 30 April 2014; and Be shown on the Register as having an address in Australia
Options for Eligible Westpac SPS II Holders	<ul style="list-style-type: none"> Apply to reinvest in Notes by selling some or all Westpac SPS II held under the Reinvestment Offer Apply to reinvest in Notes by selling all Westpac SPS II held under the Reinvestment Offer and apply for additional Notes Sell Westpac SPS II on market on or before the last day of trading, expected to be 17 September 2014 Do nothing
Differences between Westpac SPS II and Notes	<ul style="list-style-type: none"> The Reinvestment Offer is not a simple rollover offer into a similar investment. The Notes and Westpac SPS II have different benefits and risks, which must be evaluated separately A comparison of Notes and Westpac SPS II is contained on page 17 of this presentation and section 3.6 of the Prospectus If you have any questions about the differences you should seek advice from your financial or other professional adviser before deciding to invest in Notes
Pro-rata Distributions	<ul style="list-style-type: none"> Eligible Westpac SPS II Holders who participate in the Reinvestment Offer will receive a Pro-Rata Distribution¹ of \$1.0396 per Reinvested Westpac SPS II on 30 June 2014 The Pro-Rata Distribution is for the period from (but excluding) 31 March 2014 to (and including) the Issue Date (23 June 2014)
What does Westpac expect to happen to Westpac SPS II not reinvested?	<ul style="list-style-type: none"> Non-Participating Westpac SPS II Holders will receive the scheduled Full Distribution¹ of \$1.1262 on 30 June 2014 for the period from (but excluding) 31 March 2014 to (and including) 30 June 2014 Westpac intends that Non-Participating Westpac SPS II will be Transferred to a Nominated Party on 30 September 2014. Holders will be paid \$100 per Non-Participating Westpac SPS II and a scheduled Final Distribution¹ on 30 September 2014 for the period from (but excluding) 30 June 2014 to (and including) 30 September 2014

¹ Subject to satisfaction of the distribution payment test in the Westpac SPS II terms.

Key dates

Key dates for the Offer	
Record date for determining Eligible Securityholders (7.00pm Sydney time)	30 April 2014
Announcement of Offer and lodgement of Prospectus with ASIC	7 May 2014
Bookbuild	14 May 2014
Announcement of Margin	14 May 2014
Lodgement of replacement Prospectus with ASIC	15 May 2014
Opening Date	15 May 2014
Closing Date for the Reinvestment Offer (5.00pm Sydney time)	10 June 2014
Closing Date for the Securityholder Offer and Broker Firm Offer (5.00pm Sydney time)	12 June 2014
Issue Date of Notes	23 June 2014
Commencement of deferred settlement trading	24 June 2014
Holding Statements dispatched by	27 June 2014
Commencement of normal settlement trading	30 June 2014
Key dates for Westpac Capital Notes 2	
Record Date for first Distribution (7.00pm Sydney time)	15 September 2014
First Distribution Payment Date ¹	23 September 2014
Option for Westpac to Convert, Redeem or Transfer the Notes ²	23 September 2022
Scheduled Conversion Date ³	23 September 2024

1 Distributions are payable quarterly in arrear, subject to the Distribution Payment Conditions. 2 There can be no certainty that APRA will approve any such Redemption. 3 Subject to satisfaction of the Scheduled Conversion Conditions.

Key dates

Key dates for the Reinvestment Offer	
Reinvestment Offer Record Date for determining Eligible Westpac SPS II Holders (7.00pm Sydney time)	30 April 2014
Opening Date for the Reinvestment Offer	15 May 2014
Closing Date for the Reinvestment Offer (5.00pm Sydney time)	10 June 2014
On-Market Buy-Back Date	18 June 2014
Record date for Pro-Rata Distribution (payable to Participating Westpac SPS II Holders) (7.00pm Sydney time)	20 June 2014
Issue Date of Notes	23 June 2014
Payment date for Pro-Rata Distribution (payable to Participating Westpac SPS II Holders) ¹	30 June 2014
Key dates for Non-Participating Westpac SPS II Holders	
Record date for scheduled Full Distribution (payable to Non-Participating Westpac SPS II Holders) (7.00pm Sydney time)	20 June 2014
Payment date for scheduled Full Distribution (payable to Non-Participating Westpac SPS II Holders) ¹	30 June 2014
Last day of trading in Westpac SPS II	17 September 2014
Record date for scheduled Final Distribution (payable to Non-Participating Westpac SPS II Holders) (7.00pm Sydney time)	22 September 2014
Payment date for scheduled Final Distribution (payable to Non-Participating Westpac SPS II Holders) ¹	30 September 2014
Expected date of transfer to Westpac SPS II Nominated Party	30 September 2014
Expected date of buy-back of Non-Participating Westpac SPS II from Westpac SPS II Nominated Party ²	30 September 2014

¹ Subject to satisfaction of the distribution payment test in the Westpac SPS II terms. ² Subject to satisfaction of certain conditions set out in the Westpac SPS II terms.

WESTPAC CAPITAL NOTES 2

ADDITIONAL INFORMATION

Westpac Capital Notes 2 – Distributions

Distributions	<ul style="list-style-type: none"> • Non-cumulative, quarterly Distributions based on a floating rate (90 day BBSW) • Expected to be fully franked (if not fully franked the cash amount of the Distribution will be increased to compensate for the unfranked portion) • First Distribution payment is scheduled for 23 September 2014 • Distributions are at Westpac’s discretion and subject to the Distribution Payment Conditions • Non-payment will not be an event of default and Holders have no right to apply for a Winding Up for non-payment
Distribution Rate and Margin	<ul style="list-style-type: none"> • The Distribution Rate is set quarterly on the first Business Day of each Distribution Period (except for the first Distribution Period, where it is set on the Issue Date) • The Distribution Rate = (90 day Bank Bill Rate + Margin) × (1 – Tax Rate) • Margin expected to be in the range of 3.05% - 3.20% per annum and determined under the Bookbuild • As an example, <ul style="list-style-type: none"> – if the Margin was 3.05% p.a. – the 90 day Bank Bill Rate on the Issue Date was 2.68% p.a.¹, then the Distribution Rate for the first Distribution Period would be 4.01% p.a.² (equivalent to an unfranked Distribution Rate of 5.73% p.a.³)
Dividend and Capital Restriction	<ul style="list-style-type: none"> • If a Distribution is not paid on a Distribution Payment Date (and is not paid in full within 20 Business Days), Westpac must not: <ul style="list-style-type: none"> – determine or pay dividends on Ordinary Shares; or – buy back or reduce capital on any Ordinary Shares, unless a Distribution for the subsequent Distribution Period is paid in full or the occurrence of certain other events⁴ and APRA does not otherwise object

1 90 day Bank Bill Rate on 2 May 2014. 2 The Distribution Rate shown is for illustrative purposes only and does not indicate the actual Distribution Rate. The actual Distribution Rate may be higher or lower than this example. 3 Assumes the potential value of franking credits is taken into account in full. Your ability to use the franking credits will depend on your individual tax position. The potential value of franking credits does not accrue to you at the same time as you receive the cash Distribution. 4 Other events include where all Notes have been Converted or Redeemed or Holders pass a Special Resolution.

Options for Westpac to Convert, Redeem or Transfer and Acquisition Event

Optional Conversion, Redemption or Transfer	<ul style="list-style-type: none"> Westpac may elect to Convert, Redeem or Transfer Notes on: <ul style="list-style-type: none"> 23 September 2022 following a Tax Event or a Regulatory Event Redemption is subject to Westpac receiving APRA's prior written approval¹
Restrictions Applying to Optional Conversion	<ul style="list-style-type: none"> Westpac is restricted from electing Conversion, if on the second Business Day before an Optional Conversion Notice is sent to Holders, the VWAP² of Ordinary Shares is less than or equal to: <ul style="list-style-type: none"> 56.12% of the Issue Date VWAP (in the case of Conversion on 23 September 2022) 22.20% of the Issue Date VWAP (in the case of Conversion following a Tax or Regulatory Event) Conversion will not occur on the Optional Conversion Date, if the VWAP of Ordinary Shares during the 20 Business Days before the potential Optional Conversion Date is less than or equal to: <ul style="list-style-type: none"> 50.51% of the Issue Date VWAP (in the case of Conversion on 23 September 2022) 20.20% of the Issue Date VWAP (in the case of Conversion following Tax or Regulatory Event)
Mandatory Conversion upon an Acquisition Event	<ul style="list-style-type: none"> Notes must be Converted following an Acquisition Event Conversion is subject to a modified form of the Scheduled Conversion Conditions which requires the VWAP of Ordinary shares during the 20 Business Days before the Acquisition Event Conversion Date to be greater than 20.20% of the Issue Date VWAP
Holder rights	<ul style="list-style-type: none"> Holders have no right to request or require Westpac to Convert, Redeem or arrange for the Transfer of the Notes

¹ There can be no certainty that APRA will provide its prior written approval. ² VWAP is the volume weighted average price.

Westpac Capital Notes 2 – Scheduled Conversion

Scheduled Conversion	<ul style="list-style-type: none"> On 23 September 2024 (Scheduled Conversion Date), subject to the Scheduled Conversion Conditions being satisfied, the Notes will mandatorily Convert into Ordinary Shares Holders will receive for each Note they hold a variable number of Ordinary Shares with the benefit of a 1% discount to the 20 day VWAP prior to the Scheduled Conversion Date
Scheduled Conversion Conditions	<ul style="list-style-type: none"> The satisfaction of the Scheduled Conversion Conditions will depend on the price of Ordinary Shares: <ul style="list-style-type: none"> First Scheduled Conversion Condition - the VWAP of Ordinary Shares on the 25th Business Day before (but not including) the Scheduled Conversion Date must be greater than 56.12% of the Issue Date VWAP; and Second Scheduled Conversion Condition - the VWAP of Ordinary Shares during the 20 Business Days before (but not including) the Scheduled Conversion Date must be greater than 50.51% of the Issue Date VWAP
Purpose of the Scheduled Conversion Conditions	<ul style="list-style-type: none"> The Scheduled Conversion Conditions are intended to ensure that, upon Conversion, Holders will receive Ordinary Shares worth approximately \$101.01¹ per Note
Deferral of Conversion	<ul style="list-style-type: none"> If the Scheduled Conversion Conditions are not satisfied on 23 September 2024, Conversion will not occur until the next Distribution Payment Date on which the Scheduled Conversion Conditions are satisfied Notes may remain on issue indefinitely if those conditions are not satisfied

¹ Based on the Initial Face Value of \$100 per Note and the volume weighted average price of Ordinary Shares during the 20 day VWAP period prior to the Scheduled 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.

Comparison to other Westpac Additional Tier 1 Securities

	Westpac Capital Notes 2	Westpac Capital Notes	Westpac SPS II ¹
ASX code	WBCPE	WBCPD	WBCPB
Term	<ul style="list-style-type: none"> Perpetual with the first possible Scheduled Conversion Date on 23 September 2024 (~10 years) 	<ul style="list-style-type: none"> Perpetual with the first possible scheduled conversion date on 8 March 2021 (~7 years) 	<ul style="list-style-type: none"> Mandatory conversion on 30 September 2014
Margin	<ul style="list-style-type: none"> Expected to be in the range 3.05% - 3.20% p.a. determined under the Bookbuild 	<ul style="list-style-type: none"> Margin is 3.20% p.a. 	<ul style="list-style-type: none"> Margin of 3.80% p.a.
Distributions	<ul style="list-style-type: none"> Floating rate paid quarterly – subject to the Distribution Payment Conditions 	<ul style="list-style-type: none"> Floating rate paid quarterly – subject to the distribution payment conditions 	<ul style="list-style-type: none"> Floating rate paid quarterly – subject to a distribution payment test
Franking – expected	<ul style="list-style-type: none"> Yes, subject to gross-up for unfranked portion 	<ul style="list-style-type: none"> Yes, subject to gross-up for unfranked portion 	<ul style="list-style-type: none"> Yes, subject to gross-up for unfranked portion
Westpac redemption rights (subject to prior written APRA approval)	<ul style="list-style-type: none"> Yes, on 23 September 2022 and in certain specified circumstances 	<ul style="list-style-type: none"> Yes, on 8 March 2019 and in certain specified circumstances 	<ul style="list-style-type: none"> Yes, in certain specified circumstances
Conversion to Ordinary Shares	<ul style="list-style-type: none"> Scheduled Conversion on 23 September 2024, subject to Scheduled Conversion Conditions Other specified circumstances 	<ul style="list-style-type: none"> Scheduled conversion on 8 March 2021, subject to scheduled conversion conditions; Other specified circumstances 	<ul style="list-style-type: none"> Mandatory conversion on 30 September 2014, subject to conversion conditions; Other specified circumstances
Conversion on Capital Trigger Event or Non-Viability Trigger Event	<ul style="list-style-type: none"> Yes². Some or all Notes must be Converted into Ordinary Shares, subject to a maximum number 	<ul style="list-style-type: none"> Yes². Some or all Notes must be converted into Ordinary Shares, subject to a maximum number 	<ul style="list-style-type: none"> No
Capital classification	<ul style="list-style-type: none"> Additional Tier 1 	<ul style="list-style-type: none"> Additional Tier 1 	<ul style="list-style-type: none"> Additional Tier 1

1 Stapled security – one preference share and one subordinated note issued by Westpac, stapled together. 2 If a Capital Trigger Event or Non-Viability Trigger Event occurs and Conversion of Notes is not possible, all rights in relation to those Notes will be terminated.

Key risks of Westpac Capital Notes 2

- 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).
- It is possible that the Notes may trade at a market price below their Face Value. Circumstances in which the market price of the Notes may decline include general financial market conditions, changes in investor perception and sentiment in relation to Westpac, the availability of better rates of return on other securities issued by Westpac or other issuers and the occurrence or likely occurrence of a Capital Trigger Event or a Non-Viability Trigger Event.
- 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.
- There is a risk that Distributions will not be paid. Distributions are discretionary and are only payable subject to satisfaction of the Distribution Payment Conditions and are non-cumulative.
- The Distribution Rate will fluctuate (increase and/or decrease) over time with movements in the 90 day Bank Bill Rate. There is a risk that the Distribution Rate may become less attractive compared to returns available on comparable securities or investments.
- The value of Ordinary Shares received for each Converted 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 \$101.01 for each Note (based on the Initial Face Value of \$100 per Note).
- If for any reason Conversion of Notes is not possible following the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event (for example, due to applicable law, order of a court or action of any government authority), all rights in respect of those Notes will be terminated. Your investment will lose all of its value and you will not receive any compensation or unpaid Distributions.
- 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 is based on the VWAP during the relevant period prior to the Conversion Date. The value of Ordinary Shares you receive may therefore be less than the value of other Ordinary Shares on issue on the Conversion Date.
- Conversion may not occur on 23 September 2024, or at all, if the Conversion Conditions are not satisfied.
- Conversion, Redemption or Transfer may occur in certain circumstances before the Scheduled Conversion Date, which may be disadvantageous in light of market conditions or your individual circumstances. Holders have no right to request Conversion, Redemption or Transfer.
- The Notes are perpetual instruments and have no fixed maturity date, so could remain on issue indefinitely, in which case Holders' capital will not be repaid.
- Any credit rating assigned to the Notes or other Westpac securities could be reviewed, suspended, withdrawn or downgraded by ratings 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.
- 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 with all with other Equal Ranking Securities and behind Senior Creditors, including depositors and all holders of Westpac's senior or less subordinated debt. Ranking of the Notes will be adversely affected if a Capital Trigger Event or a Non-Viability Trigger Event occurs.
- If there is a shortfall of funds on a Winding Up to pay all amounts ranking senior to and equally with Notes, Holders will lose all or some of their investment.
- Westpac may issue further securities which rank equally with, or ahead of, the Notes.
- Investment in Notes may be affected by Westpac's ongoing performance and financial position and other risks associated with Westpac and the Westpac Group.

This is a summary of the key risks only. You should read the Westpac Capital Notes 2 Prospectus in full before deciding to invest (including Section 6 "Investment Risks" and its subsection "Investment Risks Relating to Westpac").

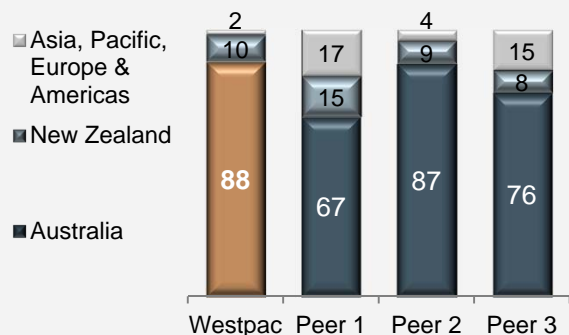
WESTPAC GROUP

ADDITIONAL INFORMATION

Setting Westpac apart – Domestic customer focus, efficiency and balance sheet strength

Clear focus on Australia and New Zealand

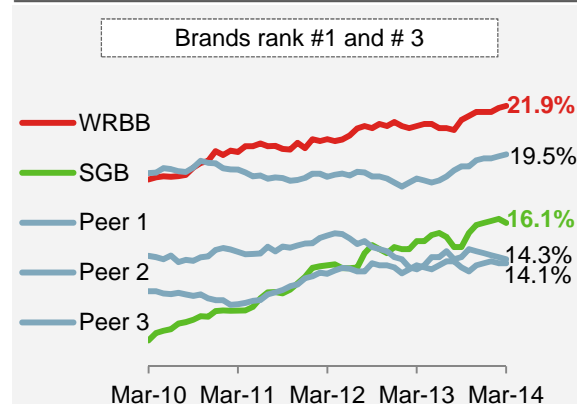
Total income by geography¹ (%)



Brands supporting targeted growth

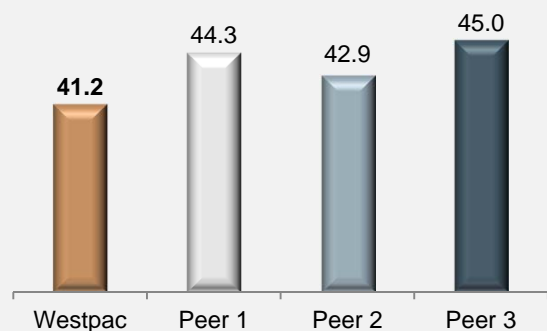


Wealth penetration leads sector (%)



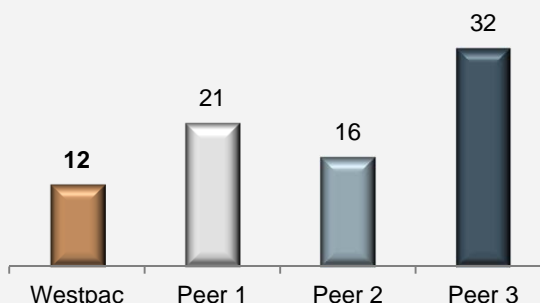
Leader in efficiency

Expense to income ratio² (%)



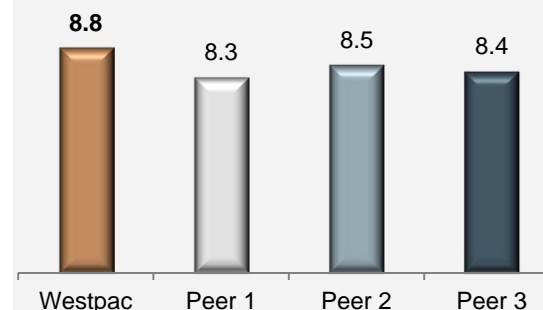
Risk management a competitive advantage

Impairment charges to average loans annualised² (bps)



Capital level strong relative to peers

Common equity ratio³ (APRA Basel III) (%)



1 Source: Company Annual Reports. Westpac, Peer 1 and Peer 3 as at 30 September 2013. Peer 2 as at 30 June 2013. 2. Source: Company reports. Westpac and Peer 1 for the six months to 31 March 2014, Peer 2 for the six months to 31 December 2013 and Peer 3 for the six months to 30 September 2013. 3 Source: Company reports. Westpac and Peer 1 as at 31 March 2014, Peer 2 as at 31 December 2013 and Peer 3 as at 30 September 2013.

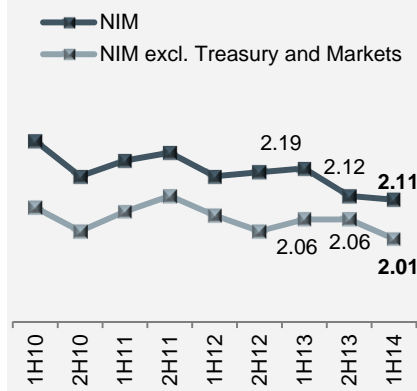
Another high quality financial performance

1H14 Cash earnings results	1H14	% Change 1H14 – 1H13
Financial results (A\$m)		
Cash earnings	3,772	8
Reported net profit after tax	3,622	10
Net operating income	9,859	5
Expenses	4,065	6
Impairment charges	341	(22)
Financial metrics		
Cash earnings per share	121.3c	7
Net interest margin	2.11%	(8bps)
Expense to income ratio	41.2%	35bps
Cash earnings return on equity	16.5%	43bps
Asset quality		
Net write-offs to avg loans annualised	22bps	1bp
Total impaired assets to gross loans	51bps	(31bps)
Total provisions to gross loans	67bps	(13bps)
Impairment provisions to impaired assets	46.4%	large

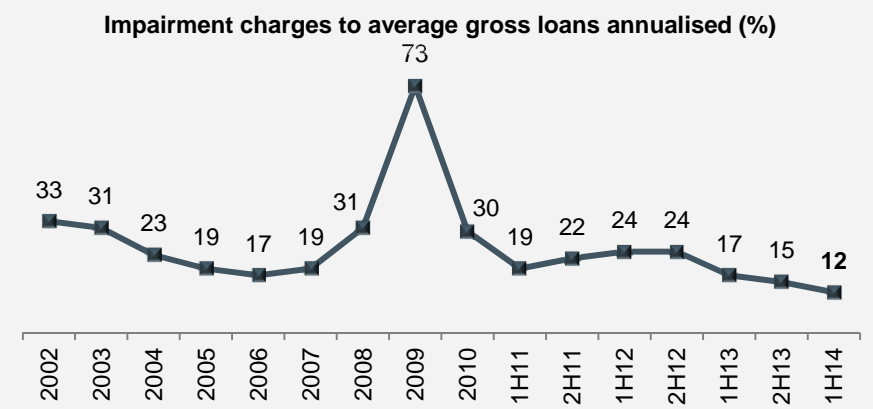
Strong financial performance



Net interest margin (%)



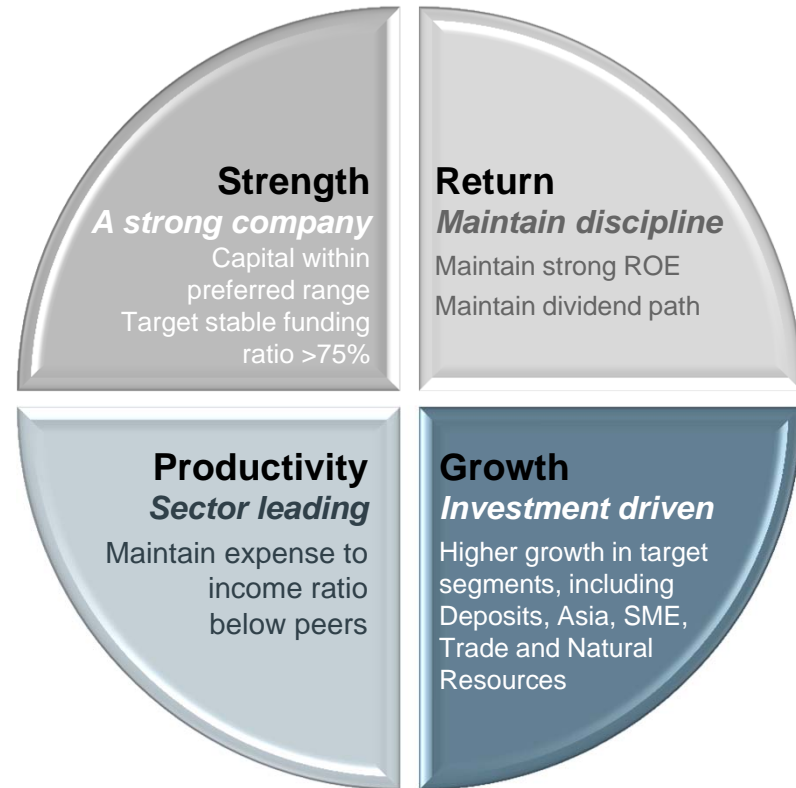
Portfolio quality continues to improve



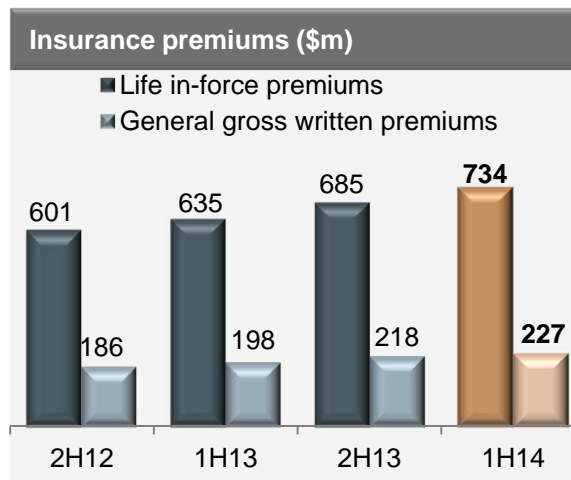
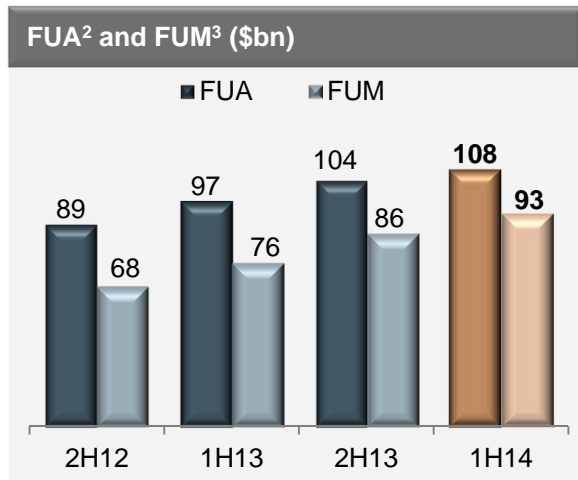
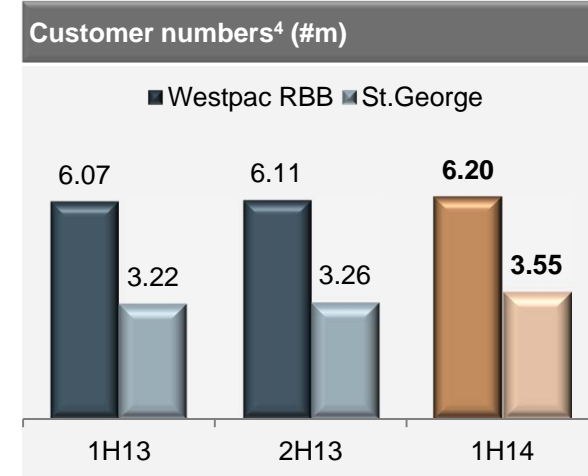
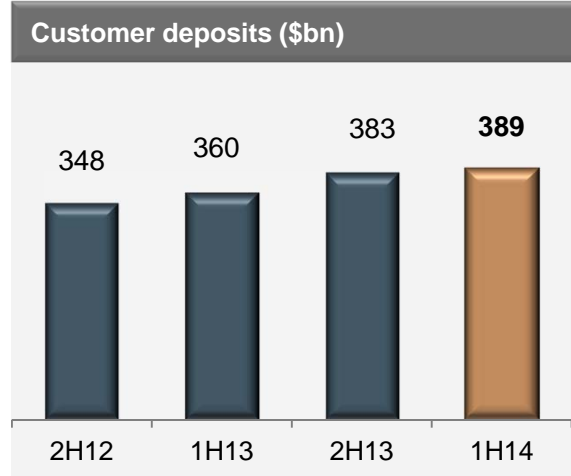
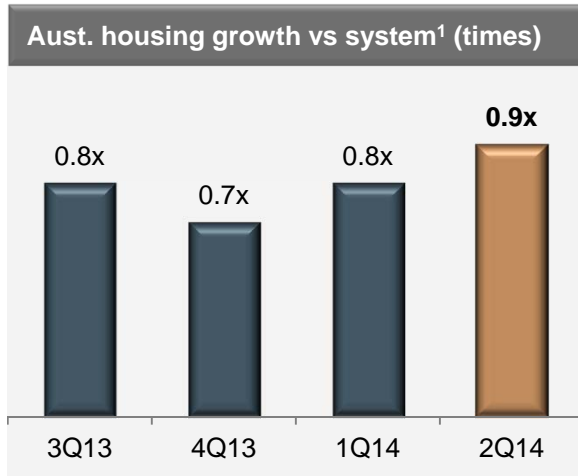
Westpac has clear strategic priorities...



...managed in a balanced way












Strategy delivering growth in targeted areas

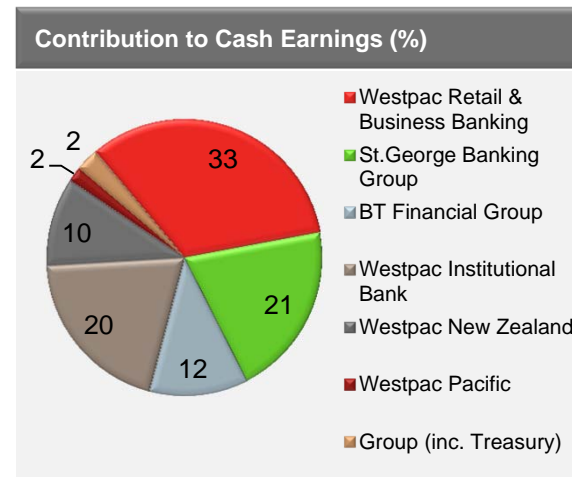


1 RBA Financial Aggregates March 2014. 2 Funds under administration. 3 Funds under management. 4 Rebased 2013 Westpac RBB customer data.

Strong portfolio of brands

All comparisons to 1H13

Australian Financial Services	<p>Westpac Retail & Business Banking Australian retail and business banking for consumers, SMEs and commercial customers under the Westpac brand</p>	<ul style="list-style-type: none"> 1H14 cash earnings \$1,251m Up 10% on 1H13 Strong franchise; lending up 4%, deposits up 8%, as the division tilts to growth 	
	<p>St.George Banking Group Australian retail and business banking under the St.George, BankSA, Bank of Melbourne and RAMS brands</p>	<ul style="list-style-type: none"> 1H14 cash earnings \$772m Up 12% on 1H13 Each brand contributing positively; solid revenue growth; decline in impairment charges 	   
	<p>BT Financial Group Wealth division with \$82bn funds under management and \$107bn funds under administration at 31 March 2014</p>	<ul style="list-style-type: none"> 1H14 cash earnings \$438m Up 21% on 1H13 Funds management cash earnings up 28%; strong insurance flows in life and general insurance 	 
Institutional	<p>Westpac Institutional Bank Leading Australasian institutional bank, with branches and representative offices in Australia, NZ, US, UK and Asia</p>	<ul style="list-style-type: none"> 1H14 cash earnings \$752m Down 4% on 1H13 Underlying business continues to perform well; customer revenue up 3%; strong contribution from markets businesses 	
NZ	<p>Westpac New Zealand Banking and wealth services to consumers, businesses and institutions in New Zealand</p>	<ul style="list-style-type: none"> 1H14 cash earnings NZ\$432m Up 17% on 1H13 Improving asset quality driving lower impairment charges; lending up 6%, deposits up 8% 	



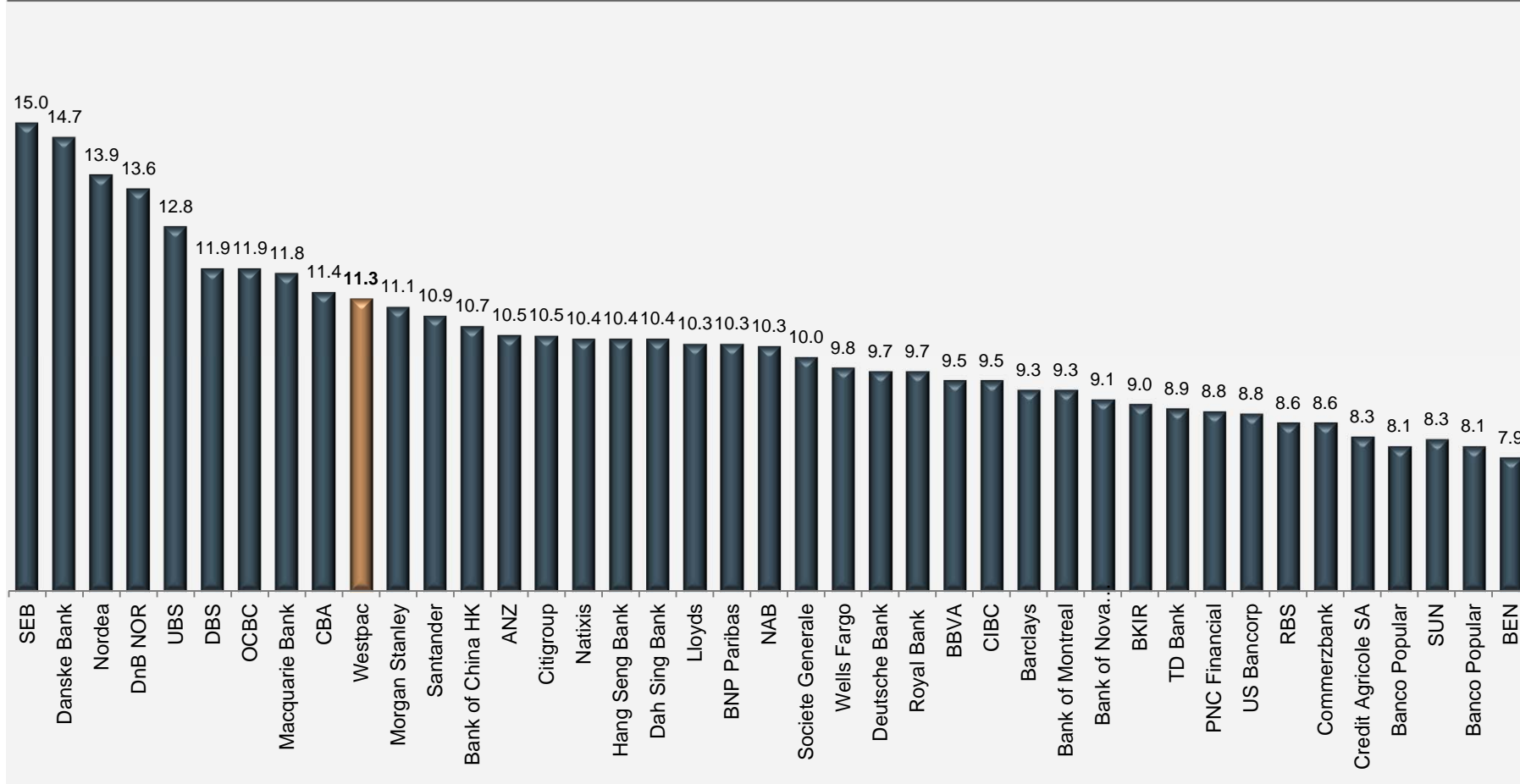
Market share at 31 March 2014 (%)

Australia	
Household deposit market share ¹	23%
Housing credit market share ²	23%
Business credit market share ²	19%
Wealth platforms market share ³	20%
New Zealand	
Deposit market share ⁴	21%
Consumer lending market share ⁴	20%

¹ APRA Banking Statistics. ² Reserve Bank of Australia. ³ Plan for Life December 2013, All Master Funds Admin. ⁴ Reserve Bank of New Zealand. Retail deposits and includes financial corporation deposits.

Fully harmonised common equity tier 1 capital ratio at the upper end of global peers

Global peer comparison of Basel III pro-forma common equity tier 1 capital ratios¹ (%)

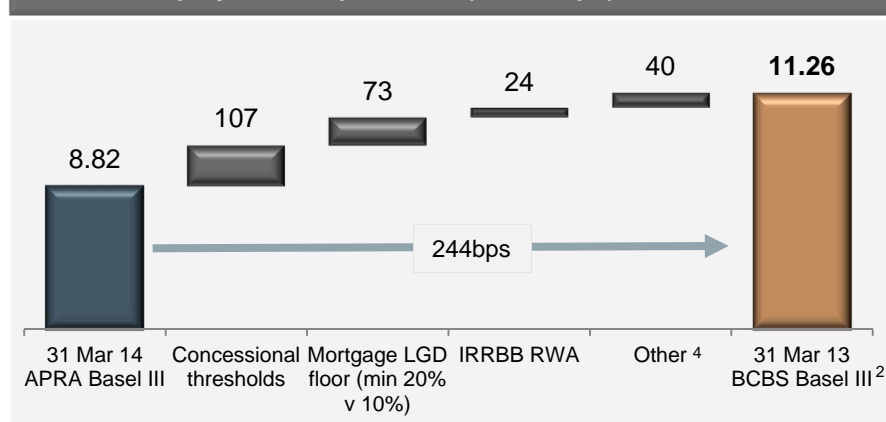


¹ Company data, Credit Suisse estimates (based on latest reporting data as at April 2014). Australian banks based on 1H14 results except NAB which is based on FY13 results.

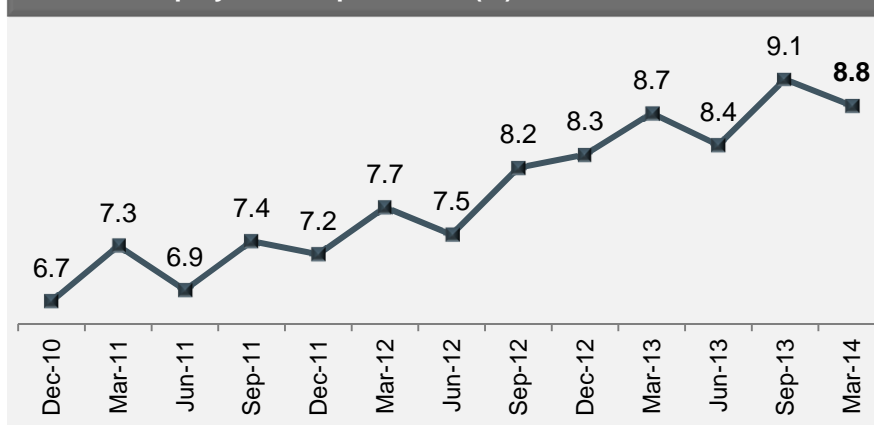
Capital strength maintained¹

Key capital ratios (%)	Mar-13	Sept-13	Mar-14
Common equity tier 1 capital ratio	8.7	9.1	8.8
Additional tier 1 capital	2.1	1.6	1.5
Tier 1 capital ratio	10.8	10.7	10.3
Tier 2 capital	1.7	1.6	1.8
Total regulatory capital ratio	12.5	12.3	12.1
Risk weighted assets (\$bn)	308	307	322
Common equity tier 1 capital ratio (BCBS ²)	11.4	11.6	11.3

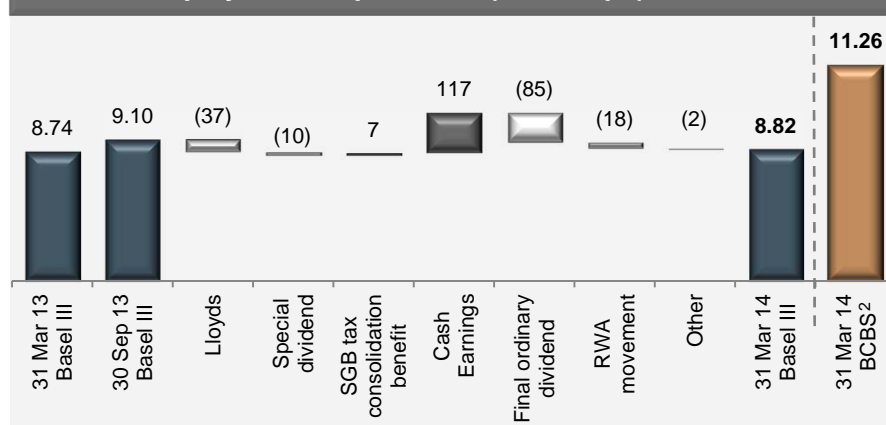
Common equity tier 1 capital ratio (% and bps)



Common equity tier 1 capital ratio³ (%)



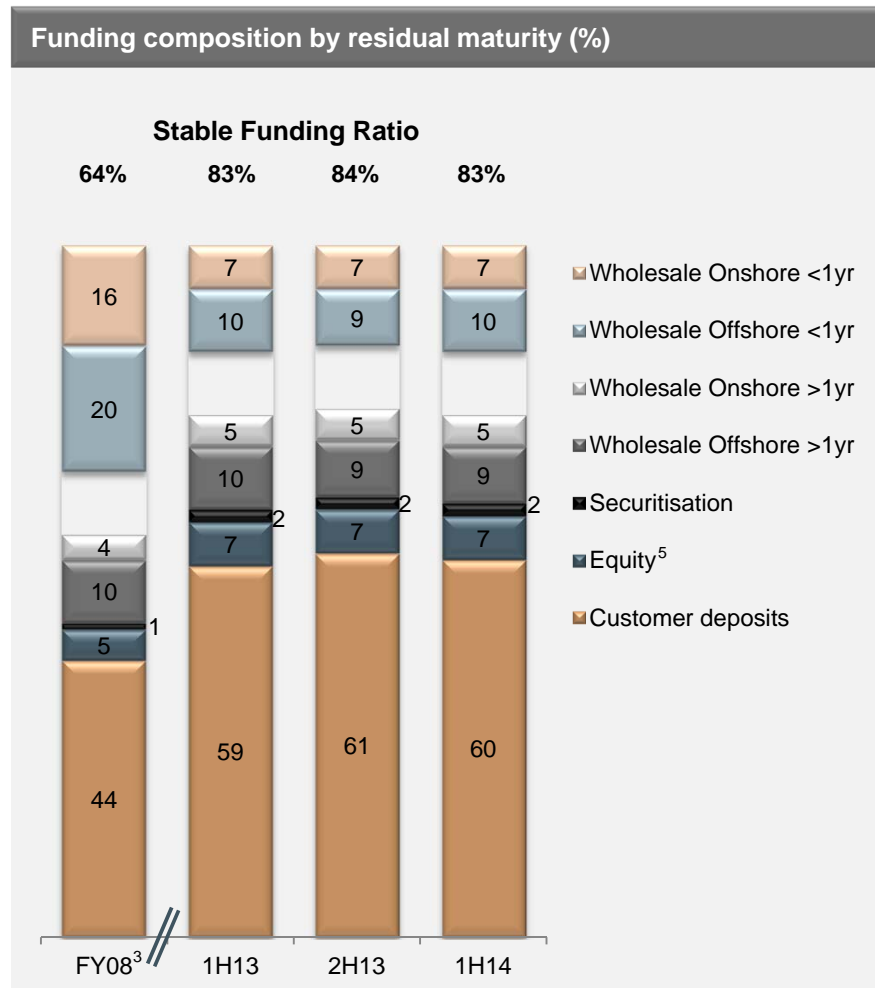
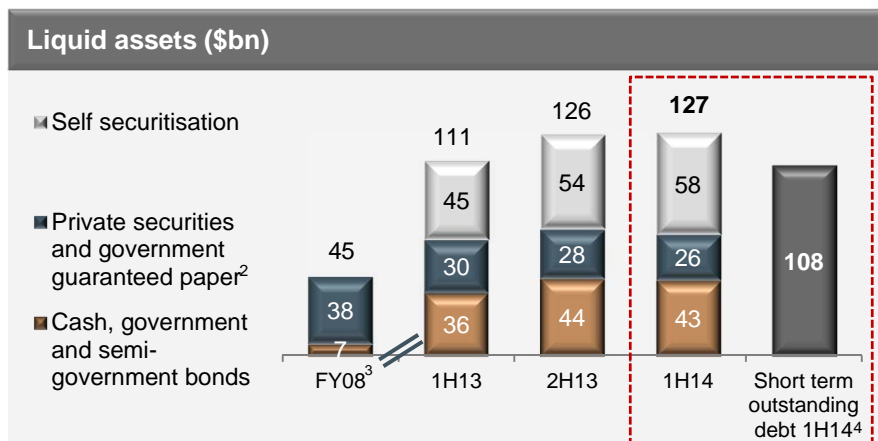
Common equity tier 1 capital ratio (% and bps)



¹ All capital ratios and risk weighted assets disclosed in this presentation are calculated on a Westpac Level 2 consolidated basis. ² BCBS is Basel Committee on Banking Supervision. ³ All numbers prior to March 2013 on a pro-forma Basel III basis. ⁴ Other includes the treatment of specialised lending and capitalised expenses.

Asset growth funded through stable sources; Strong liquidity position

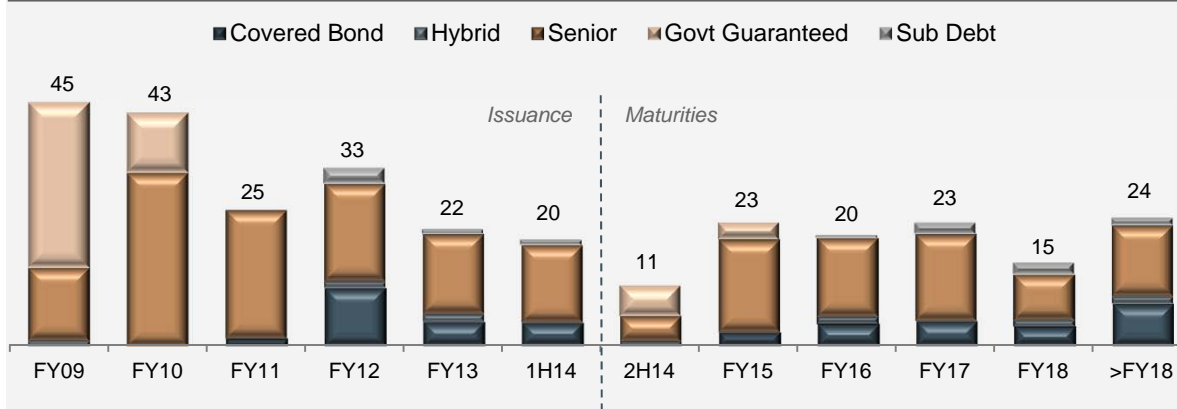
- Stable Funding Ratio 83% at 1H14, down 45bps (up 24bps 1H13/1H14)
 - Growth in funding through stable sources of customer deposits and term wholesale funding
 - Average tenor of new term funding 4.9 years - a very stable source of funds for the bank
- Customer deposits increased \$6bn, with the increase in term funding providing scope to manage deposit quality
 - Preferred household deposits up \$7bn (4.4%) with growth in this segment 1.0x system¹
- Short term funding increased \$6bn
 - Supporting an increase in short dated assets, mainly growth in trade finance in Asia and Australian
 - Weighted average maturity of the short term portfolio has remained around 141 days
- Balance sheet well positioned for start of Liquidity Coverage Ratio (LCR)



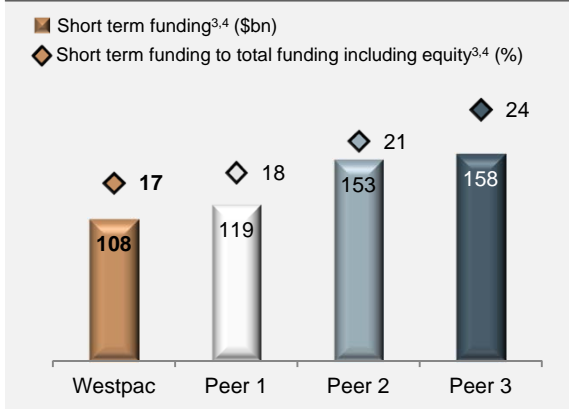
1 APRA Banking Statistics March 2014. 2 Private securities include Bank paper, RMBS, and Supra-nationals. 3 2008 does not include St.George. 4 Includes long term wholesale funding with a residual maturity less than 1 year. 5 Equity excludes FX translation, Available-for-Sale Securities and Cash Flow Hedging Reserves.

New term issuance well diversified

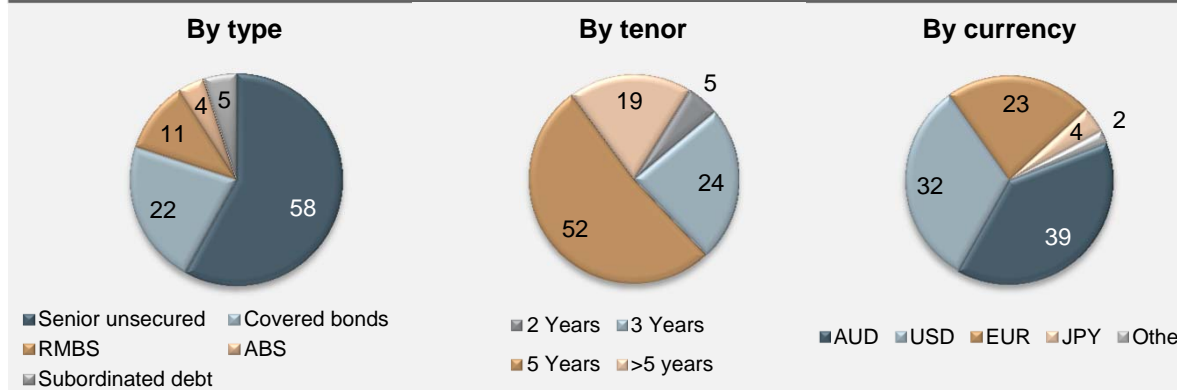
Term debt issuance and maturity profile^{1,2} (\$bn)



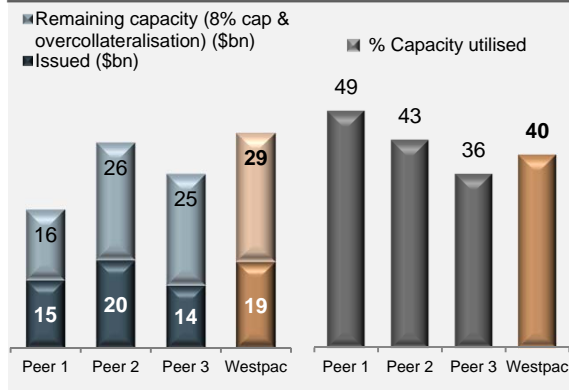
Lowest short term funding of peers



1H14 new term issuance composition¹ (%)



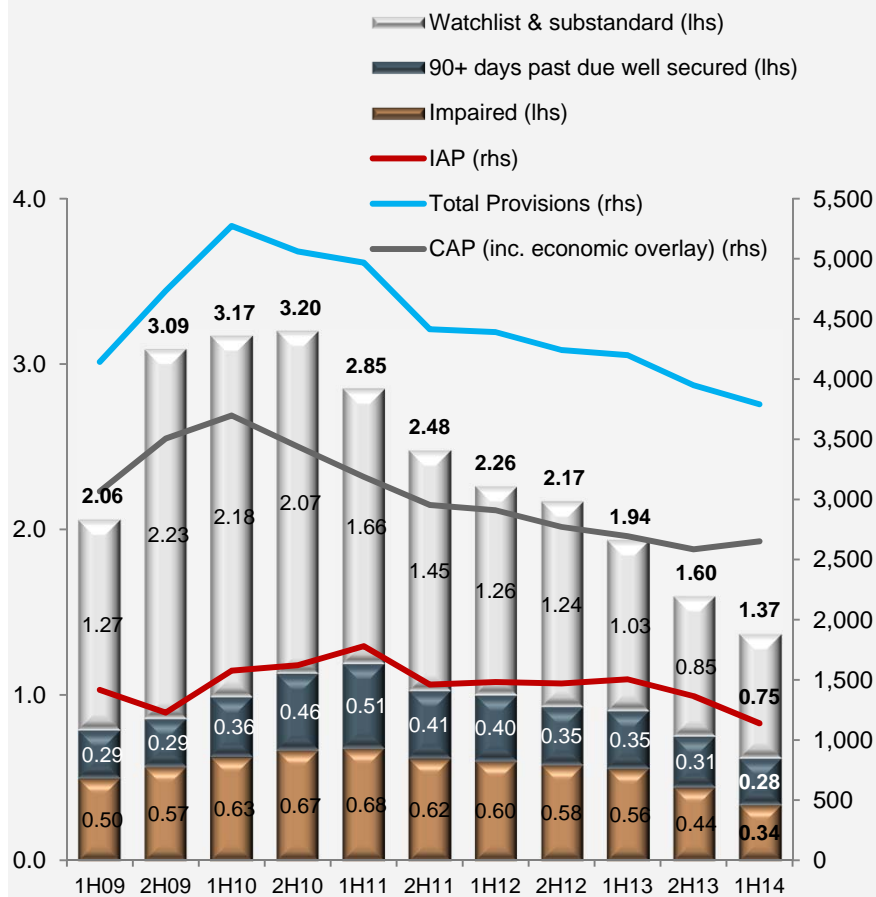
Australian covered bond issuance⁵



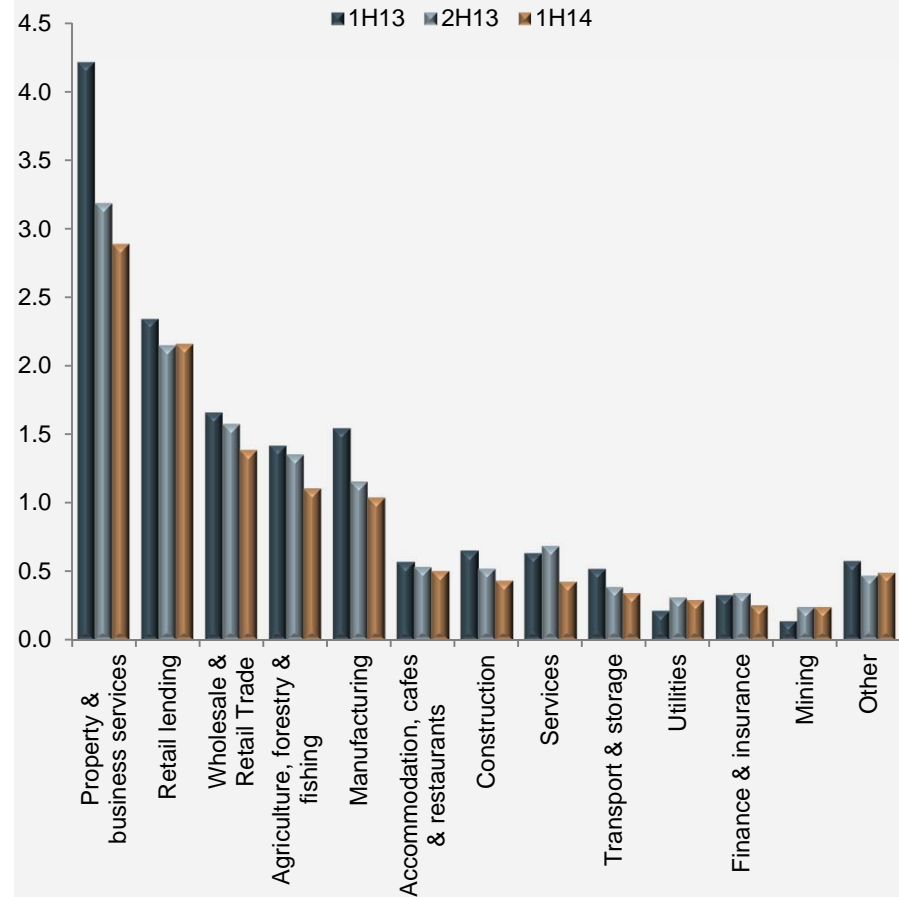
¹ Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 13 months, excluding US Commercial Paper. ² Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure. Perpetual sub-debt has been included in >FY18 maturity bucket. Maturities exclude securitisation amortisation. ³ Includes long term wholesale funding with a residual maturity less than 1 year. ⁴ Short term funding includes Central Bank deposits and long term wholesale funding with a residual maturity less than 1 year. Source: Westpac, Company reports. Westpac and Peer 1 as at 31 March 2014, Peer 2 as at 31 December 2013 and Peer 3 as at 30 September 2013. ⁵ Sources: Westpac, APRA Banking Statistics March 2014.

Significant improvement in asset quality

Stressed exposures as a % of TCE¹ (%) and provisions (\$m)



Stressed exposures by industry (\$bn)

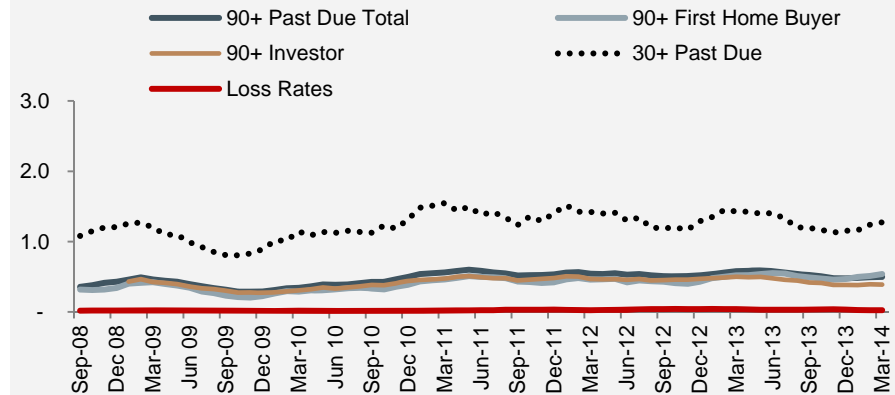


¹ TCE is Total Committed Exposures.

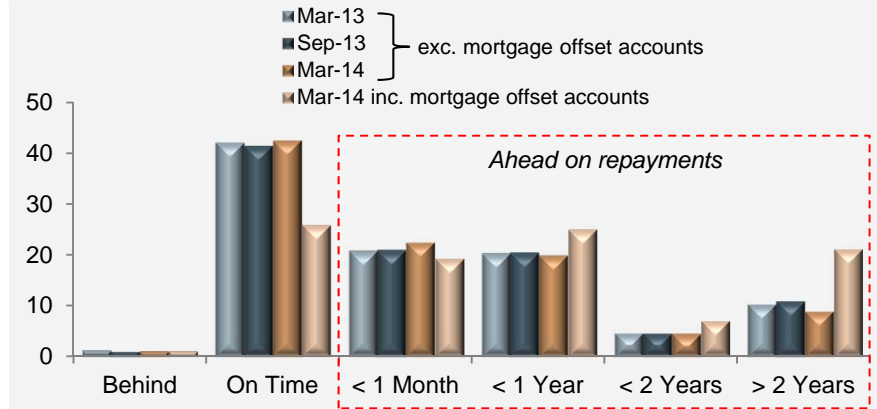
High quality Australian mortgage portfolio

Australian housing portfolio	1H13 Balance	2H13 Balance	1H14 Balance	1H14 Flow ¹
Total portfolio (\$bn)	321.9	328.5	338.0	33.1
Owner-occupied (%)	48.1	47.9	47.6	47.7
Investment property loans (%)	42.2	43.1	44.0	49.2
Portfolio loan/line of credit (%)	9.7	9.0	8.4	3.1
Variable rate / Fixed rate (%)	85 / 15	81 / 19	84 / 16	76 / 24
Low Doc (%)	5.2	4.7	4.2	1.0
Proprietary channel (%)	58.2	58.0	57.5	55.7
First Home Buyer (%)	11.7	11.4	10.9	7.6
Mortgage insured (%)	24.4	23.3	22.2	13.5
	1H13	2H13	1H14	
Average LVR at origination (%)	69	69	69	
Average dynamic ^{2,3,4} LVR (%)	48	46	47	
Average LVR of new loans ⁵ (%)	70	72	72	
Average loan size (\$'000)	219	221	223	
Customers ahead on repayments, including offset accounts ^{2,6} (%)	70	71	73	
Actual mortgage losses (net of insurance) ⁷ (\$m)	52	43	45	
Actual mortgage loss rate annualised (bps)	3	3	2	

Australian mortgages delinquencies and loss rates (%)









Australian home loan customers ahead on repayments^{2,8} (%)



1 Flow is all new mortgage originations total settled amount originated during the 6 month period ended 31 March 2014 and includes RAMS. 2 Excludes RAMS. 3 Dynamic LVR represents the loan-to-value ratio taking into account the current outstanding loan balance, changes in security value and other loan adjustments. 4 Property valuation source Australian Property Monitors. 5 Average LVR of new loans is based on rolling 6 month window for each half year period. 6 Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled payments. 7 Mortgage insurance claims 1H14 \$3m (2H13 \$14m, 1H13 \$10m). 8 Customer loans ahead on payments exclude equity loans/line of credit products as there is no scheduled principal payments. 'Behind' is more than 30 days past due. 'On time' includes up to 30 days past due.

Joint Lead Managers

Westpac Institutional Bank		<ul style="list-style-type: none"> • Allan O'Sullivan (02) 8254 1425 • Robbie Moulton (02) 8253 4584
ANZ Securities		<ul style="list-style-type: none"> • Tariq Holdich (02) 8037 0622
Commonwealth Bank of Australia		<ul style="list-style-type: none"> • Truong Le (02) 9118 1205 • Trevor Franz (02) 9118 1211
Deutsche Bank		<ul style="list-style-type: none"> • Rupert Daly (02) 8258 1408 • Mozammel Ali (02) 8258 1845
Goldman Sachs		<ul style="list-style-type: none"> • Michael Cluskey (03) 9679 1138 • Andrew Edwards Parton (02) 9320 1296
National Australia Bank		<ul style="list-style-type: none"> • Nicholas Chaplin (02) 9237 9518 • William Gillespie (02) 9936 4835

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For further information on Westpac, please visit our investor website:
www.westpac.com.au/investorcentre

Go to www.westpac.com.au/westpaccapnotes2
for information on Westpac Capital Notes 2

The screenshot shows the Westpac Investor Centre website. The top navigation bar includes 'Home', 'Personal', 'Business', 'Corporate', and 'About Westpac'. Below this, there are links for 'Westpac Group', 'Investor centre', 'Media centre', 'Careers', 'Sustainability & Community', 'Westpac Foundation', and 'Global locations'. The main content area is titled 'Investor centre' and contains several sections: 'Shareholder information', 'Presentations', 'Fixed income investors', and 'Analysts' centre'. A red arrow points to the 'Latest news' section, which lists several news items including '2014 Interim Results - announced Monday, 5 May 2014', 'Update to 2014 Financial Calendar', 'Update to Dividend Reinvestment Plan', and 'Westpac's Dividend Donation Plan'. There are also sections for 'Quick links' and 'Other useful links'.