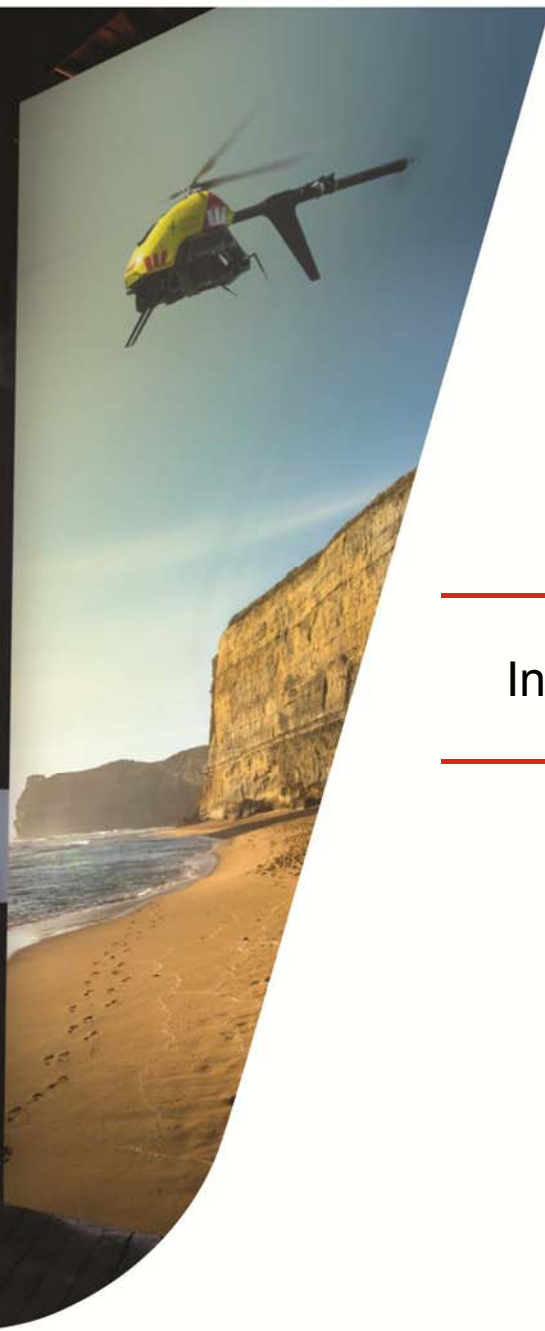


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20
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WESTPAC BANKING CORPORATION
ABN 33 007 457 141



WESTPAC
CAPITAL NOTES 4

Investor Presentation

Westpac GROUP

EST. 1817

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Westpac Institutional Bank, ANZ Securities Limited, Commonwealth Bank of Australia, Morgan Stanley Australia Securities Limited, Morgans Financial Limited, National Australia Bank Limited and UBS AG, Australia Branch are the Joint Lead Managers to the Offer ("Joint Lead Managers").

The information in this presentation is an indicative overview and does not contain all information necessary to make an investment decision in relation to Westpac Capital Notes 4. It is intended to constitute a summary of certain information relating to Westpac and the Offer and does not purport to be a complete description of Westpac or the Offer. This presentation also includes information derived from publicly available sources that has not been independently verified.

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Westpac Capital Notes 4 are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act 1959 (Cth) or the 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). Westpac Capital Notes 4 are not guaranteed or insured by any government agency, by any member of the Westpac Group or any other person.

A copy of the Prospectus is available at www.westpac.com.au/westpaccapnotes4. Applications for Westpac Capital Notes 4 may only be made during the Offer Period by completing and returning an Application Form attached to or accompanying the Prospectus or online at www.westpac.com.au/westpaccapnotes4. 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 the contents of the Prospectus, Westpac Capital Notes 4 or the Offer.

Westpac RE Limited (ABN 80 000 742 478) ("WREL") has not authorised or caused the issue of the Prospectus or the making of the Offer, and has not been involved in the preparation of any part of the Prospectus (other than those parts relating specifically to the redemption of Westpac TPS) or this presentation. WREL has not made any statement or purported to make any statement in the Prospectus or this presentation or any statement on which a statement in the Prospectus or this presentation is based.

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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 2016 Interim Financial Results (incorporating the requirements of Appendix 4D) for the half year ended 31 March 2016 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 4 Highlights

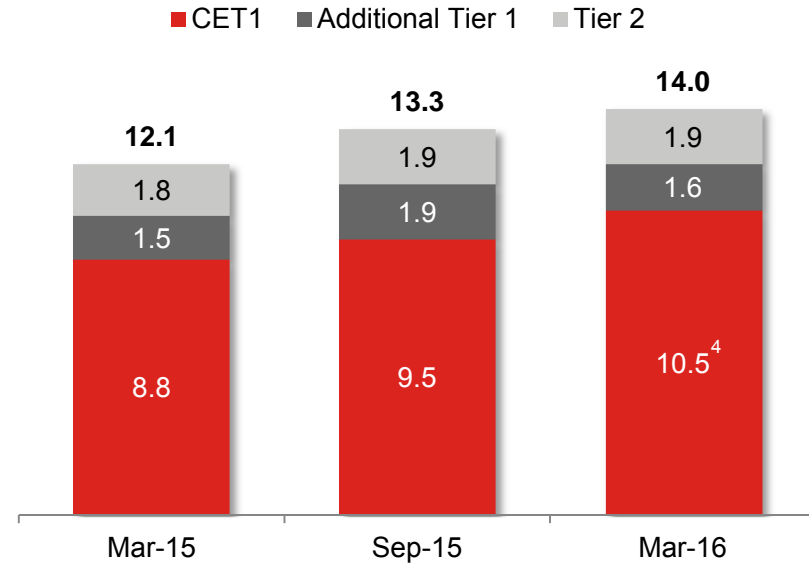
Highlights for investors

- A new investment in Westpac Banking Corporation, including a priority reinvestment offer for Eligible Westpac TPS Holders
- Non-cumulative, floating rate Distributions, payable quarterly and expected to be fully franked¹
- Distribution Rate = (90 day Bank Bill Rate + Margin) x (1 – Tax Rate)
- Margin range 4.90% - 5.10% per annum. The Margin will be determined at the end of the Bookbuild
- Perpetual (no fixed maturity)
- Westpac option to Convert into Ordinary Shares, Redeem² or Transfer on 20 December 2021
- Scheduled Conversion into Ordinary Shares occurs on 20 December 2023 subject to the conversion conditions
- Conversion into Ordinary Shares must occur following a Capital Trigger Event or Non-Viability Trigger Event
- In a Winding Up, Westpac Capital Notes 4 will rank ahead of Ordinary Shares, equally with other existing Additional Tier 1 Capital securities and behind Senior Creditors³. The ranking of the investment will be adversely affected if a Capital Trigger Event or a Non-Viability Trigger Event occurs
- Expected to be quoted on ASX under code WBCPG

Highlights for Westpac

- A new Basel III compliant security that will qualify as Additional Tier 1 Capital
- Offer size approximately A\$750 million, with the ability to raise more or less
- Supports capital management strategy of maintaining an appropriate mix of capital

Westpac's Total Regulatory Capital (Level 2 basis) (%)



¹ Distributions are payable subject to the satisfaction of the Distribution Payment Conditions, including that they are at the absolute discretion of Westpac. ² Redemption is subject to APRA's prior written approval. There can be no certainty that APRA will provide such approval. ³ Seniors Creditors include depositors of Westpac, holders of Westpac's senior debt and holders of Westpac's less subordinated debt. ⁴ Adjusting for the increase in risk weighted assets for Australian residential mortgages related to a revised correlation factor (effective 1 July 2016) and Westpac's initial estimated impact of modelling updates to reflect changes in the reporting of mortgage hardship would reduce Westpac's Level 2 Common Equity Tier 1 Capital Ratio by an estimated 1.3%. The impact on risk weighted assets of the mortgage hardship changes is subject to ongoing consultation with and approval by APRA.

A resilient balance sheet

10.5% Level 2 CET1 (APRA Basel III basis)

- Materially higher - \$6.0 billion in CET1 capital raised in calendar year 2015
- 14.7% CET1 capital ratio on an internationally comparable¹ basis
- Places Westpac comfortably within the top quartile of banks globally

83% Stable Funding Ratio

- In excess of 75% internal target
- Stable funding includes:
 - Customer deposits (60% of funding)
 - Equity 8%
 - Securitisation and wholesale funding >1 year 16%
- Short term funding 17% - more than halved since 2008

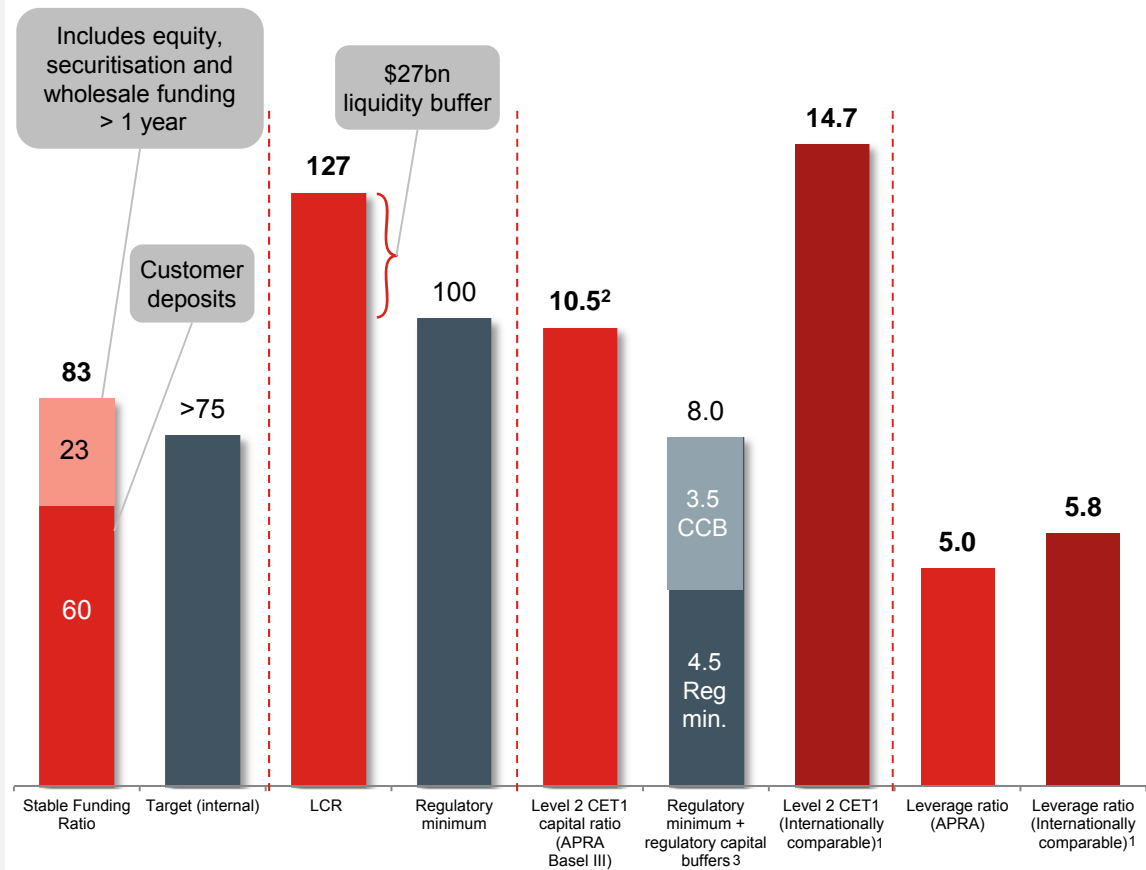
127% LCR

- Comfortably above 100% regulatory minimum
- Fully compliant since 1 January 2015

5.0% Leverage Ratio

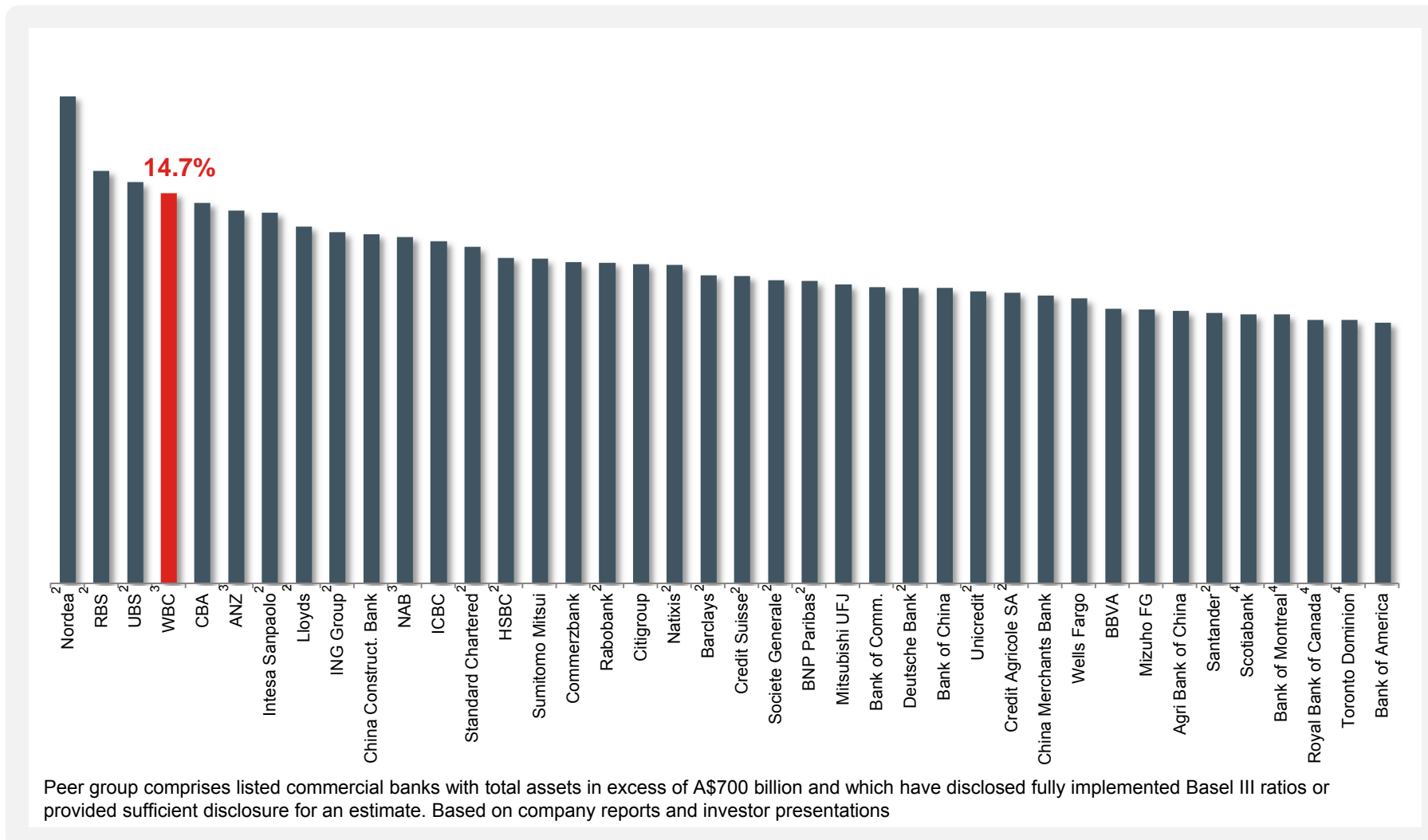
- Basel III minimum 3% leverage ratio from January 2018 (APRA yet to set minimum)
- 5.8% leverage ratio on an internationally comparable¹ basis

Westpac key balance sheet ratios as at 31 March 2016 (%)



¹ Methodology aligns with the APRA study titled 'International Capital Comparison Study' dated 13 July 2015. ² Adjusting for the increase in risk weighted assets for Australian residential mortgages related to a revised correlation factor (effective 1 July 2016) and Westpac's initial estimated impact of modelling updates to reflect changes in the reporting of mortgage hardship would reduce Westpac's Level 2 Common Equity Tier 1 Capital Ratio by an estimated 1.3%. The impact on risk weighted assets of the mortgage hardship changes is subject to ongoing consultation with and approval by APRA. ³ Comprises capital conservation buffer (CCB) of 2.5%, Westpac's domestically systemically important bank (D-SIB) surcharge of 1% and any countercyclical buffer (CCyB) requirement.

Basel III CET1 capital ratios **global comparison**¹



¹ Based on CET1 capital ratios as at 31 December 2015 unless otherwise stated, assuming Basel III capital reforms are fully implemented. ² Deduction for accrued expected future dividends added back for comparability. ³ As at 31 March 2016. ⁴ As at 31 January 2016.

Westpac Capital Notes 4 Summary of terms

Issuer	<ul style="list-style-type: none"> Westpac Banking Corporation (Westpac)
Offer size	<ul style="list-style-type: none"> Approximately A\$750 million with the ability to raise more or less
Face Value	<ul style="list-style-type: none"> 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 under the Offer will be used by Westpac for general business purposes
Distributions	<ul style="list-style-type: none"> Floating rate, payable quarterly and expected to be fully franked Distribution Rate = (90 day Bank Bill Rate + Margin) x (1 – Tax Rate) Discretionary, non-cumulative and only payable subject to the Distribution Payment Conditions Margin expected to be in the range of 4.90% - 5.10% per annum. The Margin will be determined at the end of 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, Redeem or Transfer on 20 December 2021 (approximately 5.5 years from issuance) Scheduled Conversion into Ordinary Shares on 20 December 2023 (approximately 7.5 years from issuance), subject to conversion conditions being satisfied Conversion² into Ordinary Shares must occur following a Capital Trigger Event or a Non-Viability Trigger Event Conversion, Redemption 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 certain holders of senior or less subordinated debt The ranking of the investment in a Winding Up will be adversely affected if a Capital Trigger Event or Non-Viability Trigger Event occurs. If the Notes Convert, they will rank equally with existing Ordinary Shares²
Quotation	<ul style="list-style-type: none"> Expected to be quoted on ASX under code WBCPG

¹ Redemption is subject to APRA's prior written approval. There can be no certainty that APRA will provide its prior written approval. ² The number of Ordinary Shares that can be issued on Conversion is limited to a Maximum Conversion Number. If Conversion of Notes following a Capital Trigger Event or a Non-Viability Trigger Event does not occur for any reason 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.

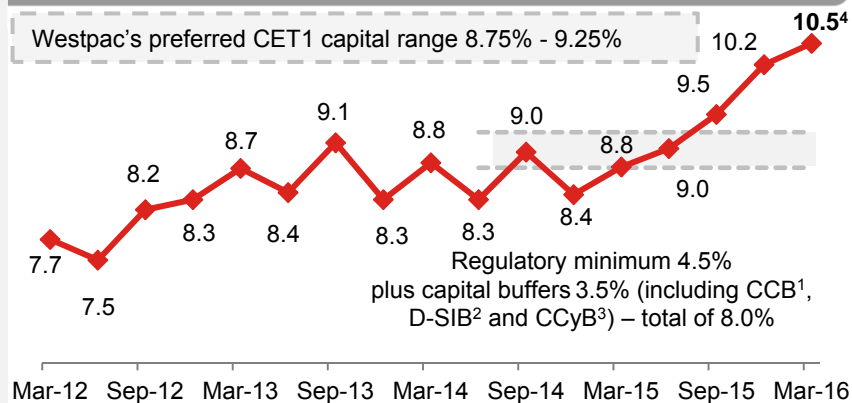
Westpac Capital Notes 4 Trigger Events

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 of 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 at a 1% discount to a 5 Business Day VWAP prior to the Conversion Date, subject to a Maximum Conversion Number• If a Non-Viability Trigger Event occurs because APRA has determined that Westpac would become non-viable without a public sector injection of capital (or equivalent support), all Notes must be Converted• Conversion is not subject to conversion conditions
Maximum Conversion Number	<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 for a Capital Trigger Event or a Non-Viability Trigger Event is the Face Value (initially \$100 per Note) of the Notes divided by 20% of the Issue Date VWAP (as adjusted in limited circumstances)• Holders may receive, in the case of a Capital Trigger Event, and are likely to receive, in the case of a Non-Viability Trigger Event, Ordinary Shares that are worth significantly less than the Face Value of the Notes and may suffer loss as a consequence
Termination of Holders' rights if Conversion does not occur	<ul style="list-style-type: none">• If for any reason Conversion of Notes does not occur and Ordinary Shares are not issued¹ 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

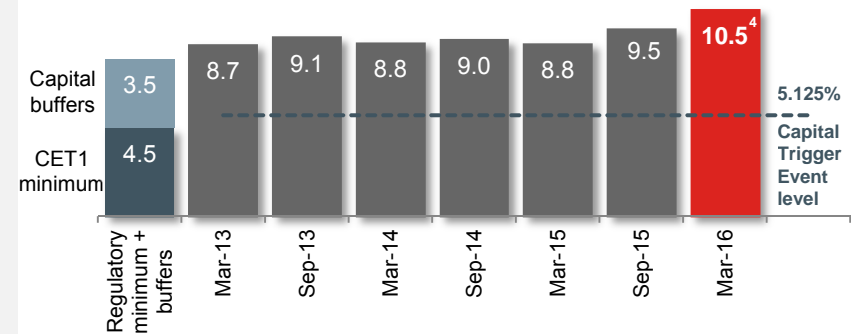
¹ For example, due to applicable laws, order of a court or action of any government authority.

Capital levels comfortably above regulatory requirements and Capital Trigger Event level

Common equity Tier 1 (CET1) capital on a Level 2 basis (%)



Westpac's CET1 capital ratio on a Level 2 basis (%)



Westpac's preferred CET1 capital range

The CET1 preferred range takes into consideration:

- Current regulatory minimums
- The capital conservation buffer (CCB) (including Westpac's domestic systemically important bank surcharge (D-SIB)) which came into effect on 1 January 2016
- Stress testing to calibrate an appropriate buffer against a downturn
- Quarterly volatility of capital ratios under Basel III, due to the half yearly cycle of ordinary dividend payments

Westpac's CET1 surplus above 5.125% Capital Trigger

	Level 1 ⁴	Level 2 ⁴
CET1 Capital Ratio at 31 March 2016	10.8%	10.5%
Surplus over 5.125% Capital Trigger Event level at 31 March 2016	\$18.9bn	\$19.4bn

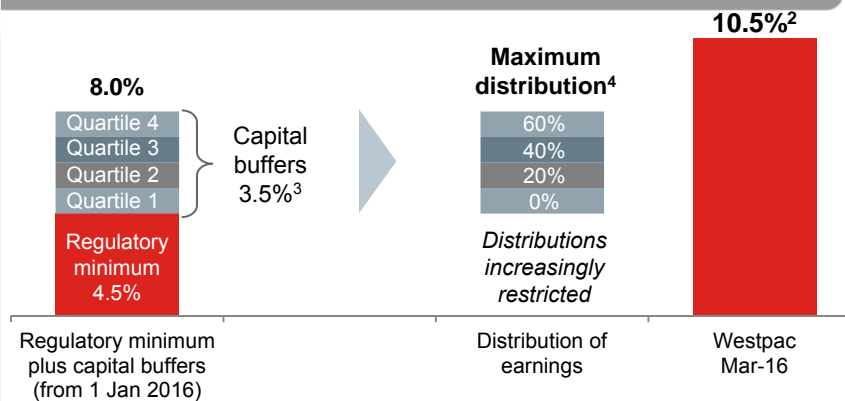
¹ Capital Conservation Buffer. ² Domestic Systemically Important Bank. ³ Countercyclical Buffer. ⁴ Adjusting for the increase in risk weighted assets for Australian residential mortgages related to a revised correlation factor (effective 1 July 2016) and Westpac's initial estimated impact of modelling updates to reflect changes in the reporting of mortgage hardship would reduce Westpac's Common Equity Tier 1 Capital Ratio by an estimated 1.4% (Level 1) and 1.3% (Level 2). The adjusted ratios would equate to an estimated surplus of \$16.3bn (Level 1) and \$16.8bn (Level 2) of CET1 capital above the Capital Trigger Event level of 5.125%. The impact on risk weighted assets of the mortgage hardship changes is subject to ongoing consultation with and approval by APRA.

CET1 capital and significant earnings buffers to absorb loss ahead of Additional Tier 1 securities¹

Capital and earnings buffers

- Westpac's capital position and earnings provide a significant buffer for Additional Tier 1 (AT1) investors
 - \$19.4bn² of Level 2 CET1 capital above 5.125% Capital Trigger
 - Buffer increases to over \$25bn including 1H16 pre provision earnings
 - Should Westpac's CET1 capital ratio fall below 8.0% from 1 January 2016, the CCB restricts the ability for Westpac to distribute earnings (including AT1 distributions)
- Westpac expects to prioritise coupon payments on AT1 instruments to prevent a dividend stopper on ordinary shares
- Management has a number of potential actions available to strengthen capital including discounted DRP, share issuance, RWA management, reducing the dividend and lowering expenses

Basel III CET1 Capital Conservation Buffer



CET1 capital and earnings buffers above Capital Trigger level

Potential measures to strengthen capital

- Discounted DRP
- New share issuance
- Reducing/limiting RWA growth
- Reducing dividend
- Lowering expenses

Capital Conservation Buffer (CCB)

- Distribution of earnings restricted, including ordinary share dividends and buy backs, discretionary bonuses and AT1 coupon payments

Illustrative buffers above CET1 Capital Trigger level

1H16 statutory earnings pre-impairment charges \$5.9bn

Level 2 CET1 \$19.4bn² above 5.125%

\$25.3bn

Potential loss absorption

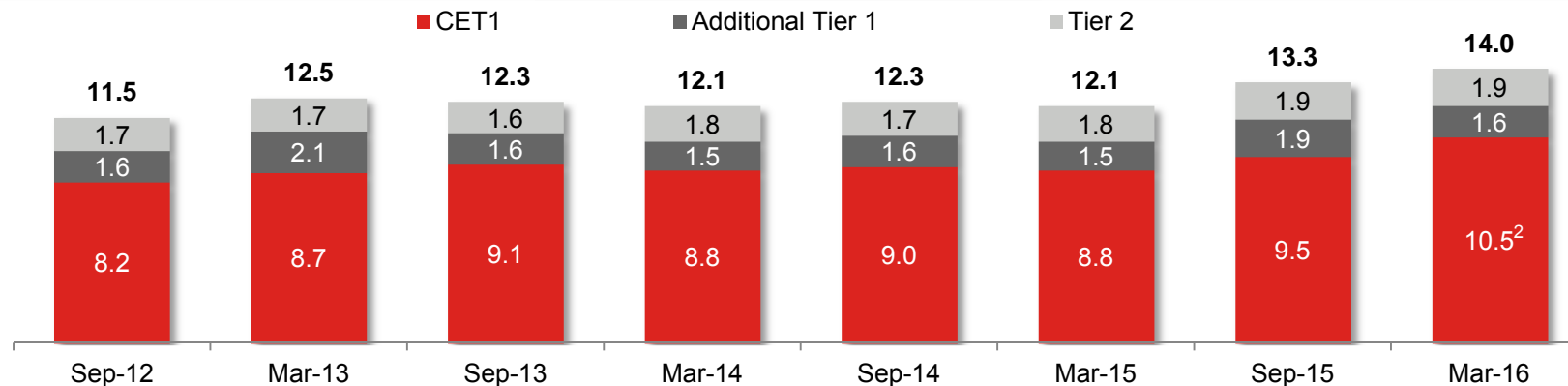
Additional Tier 1 \$6.0bn⁵

Westpac Mar-16

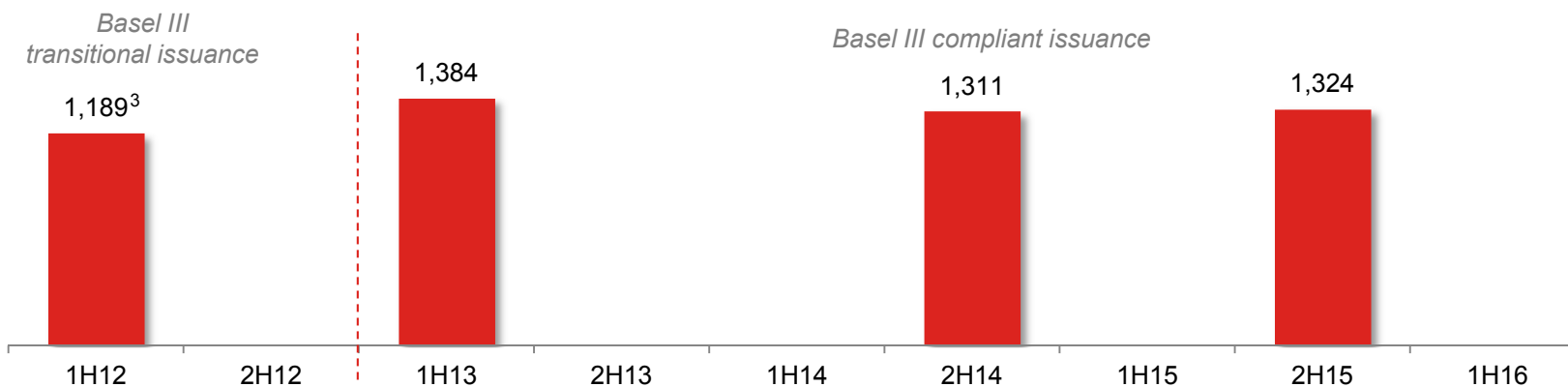
¹ Westpac gives no assurance as to what its CET1 Capital Ratio, on a Level 1 or Level 2 basis, will be at any time as it may be significantly impacted by regulatory change to the measurement of capital or RWA calculations, unexpected events affecting its business, operations and financial condition. ² Adjusting for the increase in risk weighted assets for Australian residential mortgages related to a revised correlation factor (effective 1 July 2016) and Westpac's initial estimated impact of modelling updates to reflect changes in the reporting of mortgage hardship would reduce Westpac's Level 2 Common Equity Tier 1 Capital Ratio by an estimated 1.3%. The adjusted ratio would equate to an estimated surplus of \$16.8bn (Level 2) above the Capital Trigger Event level of 5.125%. The impact on risk weighted assets of the mortgage hardship changes is subject to ongoing consultation with and approval by APRA. ³ Includes CCB, D-SIB surcharge and CCyB. ⁴ The maximum distribution is a percentage of earnings. ⁵ Includes \$4.0bn of Basel III complying instruments and \$2.0bn of Basel III transitional instruments.

Total regulatory capital and AT1 issuance profile

Total regulatory capital (%)¹



Westpac Additional Tier 1 issuance since 2012 (issuance amount A\$m)



¹ On a Level 2 basis. ² Adjusting for the increase in risk weighted assets for Australian residential mortgages related to a revised correlation factor (effective 1 July 2016) and Westpac's initial estimated impact of modelling updates to reflect changes in the reporting of mortgage hardship would reduce Westpac's Level 2 Common Equity Tier 1 Capital Ratio by an estimated 1.3%. The impact on risk weighted assets of the mortgage hardship changes is subject to ongoing consultation with and approval by APRA. ³ Convertible preference shares (the last Basel III transitional instrument post the redemption of Westpac TPS).

Offer summary

Offer	<ul style="list-style-type: none">• The Offer is for the issue of Westpac Capital Notes 4 by Westpac at an Issue Price of A\$100 to raise approximately A\$750 million, with the ability to raise more or less• The Offer includes a Reinvestment Offer, which is a priority offer to Eligible Westpac TPS Holders
Who can apply?	<ul style="list-style-type: none">• The Offer consists of:<ul style="list-style-type: none">– a Reinvestment Offer – a priority offer to registered holders of Westpac TPS at 7.00pm (Sydney time) on 10 May 2016 and having an address in Australia– a Securityholder Offer – an offer to registered holders of Ordinary Shares, Westpac CPS, Westpac Subordinated Notes 2012, Westpac Subordinated Notes 2013, Westpac Capital Notes, Westpac Capital Notes 2 or Westpac Capital Notes 3 at 7.00pm (Sydney time) on 10 May 2016 and having an address in Australia– a Broker Firm Offer – an offer to Australian resident retail clients of the Syndicate Brokers– an Institutional Offer – an offer to Institutional Investors invited by Westpac Institutional Bank• There is no general public offer of Westpac Capital Notes 4
Applications	<ul style="list-style-type: none">• Applications must be for a minimum of 50 Notes (A\$5,000) and in incremental multiples of 10 Notes (A\$1,000) thereafter• Eligible Westpac TPS Holders who wish to participate in the Reinvestment Offer who own 50 Westpac TPS or fewer must apply to reinvest the redemption proceeds of all of their Westpac TPS and those who own more than 50 Westpac TPS must apply to reinvest the redemption proceeds of a minimum of 50 Westpac TPS (\$5,000)• Priority will be given to Applications received under the Reinvestment Offer when Allocating the Notes, but not to Applications for additional Notes• Applications may be scaled back if there is excess demand
How to apply	<ul style="list-style-type: none">• For more information on how to apply, see Section 8 of the Prospectus “Applying for Westpac Capital Notes 4”
More information	<ul style="list-style-type: none">• The Prospectus contains important information about investing in Westpac Capital Notes 4 and you should read the Prospectus in full before applying. The information in this presentation should be read in conjunction with the Prospectus. A copy of the Prospectus is available at www.westpac.com.au/westpaccapnotes4

Priority Reinvestment Offer for Eligible Westpac TPS Holders

Reinvestment Offer	<ul style="list-style-type: none"> The Reinvestment Offer is an opportunity for Eligible Westpac TPS Holders to apply to have the redemption proceeds of some or all of their Westpac TPS (A\$100 per Westpac TPS) automatically reinvested in Notes (including Applications made through Syndicate Brokers) Priority will be given to Applications received under the Reinvestment Offer when Allocating the Notes, but not to Applications for additional Notes
Who can participate in the Reinvestment Offer?	<ul style="list-style-type: none"> An Eligible Westpac TPS Holder is: <ul style="list-style-type: none"> a registered holder of Westpac TPS at 7.00pm (Sydney time) on 10 May 2016; and shown on the Register as having an address in Australia
Options for Eligible Westpac TPS Holders	<ul style="list-style-type: none"> Apply to reinvest the redemption proceeds of some or all of their Westpac TPS in Notes through the Reinvestment Offer Apply for additional Notes if they reinvest all of their Westpac TPS redemption proceeds in Notes Sell Westpac TPS on the ASX on or before the last day of trading for Westpac TPS, expected to be 10 June 2016 Do nothing, in which case on 30 June 2016 they will receive the redemption price of \$100 per Westpac TPS not reinvested that are still held on 30 June 2016
Differences between Westpac TPS and Notes	<ul style="list-style-type: none"> The Reinvestment Offer is not a simple rollover into a similar investment. The Notes and Westpac TPS have different features and risks, which must be evaluated separately. Eligible Westpac TPS Holders should read the Prospectus in full before deciding whether to apply for Notes A comparison of Notes and Westpac TPS is contained on slide 13 of this presentation and in section 3.5 of the Prospectus If you have any questions about the differences between Notes and Westpac TPS or the Reinvestment Offer, you should seek advice from your professional adviser before deciding to participate in the Reinvestment Offer and invest in Notes
Final Distribution	<ul style="list-style-type: none"> On 30 June 2016, the Final Distribution will be paid to all Westpac TPS holders on the Register on 15 June 2016 (including those who elect to participate in the Reinvestment Offer), provided the distribution payment test in the Westpac TPS Terms is satisfied
Westpac TPS held on the redemption date	<ul style="list-style-type: none"> Westpac TPS will be redeemed by Westpac RE Limited¹ on 30 June 2016 Holders of Westpac TPS on the Register on 30 June 2016 who do not participate in the Reinvestment Offer will receive the redemption proceeds of A\$100 per Westpac TPS These payments will be made to Westpac TPS holders in accordance with their registered payment instructions. Westpac TPS holders may amend these instructions with the Registrar at any time prior to 5.00pm (Sydney time) on 15 June 2016

¹ Westpac RE Limited is the responsible entity of the Westpac TPS Trust, issuer of Westpac TPS and a wholly owned subsidiary of Westpac.

Comparison to other Westpac Group Additional Tier 1 Securities¹

	Westpac Capital Notes 4	Westpac Capital Notes 3	Westpac TPS
ASX code	WBCPG ²	WBCPF	WCTPA
Legal form	<ul style="list-style-type: none"> Note issued by Westpac 	<ul style="list-style-type: none"> Note issued by Westpac 	<ul style="list-style-type: none"> Preferred unit in the Westpac TPS Trust issued by WREL
Term	<ul style="list-style-type: none"> Perpetual with the first possible Scheduled Conversion Date on 20 December 2023 	<ul style="list-style-type: none"> Perpetual with the first possible scheduled conversion date on 22 March 2023 	<ul style="list-style-type: none"> No fixed maturity date, but scheduled exchange on 30 September 2055
Margin	<ul style="list-style-type: none"> Expected to be in the range of 4.90% - 5.10% p.a. and will be determined at the end of the Bookbuild 	<ul style="list-style-type: none"> Margin is 4.00% p.a. 	<ul style="list-style-type: none"> Margin is 1.00% p.a. up to and including 30 June 2016 and 2.00% p.a. after 30 June 2016
Distributions	<ul style="list-style-type: none"> Discretionary, floating rate non-cumulative, payable quarterly in arrear – subject to the Distribution Payment Conditions 	<ul style="list-style-type: none"> Discretionary, floating rate, non-cumulative, payable quarterly in arrear – subject to the distribution payment conditions 	<ul style="list-style-type: none"> Discretionary, floating rate, non-cumulative, payable quarterly in arrear – subject to the distribution payment test
Expected franking	<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 20 December 2021 and in certain specified circumstances 	<ul style="list-style-type: none"> Yes, on 22 March 2021 and in certain specified circumstances 	<ul style="list-style-type: none"> Yes, on 30 June 2016 and any distribution payment date after 30 June 2016, and in certain specified circumstances
Conversion to Ordinary Shares (other than on a Capital Trigger Event or Non-Viability Trigger Event)	<ul style="list-style-type: none"> Yes, Scheduled Conversion on 20 December 2023, following an Acquisition Event or Optional Conversion, each being subject to certain conditions 	<ul style="list-style-type: none"> Yes, scheduled conversion on 22 March 2023, following an acquisition event or optional conversion, each being subject to certain conditions 	<ul style="list-style-type: none"> Yes, at Westpac's option on 30 June 2016 and any distribution payment date after 30 June 2016, and in certain specified circumstances
Conversion on Capital Trigger Event or Non-Viability Trigger Event	<ul style="list-style-type: none"> Yes³. Some or all Notes must be Converted into Ordinary Shares, subject to a maximum number 	<ul style="list-style-type: none"> Yes³. 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 The information in this table is taken from sections 2.8 and 3.5 of the Prospectus. ² Notes are expected to trade on ASX under code WBCPG. ³ If for any reason Conversion of Notes does not occur and Ordinary Shares are not issued 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.

Key dates

Key dates for the Offer

Record date for determining Eligible Securityholders (7.00pm Sydney time)	10 May 2016
Announcement of Offer and lodgement of Prospectus with ASIC	17 May 2016
Bookbuild	25 May 2016
Announcement of Margin	25 May 2016
Lodgement of replacement Prospectus with ASIC	26 May 2016
Opening Date	26 May 2016
Closing Date for the Securityholder Offer (5.00pm Sydney time)	21 June 2016
Closing Date for the Broker Firm Offer (5.00pm Sydney time)	21 June 2016
Issue Date of Notes	30 June 2016
Commencement of deferred settlement trading	1 July 2016
Holding Statements dispatched by	5 July 2016
Commencement of normal settlement trading	6 July 2016

Key dates for Reinvestment Offer and holders of Westpac TPS

Reinvestment Offer Record Date for determining Eligible Westpac TPS Holders (7.00pm Sydney time)	10 May 2016
Opening Date for the Reinvestment Offer	26 May 2016
Last day of trading in Westpac TPS	10 June 2016
Record date for Final Distribution of Westpac TPS	15 June 2016
Closing Date for the Reinvestment Offer (5.00pm Sydney time)	21 June 2016
Payment Date for Final Distribution ¹ of Westpac TPS	30 June 2016
Date of redemption of Westpac TPS	30 June 2016
Issue Date of Notes for the Reinvestment Offer	30 June 2016

Key dates for Westpac Capital Notes 4

Record Date for first Distribution	22 September 2016
First Distribution Payment Date ²	30 September 2016
Option for Westpac to Convert, Redeem ³ or Transfer the Notes	20 December 2021
Scheduled Conversion Date ⁴	20 December 2023

¹ Subject to satisfaction of the distribution payment test in the Westpac TPS Terms. ² Distributions are payable quarterly, subject to satisfaction of the Distribution Payment Conditions. ³ Subject to APRA's prior written approval. There can be no certainty that APRA will provide its prior written approval. ⁴ Conversion of the Notes to Ordinary Shares on this date is subject to satisfaction of the Scheduled Conversion Conditions.

WESTPAC CAPITAL NOTES 4

Additional Information



WESTPAC BANKING CORPORATION
ABN 33 007 457 141

Westpac GROUP

EST. 1817

Westpac Capital Notes 4 Distributions

Distributions

- Non-cumulative, floating rate Distributions paid quarterly in arrear
- Expected to be fully franked (if not fully franked the cash amount of the Distribution will be increased to compensate for the unfranked portion)
- Distributions are payable on 30 March, 30 June, 30 September, and 30 December of each year, commencing on 30 September 2016
- Distributions are at Westpac's discretion and subject to the Distribution Payment Conditions being satisfied
- 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

- The Distribution Rate = $(90 \text{ day Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$
- Margin expected to be in the range of 4.90% - 5.10% per annum. The Margin will be determined at the end of the Bookbuild

Dividend and Capital Restriction

- 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, Redeemed or terminated) 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 (and in certain other limited circumstances).

Optional Conversion, Redemption or Transfer and mandatory Conversion upon an Acquisition Event

Optional Conversion, Redemption or Transfer

- Westpac may elect to Convert into Ordinary Shares (subject to certain conditions), Redeem¹ or Transfer Notes:
 - on 20 December 2021 (in respect of all or some of the Notes)
 - following a Tax Event or a Regulatory Event (in respect of all of the Notes)
- Redemption is subject to Westpac receiving APRA's prior written approval
- Conversion is subject to certain conditions or restrictions that may prevent Westpac from electing to Convert Notes or from Converting Notes on the Optional Conversion Date

Mandatory Conversion upon an Acquisition Event

- Westpac must Convert all of the Notes into Ordinary Shares following an Acquisition Event, subject to certain conditions

Holder rights

- Holders have no right to request Conversion, Redemption or Transfer for any reason. To realise their investment, Holders may sell their Notes on the ASX at the prevailing market price

¹ Subject to APRA's prior written approval. 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.

Westpac Capital Notes 4 Scheduled Conversion

Scheduled Conversion

- On 20 December 2023 (“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

- The satisfaction of the Scheduled Conversion Conditions will depend on the price of Ordinary Shares:
 - **First Scheduled Conversion Condition** - the VWAP of Ordinary Shares on the 25th Business Day before (but not including) the potential 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 potential Scheduled Conversion Date must be greater than 50.51% of the Issue Date VWAP

Purpose of the Scheduled Conversion Conditions

- The Scheduled Conversion Conditions are intended to operate so that, upon Conversion, Holders will receive Ordinary Shares worth approximately \$101.01¹ per Note

Deferral of Conversion

- If the Scheduled Conversion Conditions are not satisfied on 20 December 2023, 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 average of the daily volume weighted average sales prices of Ordinary Shares during the 20 Business Days 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.

Summary of certain events that may occur during the term of Westpac Capital Notes 4

The table below is a summary of certain events that may occur during the term of Westpac Capital Notes 4, and summarises what Holders may receive upon the occurrence of such events. The events may not occur as their occurrence is dependent upon factors including share price, the occurrence of contingencies and in some cases Westpac's discretion.

Event	When?	Is APRA approval required? ¹	Do other pre-conditions apply?	What value will Holder receive for each Note?	In what form will the value be provided to Holders?
Scheduled Conversion	20 December 2023 or the first Distribution Payment Date after that date on which the Scheduled Conversion Conditions are satisfied	No	Yes ²	Approximately \$101.01 ^{3,4}	Variable number of Ordinary Shares
Redemption at Westpac's Option	20 December 2021 or if a Tax Event or Regulatory Event occurs	Yes	Yes	\$100 ^{4,5}	Cash
Transfer at Westpac's Option	20 December 2021 or if a Tax Event or Regulatory Event occurs	No	No	\$100 ^{4,5}	Cash
Conversion at Westpac's Option	20 December 2021 or if a Tax Event or Regulatory Event occurs	No	Yes ²	Approximately \$101.01 ^{3,4}	Variable number of Ordinary Shares
Conversion in other circumstances	If an Acquisition Event occurs	No	Yes ²	Approximately \$101.01 ^{3,4}	Variable number of Ordinary Shares
	If a Capital Trigger Event or Non-Viability Trigger Event occurs	No	No	Depending on the price of Ordinary Shares, Holders may (in the case of Capital Trigger Event) or are likely to (in the case of Non-Viability Trigger Event) receive significantly less than \$101.01 ⁶ or may receive nothing if Conversion does not occur for any reason and Ordinary Shares are not issued for any reason ⁷	Variable number of Ordinary Shares up to the Maximum Conversion Number ⁷

¹ There can be no certainty that APRA will provide its approval. ² Conversion is conditional on Westpac's Ordinary Share price being above a specified level in the period prior to Conversion. ³ Based on the Initial Face Value of \$100 per Note and the average of the daily volume weighted average sales prices of Ordinary Shares during the relevant VWAP Period before the Conversion Date, with a benefit of a 1% discount. The value of the Ordinary Shares received on Conversion 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. ⁴ Holders would also receive a Distribution. Distributions are subject to the Distribution Payment Conditions being satisfied, including being at Westpac's absolute discretion. ⁵ Based on the Initial Face Value of \$100, may be less if the Face Value has been reduced (following a Capital Trigger Event or Non-Viability Trigger Event). ⁶ Based on an Initial Face Value of \$100 per Note. ⁷ If for any reason Conversion of Notes does not occur and Ordinary Shares are not issued 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.

Westpac Capital Notes 4

Key risks

Key risks

- 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 (initially \$100 per Note). Circumstances in which the market price of the Notes may decline include general 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 of or increase in the likelihood of the 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, non-cumulative and are only payable subject to satisfaction of the Distribution Payment Conditions

Key risks

- If a Distribution is not paid in full because the Distribution Payment Conditions are not satisfied, unpaid Distributions will not be made up or accumulate
- 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
- If a Capital Trigger Event or Non-Viability Event occurs, the value of Ordinary Shares received 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)
- If for any reason Conversion of Notes does not occur and Ordinary Shares are not issued within 5 Business Days for any reason 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 and the Notes will not be Converted, Redeemed or Transferred at a later date. Holders will lose all of the value of their investment and they will not receive any compensation or unpaid Distributions

This is a summary of the key risks only. You should read the Westpac Capital Notes 4 Prospectus in full before deciding to invest (including Section 5 “Investment risks”)

Westpac Capital Notes 4

Key risks (continued)

Key risks

- 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 other Equal Ranking Securities and behind Senior Creditors, including depositors and all holders of Westpac's senior or less subordinated debt. 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. Ranking of the investment will be adversely affected if a Capital Trigger Event or a Non-Viability Trigger Event occurs
- Investment in Notes may be affected by Westpac's ongoing performance and financial position and other risks associated with Westpac and the Westpac Group
- 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

Key risks

- 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 calculations 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 those Ordinary Shares on the Conversion Date
- Conversion may not occur on 20 December 2023, being the first possible Scheduled Conversion Date, or at all, if the Scheduled 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 may not be repaid their investment
- Westpac may issue further securities which rank equally with, or ahead of, the Notes

This is a summary of the key risks only. You should read the Westpac Capital Notes 4 Prospectus in full before deciding to invest (including Section 5 "Investment risks").

WESTPAC CAPITAL NOTES 4

Information on Westpac Banking Corporation



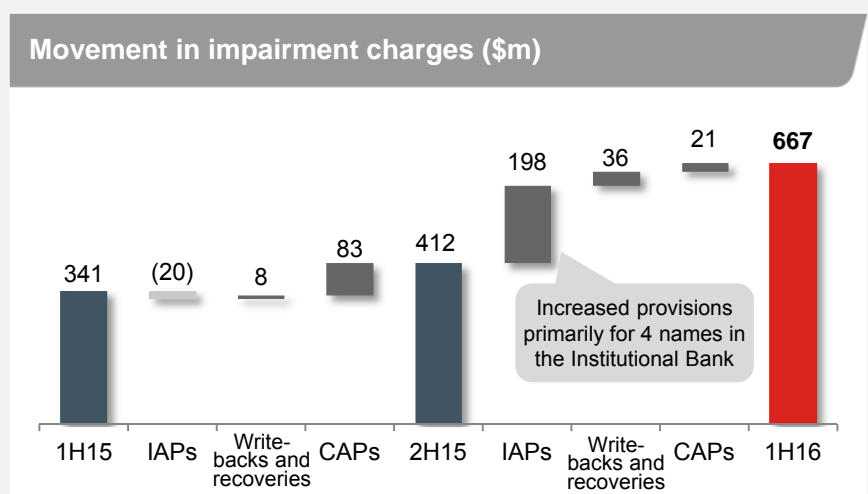
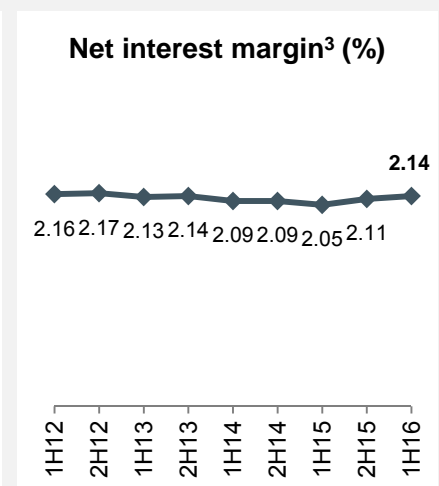
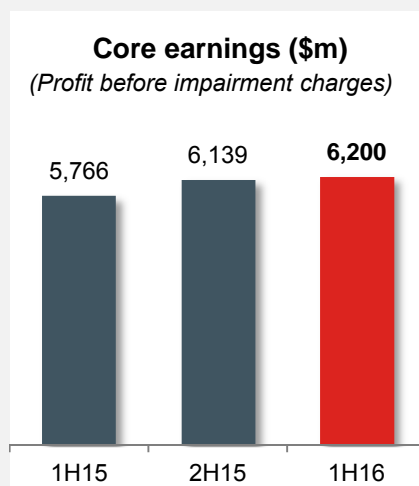
WESTPAC BANKING CORPORATION
ABN 33 007 457 141

Westpac GROUP

EST. 1817

First Half 2016 Financial results

1H16 Cash Earnings ¹ Results	1H16	% Change 1H16 – 2H15
Financial results (A\$m)		
Net operating income	10,619	1
Expenses	(4,419)	1
Core earnings	6,200 ²	1
Impairment charges	(667)	62
Cash earnings ¹	3,904	(3)
Net profit after tax	3,701	(16)
Financial metrics		
Return on average ordinary equity	14.2%	(172bps)
Earnings per share	118.2c	(7)
Net interest margin	2.14%	3bps
Expense to income ratio	41.6%	(3bps)
Impairment charges to average loans ann.	21bps	8bps
Balance sheet and asset quality		
Net loans	\$641bn	3
Total committed exposure (TCE)	\$956bn	2
Customer deposits	\$442bn	3
Impaired loans to total gross loans	39bps	9bps



¹ Cash earnings is a non-GAAP measure. Refer to Appendix 1 for a reconciliation of reported net profit to cash earnings. ² 1H16 pre-impairment charge statutory earnings \$5.9bn. ³ Prior periods have not been restated for accounting changes.

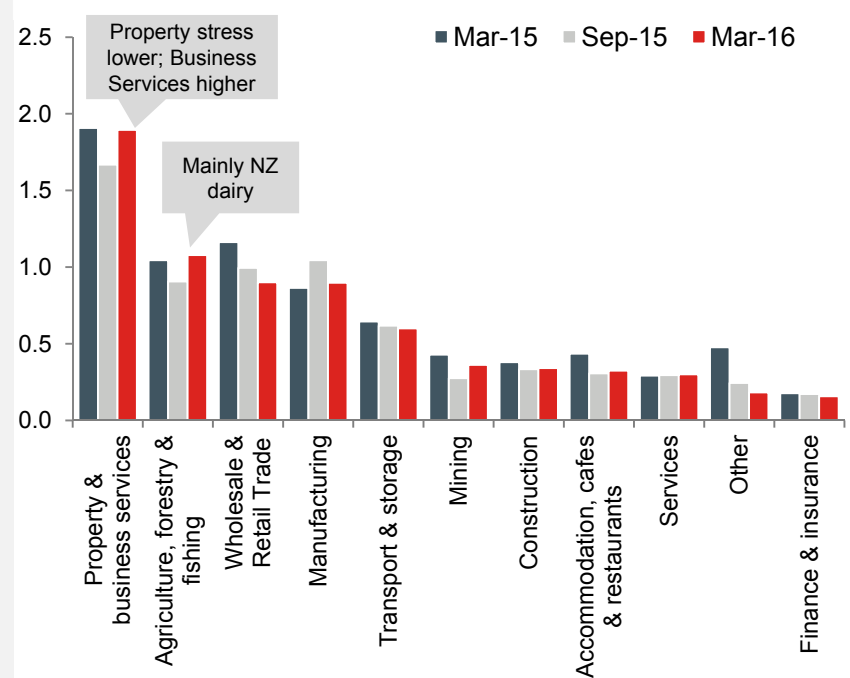
Small rise in portfolio stress from low base

Provision cover **remains sound**

Stressed exposures as a % of TCE (%)



Stressed exposures by industry (\$bn)



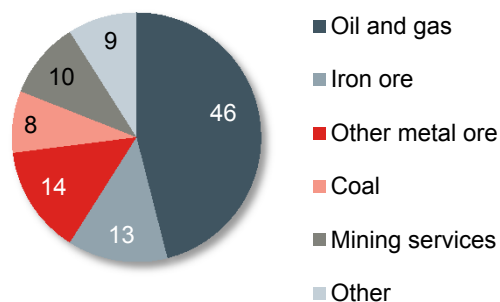
Provisions	Mar-15	Sep-15	Mar-16
Total provisions to gross loans (bps)	58	53	57
Impaired asset provisions to impaired assets (%)	48	46	48
Collectively assessed provisions to credit RWA (bps)	89	86	87
Economic overlay (\$m)	387	388	393

Areas of interest

Mining, agriculture and commercial property portfolios

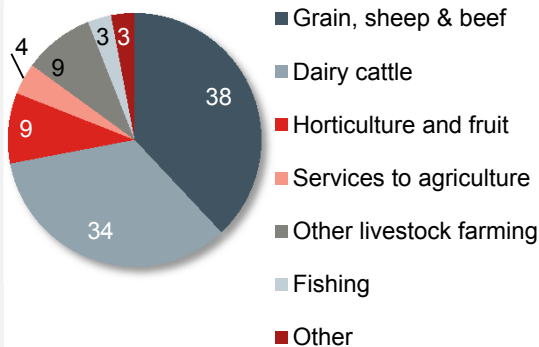
Mining (incl. Oil and Gas) portfolio		
	Sep-15	Mar-16
TCE	\$14.4bn	\$11.8bn
Lending	\$7.1bn	\$5.9bn
% of Group TCE	1.54	1.23
% of portfolio graded as stressed ^{1, 2}	1.86	3.03
% of portfolio in impaired ²	0.28	1.26

TCE by sector (%)



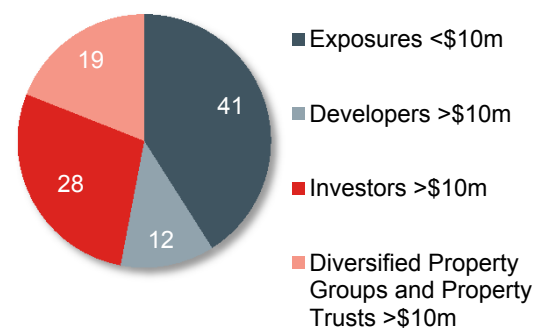
Agriculture portfolio		
	Sep-15	Mar-16
TCE	\$18.1bn	\$17.1bn
Lending	\$15.1bn	\$14.5bn
% of Group TCE	1.92	1.79
% of portfolio graded as stressed ^{1, 2}	4.80	5.84
% of portfolio in impaired ²	0.43	0.48

TCE by sector (%)



Commercial property portfolio		
	Sep-15	Mar-16
TCE	\$65.6bn	\$67.5bn
Lending	\$51.3bn	\$52.1bn
% of Group TCE	7.00	7.06
% of portfolio graded as stressed ^{1, 2}	1.48	1.34
% of portfolio in impaired ²	0.64	0.54

TCE by borrower type (%)



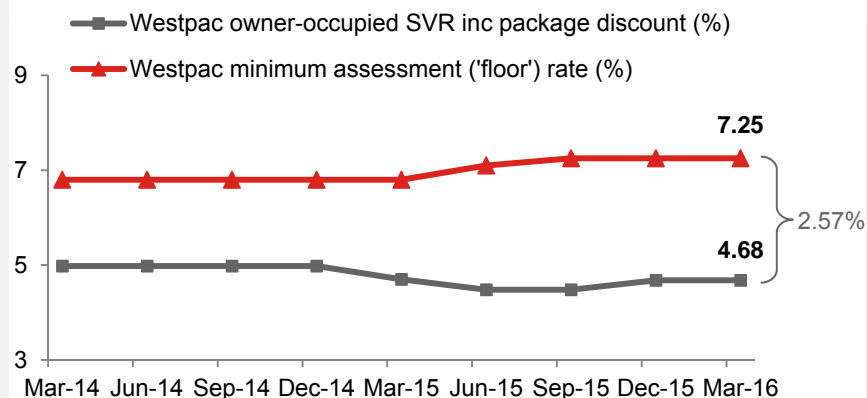
¹ Includes impaired exposures. ² Per cent of portfolio is to TCE.

Australian mortgage lending standards **tightened**

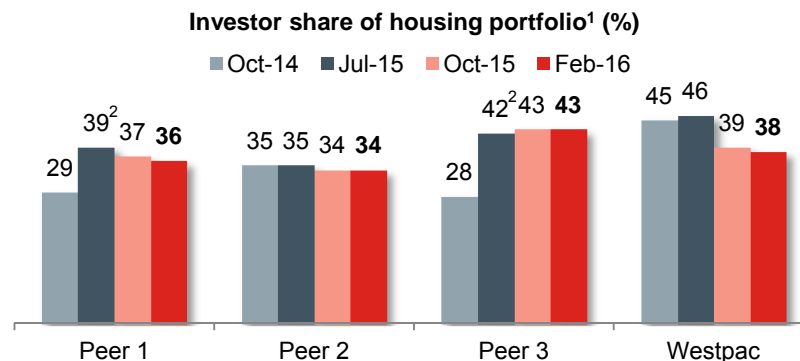
Notable changes to Westpac mortgage lending (last 12 months)

- | | |
|------------------------------------|--|
| Serviceability | <ul style="list-style-type: none"> Minimum floor rate 7.25% Buffer rate at least 2.25% Tightened policy on assessment of living expenses and income verification Discounting of rental income, annuity and pension income increased for certain loans |
| Investment property lending | <ul style="list-style-type: none"> Growth below 10% p.a., in line with APRA industry benchmark Maximum LVR for stand alone residential investment property loans capped |
| Pricing | <ul style="list-style-type: none"> Variable interest rates on residential investment property loans increased by 0.27% (Westpac brand) and 0.25% (St.George, Bank of Melbourne, BankSA brands) Fixed rates on residential investment property loans increased by up to 0.30% |
| Mortgage insurance | <ul style="list-style-type: none"> Mortgage insurance for new originations >90% LVR moved to Arch Capital from Genworth Australia and QBE LMI |
| Non-resident lending | <ul style="list-style-type: none"> Non-resident customers no longer qualify for mortgage loans (limited exceptions, including for Premium and Private Bank customers) For Australian and NZ citizens and permanent visa holders using foreign income, tightened verification processes and LVR restricted to 70% maximum |

Increase in mortgage interest rate buffers (%)



Investor / Owner Occupied portfolio mix changing

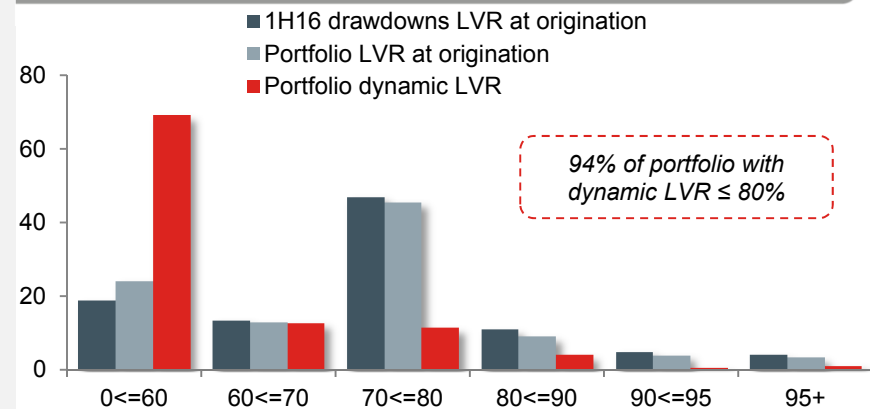


¹ Source: Westpac, APRA Monthly Banking Statistics. Definition of investor lending per Monthly Banking Statistics excludes non-resident and SMSF. ² Increase reflects reclassification of previously reported data for reporting purposes.

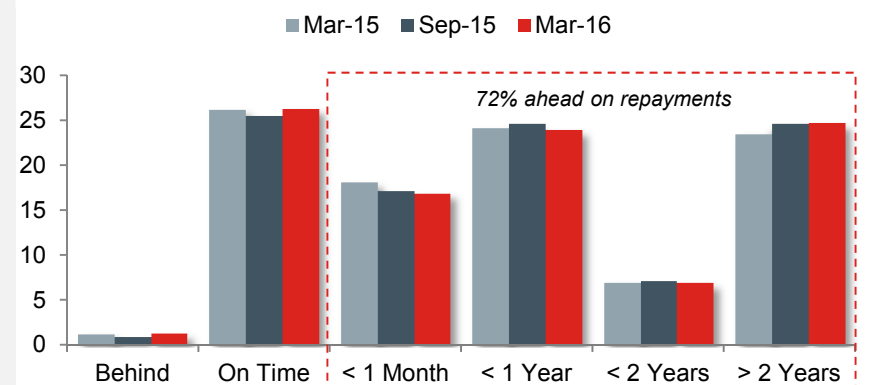
High levels of borrower equity supporting Australian mortgage portfolio

Australian housing portfolio	1H15 balance	2H15 balance	1H16 balance	1H16 flow ¹
Total portfolio (\$bn)	362.8	375.8	390.8	42.1
Owner occupied (%)	46.6	48.9	54.3	62.9
Investment property loans (%)	46.3	44.5	39.5	34.6
Portfolio loan/line of credit (%)	7.1	6.6	6.2	2.5
Variable rate / Fixed rate (%)	78 / 22	80 / 20	83 / 17	87 / 13
Low Doc (%)	3.4	3.0	2.7	0.4
Proprietary channel (%)	59.8	59.1	58.2	50.8
First Home Buyer (%)	9.7	9.2	8.9	7.6
Mortgage insured (%)	20.3	19.4	18.8	13.7
	1H15	2H15	1H16	
Average LVR at origination ² (%)	70	70	70	
Average dynamic ^{2,3} LVR (%)	43	43	43	
Average LVR of new loans ^{2,4} (%)	71	71	70	
Average loan size (\$'000)	235	242	249	
Customers ahead on repayments, including offset accounts ^{2,5} (%)	73	74	72	
Actual mortgage losses (net of insurance) ⁶ (\$m)	38	32	35	
Actual mortgage loss rate annualised (bps)	2	2	2	

Australian housing loan-to-value ratios (LVRs)^{2,3} (%)



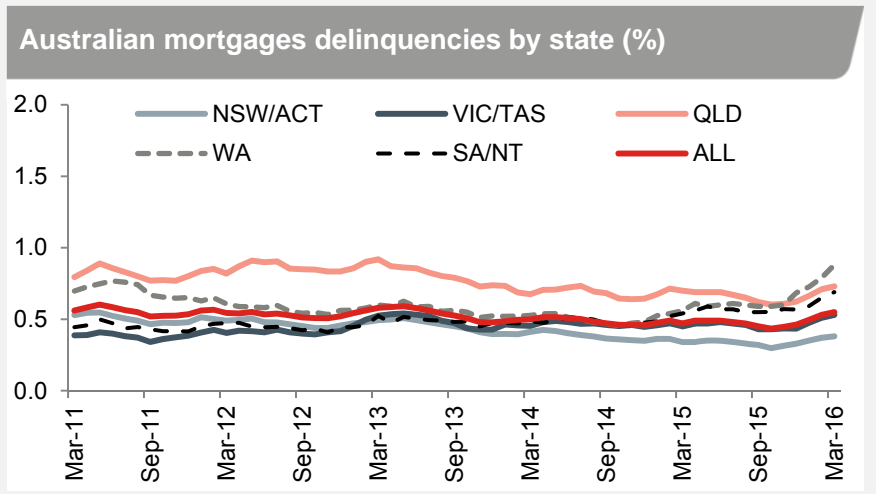
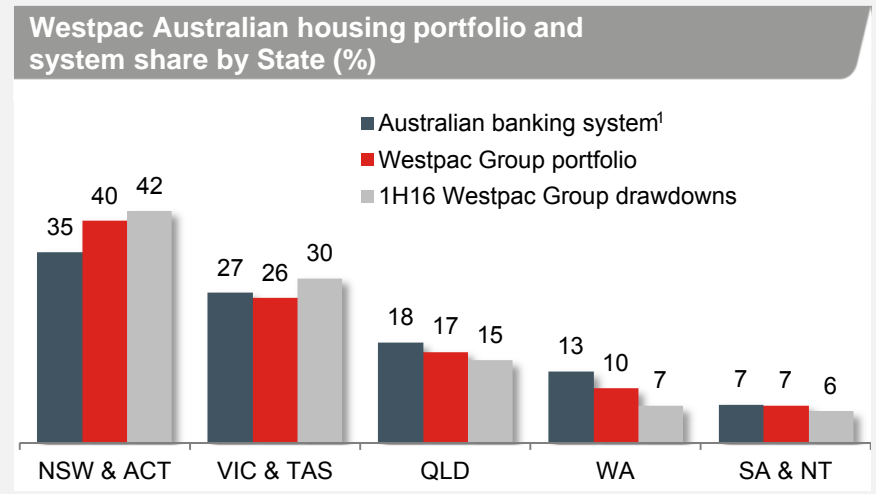
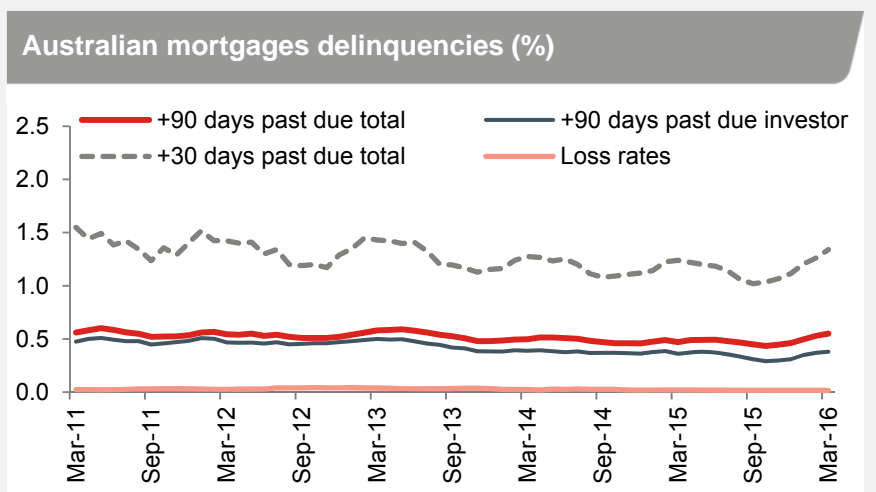
Australian home loan customers ahead on repayments^{2,5} (%)



¹ Flow is all new mortgage originations settled during the 6 months ended 31 March 2016 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. Property valuation source Australian Property Monitors. ⁴ Average LVR of new loans is based on rolling 6 month window. ⁵ Customer loans ahead on payments exclude equity/line of credit products as there are no scheduled principal payments. Includes mortgage offset account balances. 'Behind' is more than 30 days past due. 'On time' includes up to 30 days past due. ⁶ Mortgage insurance claims 1H16 \$4m (2H15 \$3m, 1H15 \$1m).

Australian mortgage delinquencies **remain low**

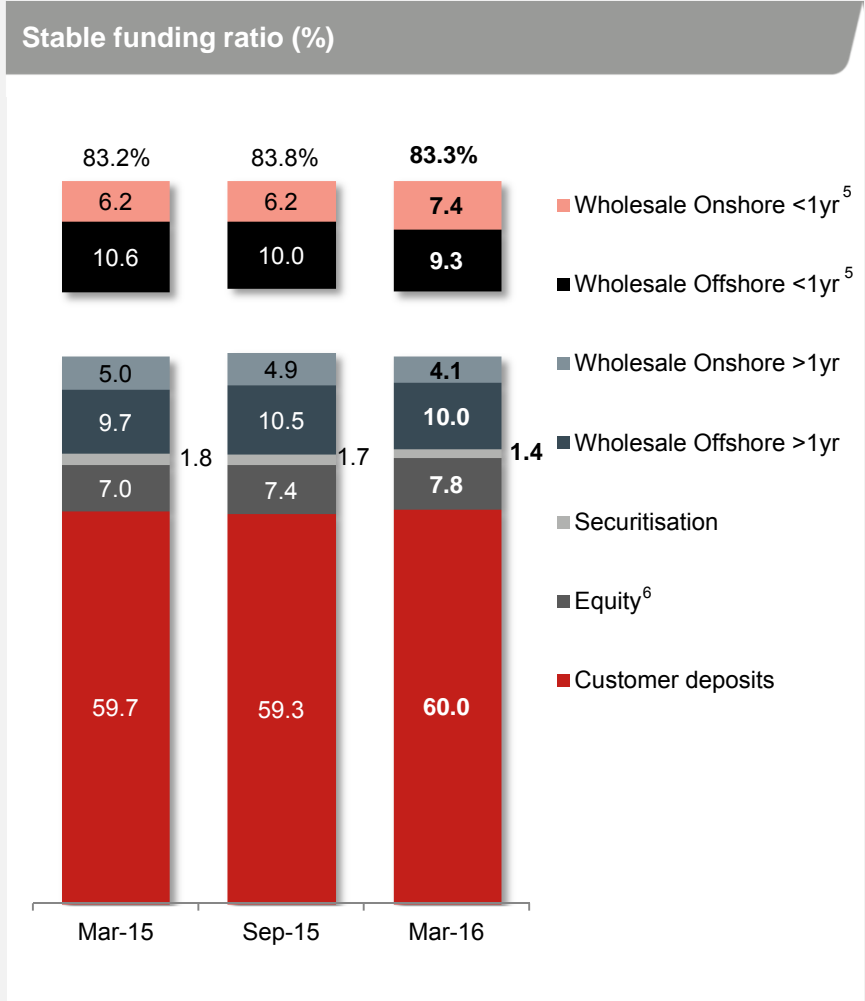
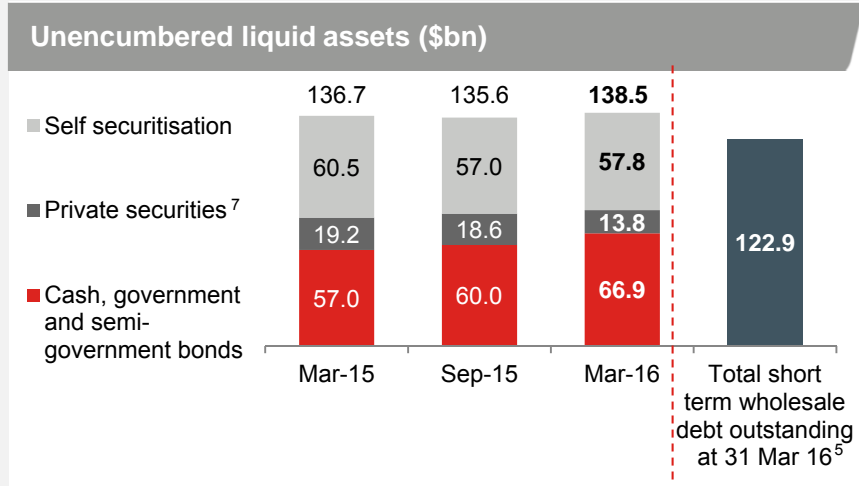
Australian mortgage portfolio	1H15	2H15	1H16
30+ days delinquencies (bps)	124	102	134
90+ days delinquencies (bps) <i>(includes impaired mortgages)</i>	47	45	55
<i>Estimated impact of changes to hardship reporting (bps)</i>			4 - 5
90+ days delinquencies – investment property loans (bps)	36	31	38
Properties in possession (#)	263	255	253



¹ Source ABA Cannex February 2016.

Stable sources provide 83% of all funding

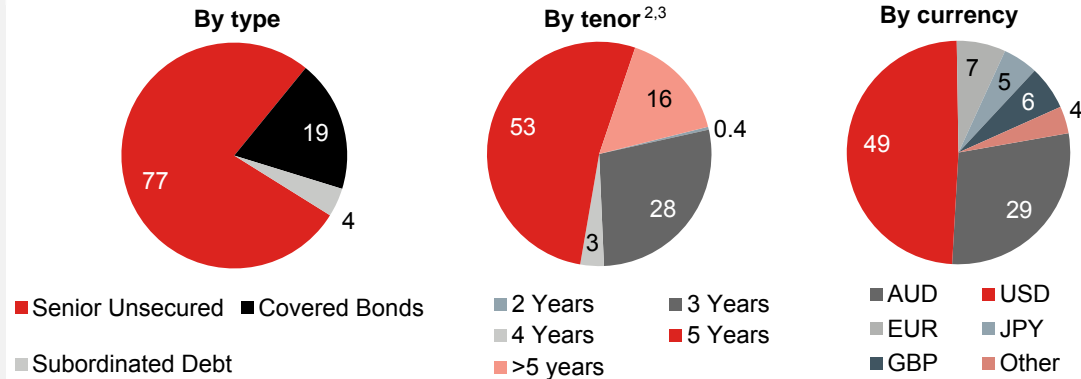
Liquidity Coverage Ratio (\$bn)	Sep-15	Mar-16	% Mov't Mar 16 – Sep 15
High Quality Liquid Assets ¹ (HQLA)	61	66	9
Committed Liquidity Facility ² (CLF)	66	59	(11)
Total LCR liquid assets	127	125	(2)
Customer deposits	65	63	(3)
Wholesale funding	15	13	(10)
Other flows ³	25	22	(12)
Total cash outflows	105	98	(6)
LCR⁴	121%	127%	
<i>Customer deposit average run off rate</i>	<i>15.2%</i>	<i>14.2%</i>	



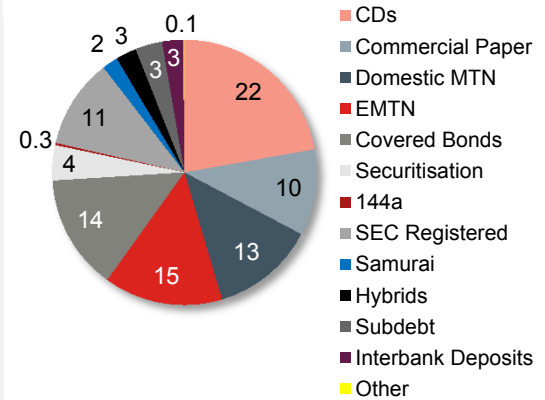
¹ Includes HQLA as defined in APS 210, BS-13 qualifying liquids, less RBA open repos funding end of day ESA balances with the RBA. ² The RBA makes available to Australian Authorised Deposit-taking Institutions a CLF that, subject to qualifying conditions, can be accessed to meet LCR requirements under APS210 – Liquidity. ³ Other flows include credit and liquidity facilities, collateral outflows and inflows from customers. ⁴ LCR is calculated as the percentage ratio of stock of HQLA and CLF over the total net cash outflows in a modelled 30 day defined stressed scenario. Calculated on a spot basis. ⁵ Includes long term wholesale funding with a residual maturity less than or equal to 1 year. ⁶ Equity excludes FX translation, Available-for-Sale securities and Cash Flow Hedging Reserves. ⁷ Private securities include Bank paper, RMBS, and Supra-nationals.

Targeting a diversified funding base

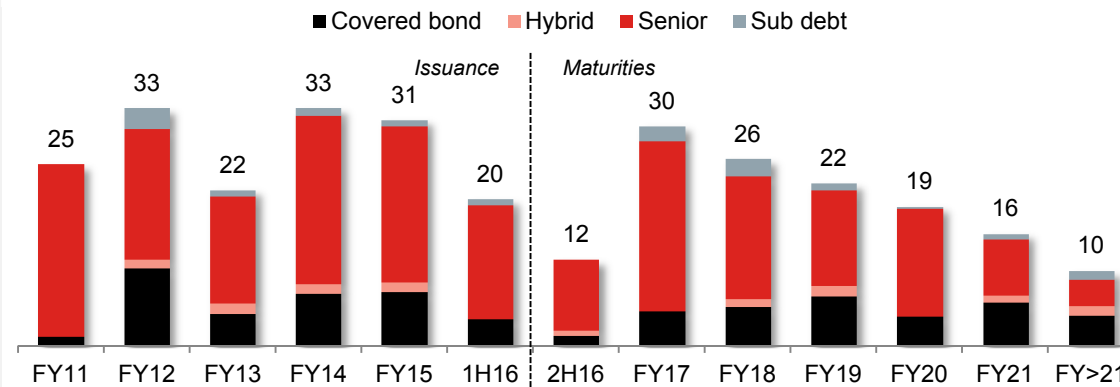
1H16 new term issuance composition¹ (%)



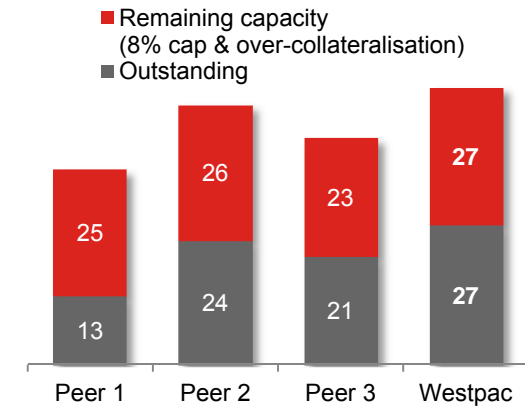
Wholesale funding composition⁵ (%)



Term debt issuance and maturity profile^{1,2,4} (\$bn)



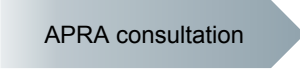

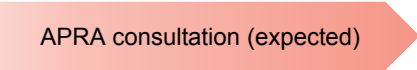


Australian covered bond issuance⁶ (\$bn)



¹ Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 370 days excluding US Commercial Paper and Yankee Certificates of Deposit. 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. ³ Tenor excludes RMBS and ABS. ⁴ Perpetual sub-debt has been included in >FY21 maturity bucket. Maturities exclude securitisation amortisation. ⁵ Shown by product. At FX spot currency translation. ⁶ Sources: Westpac, APRA Banking Statistics February 2016.

Regulatory change agenda to continue

Regulation	2016	2017	Post 2017
Net Stable Funding ratio (NSFR) <ul style="list-style-type: none"> Ensures that banks hold a minimum amount of stable funding based on a one-year horizon 	 APRA discussion paper released Mar 2016 Draft prudential standard expected 2H16		NSFR proposed to commence 1 Jan 2018
Basel IV <ul style="list-style-type: none"> Constraints on Advanced models for credit risk Revised standardised credit risk Advanced RWA floors based on standardised approach Review of sovereign exposures RWA Fundamental review of trading book Counterparty credit risk changes Operational risk to standardised approach 	 Basel consultation releases: <ul style="list-style-type: none"> Credit risk, Standardised approach (Dec 2015) Operational risk (Mar 2016) Credit risk, Internal models (Mar 2016) Basel finalised requirements: <ul style="list-style-type: none"> Market risk (Jan 2016) IRRBB risk (Apr 2016) 	 APRA consultation	APRA implementation from 2018
Leverage ratio <ul style="list-style-type: none"> Non-risk based ratio to act as a backstop to risk based capital requirements. 	 Basel consultation released Apr 2016		Basel: Leverage commences 1 Jan 2018 <i>(Minimum 3% of Leverage)</i>
Total Loss Absorbing Capacity (TLAC) <ul style="list-style-type: none"> TLAC seeks to boost loss absorbing capital and recapitalisation capacity for systemically important banks TLAC ratios may be both risk-based (% of RWA) and non-risk based (leverage) 		 APRA consultation (expected)	FSB: 1 Jan 2019 <i>(6% leverage & 16% of RWA)</i> 1 Jan 2022 <i>(6.75% leverage & 18% of RWA)</i>

Appendix 1: Cash earnings adjustments

Cash earnings adjustment	2H15 (\$m)	1H16 (\$m)	Description
Reported net profit	4,403	3,701	
Partial sale of BTIM	(665)	0	During Second Half 2015 the Group recognised a significant gain following the partial sale and deconsolidation of the Group's shareholding in BT Investment Management. This gain has been treated as a cash earnings adjustment given its size and that it does not reflect ongoing operations
Capitalised technology cost balances	354	0	Following changes to the Group's technology and digital strategy, rapid changes in technology and evolving regulatory requirements, a number of accounting changes have been introduced, including moving to an accelerated amortisation methodology for most existing assets with a useful life of greater than three years, writing off the capitalised cost of regulatory program assets where the regulatory requirements have changed and directly expensing more project costs. The expense recognised in 2H15 to reduce the carrying value of impacted assets has been treated as a cash earnings adjustment given its size and that it does not reflect ongoing operations
Amortisation of intangible assets	76	79	The merger with St. George, the acquisition of J O Hambro Capital Management and acquisition of Lloyds resulted in the recognition of identifiable intangible assets. The commencement of equity accounting for BTIM also resulted in the recognition of notional identifiable intangible assets within the investments in associate's carrying value. The intangible assets recognised relate to core deposits, customer relationships, management contracts and distribution relationships. These intangible items are amortised over their useful lives, ranging between four and twenty years. The amortisation of these intangible assets (excluding capitalised software) is a cash earnings adjustment because it is a non-cash flow item and does not affect cash distributions available to shareholders
Acquisition transaction and integration expenses	31	7	Costs associated with the acquisition of Lloyds have been treated as a cash earnings adjustment as they do not reflect the earnings expected from the acquired businesses following the integration period
Lloyds tax adjustments	(64)	0	Tax adjustments arising from the acquisition of Lloyds have been treated as a cash earnings adjustment in line with our treatment of Lloyds acquisition and integration costs
Fair value (gain)/loss on economic hedges	(59)	83	Unrealised fair value (gain)/loss on economic hedges: FX hedges on future NZ earnings and accrual accounted term funding transactions are reversed as they may create a material timing difference on reported earnings in the current period, which does not affect cash earnings over the life of the hedge
Ineffective hedges	2	26	The (gain)/loss on ineffective hedges is reversed in deriving cash earnings for the period because the gain or loss arising from the fair value movement in these hedges reverses over time and does not affect the Group's profits over time
Treasury shares	(36)	8	Under AAS, Westpac shares held by the Group in the managed funds and life businesses are deemed to be Treasury shares and the results of holding these shares are not permitted to be recognised as income in the reported results. In deriving cash earnings, these results are included to ensure there is no asymmetrical impact on the Group's profits because the Treasury shares support policyholder liabilities and equity derivative transactions which are re-valued in determining income
Cash earnings	4,042	3,904	

Appendix 2: Definitions

Financial performance and capital

Cash earnings	Is a measure of the level of profit that is generated by ongoing operation and is therefore available for distribution to shareholders. Three categories of adjustments are made to reported results to determine cash earnings: material items that key decision makers at Westpac believe do not reflect ongoing operations; items that are not considered when dividends are recommended; and accounting reclassifications that do not impact reported results
Core earnings	Net operating income less operating expenses
Net interest margin	Net interest income divided by average interest-earning assets
Risk Weighted Assets or RWA	Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in case of default. In the case of non asset based risks (i.e. market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5
Capital ratios	As defined by APRA (unless stated otherwise)
Internationally comparable	The internationally comparable common equity tier 1 (CET1) capital ratio is an estimate of Westpac's CET1 ratio calculated on rules comparable with global peers. The ratio adjusts for differences between APRA's rules and those applied to global peers. The adjustments are applied to both the determination of regulatory CET1 and the determination of risk weighted assets. Methodology aligns with the APRA study titled "International capital comparison study" dated 13 July 2015
Leverage ratio	As defined by APRA (unless state otherwise). Tier 1 capital divided by 'exposure measure' and expressed as a percentage. 'Exposure measure' is the sum of on-balance sheet exposures, derivative exposures, securities financing transaction exposures and other off-balance sheet exposures
Level 1	Comprises Westpac Banking Corporation 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 Banking Corporation 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
Liquidity coverage ratio (LCR)	The level of high quality liquid assets (as defined by APRA) over total cash outflows in a 30-day defined stressed scenario

Asset quality

TCE	Total committed exposures
Stressed loans	Stressed loans are the total of watchlist and substandard, 90 days past due and not impaired and impaired assets
Impaired assets	<p>Impaired assets can be classified as</p> <ol style="list-style-type: none"> 1. Non-accrual assets: Exposures with individually assessed impairment provisions held against them, excluding restructured loans 2. Restructured assets: exposures where the original contractual terms have been formally modified to provide concessions of interest or principal for reasons related to the financial difficulties of the customer 3. 90 days past due (and not well secured): exposures where contractual payments are 90 days or more in arrears and not well secured 4. other assets acquired through security enforcement 5. any other assets where the full collection of interest and principal is in doubt
90 days past due and not impaired	A loan facility where payments of interest and/or principal are 90 or more calendar days past due and the value of the security is sufficient to cover the repayment of all principal and interest amounts due, and interest is being taken to profit on an accrual basis
Watchlist and substandard	Loan facilities where customers are experiencing operating weakness and financial difficulty but are not expected to incur loss of interest or principal
Individually assessed provisions or IAPs	Provisions raised for losses that have already been incurred on loans that are known to be impaired and are individually significant. The estimated losses on these impaired loans is based on expected future cash flows discounted to their present value and as this discount unwinds, interest will be recognised in the statement of financial performance
Collectively assessed provisions or CAPs	Loans not found to be individually impaired or significant will be collectively assessed in pools of similar assets with similar risk characteristics. The size of the provision is an estimate of the losses already incurred and will be estimated on the basis of historical loss experience of assets with credit characteristics similar to those in the collective pool. The historical loss experience will be adjusted based on current observable data







Appendix 3: Internationally comparable capital ratio reconciliation

The APRA Basel III capital requirements are more conservative than those of the Basel Committee on Banking Supervision (BCBS), leading to lower reported capital ratios. In July 2015, APRA published a study that compared the major banks' capital ratios against a set of international peers¹. The following provides details of the adjustments applied to the APRA Basel III capital requirements, which align to the methodology used in this study

		APRA Study ¹ %
Westpac's Level 2 CET1 capital ratio (APRA basis)		10.5
Equity investments	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements	0.5
Deferred tax assets	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements	0.4
Interest rate risk in the banking book (IRRBB)	APRA requires capital to be held for IRRBB. The BCBS does not have a Pillar 1 capital requirement for IRRBB	0.2
Residential mortgages – LGD floor	Loss given default (LGD) of 15%, compared to the 20% LGD floor under APRA's requirements	0.7
Unsecured non-retail exposures	LGD of 45%, compared to the 60% or higher LGD under APRA's requirements	0.7
Non-retail undrawn commitments	Credit conversion factor of 75%, compared to 100% under APRA's requirements	0.5
Specialised lending	Use of IRB probabilities of default (PD) and LGDs for income producing real estate and project finance exposures, reduced by application of a scaling factor of 1.06. APRA applies higher risk weights under a supervisory slotting approach, but does not require the application of the scaling factors	0.6
Currency conversion threshold	Increase in the A\$ equivalent concessional threshold level for small business retail and small to medium enterprise corporate exposures	0.2
Capitalised expenses	APRA requires these items to be deducted from CET1. The BCBS only requires exposures classified as intangible assets under relevant accounting standards to be deducted from CET1	0.4
Internationally comparable CET1 capital ratio		14.7

¹ Methodology aligns with the APRA study titled "International capital comparison study", dated 13 July 2015.

Appendix 4: Joint Lead Managers

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Joint Lead Managers		
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Commonwealth Bank of Australia		<ul style="list-style-type: none"> • Truong Le (02) 9118 1205 • Sally Choi (02) 9117 1214
Morgan Stanley Australia Securities Limited	Morgan Stanley	<ul style="list-style-type: none"> • Bob Herbert (03) 9256 8937 • Hamish Head (03) 9118 2254
Morgans Financial Limited		<ul style="list-style-type: none"> • Steven Wright (07) 3334 4941
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www.westpac.com.au/investorcentre
or Bloomberg WBCT

Information for Westpac Capital Notes 4 investors

Westpac Capital Notes 4

Copies of the Prospectus are available at www.westpac.com.au/westpaccapnotes4

Hybrid Capital Securities

Information for retail investors on the features and risks of bank hybrid securities at www.westpac.com.au/bankhybridguide

Shareholder Information

Available at www.westpac.com.au/investorcentre
Select "Other Westpac securities" in left-hand menu

The screenshot shows the Westpac Investor Centre website. The top navigation bar includes 'Home', 'Personal', 'Business', 'Corporate', and 'About Westpac'. Below this is a search bar and a 'Sign in' button. The main content area is divided into several sections:

- Investor Centre:** Contains links for 'Manage your shareholding', 'Dividend information', 'Westpac share information', and 'Other Westpac securities'.
- Other Westpac securities:** A section highlighting 'Westpac's Guide to Bank Hybrids' and 'Westpac hybrid securities, preference shares, capital notes and subordinated notes listed on the Australian Securities Exchange'.
- Latest distribution/interest payments:** A table showing payment details for various securities.
- Upcoming distribution/interest payments:** A section for future payments.
- Right-hand sidebar:** Includes 'Login to Link's Investor Centre', 'Contact our share registry Link', and 'Westpac financial calendar'.

Security	Payment date	Rate per annum	Amount
Westpac Convergence Preference Shares	31 March 2016	3.8430%	\$1,926 ¹ per share
Westpac Trust Preferred Securities	31 March 2016	2.3580%	\$0,562 ² per security