

# Westpac Banking Corporation

## Final Terms Sheet

Dated 4 August 2016

### For an issue of NZ\$400 million Westpac NZD Subordinated Notes (Notes)

This is a summary only. Full details of the offer are contained in the product disclosure statement (PDS) dated 26 July 2016. Applications for the Notes can only be made using the application form included in the PDS

A copy of the PDS is available at [www.westpac.com.au/westpacnzdsbnotes](http://www.westpac.com.au/westpacnzdsbnotes) or can be obtained from the Joint Lead Managers or Co-Managers

**This investment is riskier than a bank deposit. The Notes are complex financial products that are not suitable for many investors. If you do not fully understand how they work or the risks associated with them, you should not invest in them. You should read the PDS and you can seek advice from a financial adviser to help you make an investment decision.**

Capitalised terms used but not defined in this Terms Sheet have the meaning given to them in the PDS unless the context otherwise requires

<b>Issuer</b>	Westpac Banking Corporation, acting through its head office, Sydney ABN 33 007 457 141 ( <i>Westpac</i> )
<b>Arranger</b>	Westpac Banking Corporation (acting through its New Zealand branch)
<b>Joint Lead Managers</b>	BNZ, Deutsche Craigs, First NZ Capital, Forsyth Barr, Macquarie, Westpac Banking Corporation (acting through its New Zealand branch)
<b>Co-Managers</b>	JBWere, Macquarie Equities
<b>Issue Amount</b>	NZ\$400 million
<b>No Public Pool</b>	There will be no public pool for the Notes. All Notes will be reserved for subscription by clients of the Joint Lead Managers, Co-Managers and other approved financial advisers invited to participate in the Bookbuild
<b>Description of the Notes</b>	Unsecured, subordinated, fixed rate debt securities. In certain circumstances, the Notes may be repaid early or, if a Non-Viability Trigger Event occurs, Converted into fully paid ordinary shares in Westpac ( <i>Westpac Shares</i> ) or Written Off
<b>Purpose</b>	The proceeds received under the Offer will be used by Westpac for general business purposes
<b>Regulatory Capital</b>	The Notes will be treated as Tier 2 Capital for the Westpac Group by APRA
<b>Subordination</b>	<p>The Notes are subordinated and rank equally with certain of Westpac's other subordinated obligations</p> <p>If a Winding-Up of Westpac occurs (and the Notes have not been redeemed, or following a Non-Viability Trigger Event, Converted or Written Off), holders of Notes will be repaid:</p> <ul style="list-style-type: none"> <li>• <b>before</b> Westpac Shareholders and any creditors whose claims rank below the Notes</li> <li>• <b>equally with</b> holders of all Equal Ranking Instruments (including other holders of the Notes and holders of certain other securities that rank equally with the Notes)</li> <li>• <b>after</b> Senior Creditors (including depositors and holders of Westpac's senior or less subordinated debt)</li> </ul> <p>If the Notes are Converted into Westpac Shares, holders will rank equally with existing Westpac Shareholders</p> <p>If Notes are not Converted following a Non-Viability Trigger Event, they will be Written Off. All rights in relation to those Notes that are Written Off will be terminated and holders will not have their capital repaid or receive any outstanding interest, or have the right to have the Notes converted into Westpac Shares</p>
<b>No Guarantee</b>	The Notes are not deposit liabilities or protected accounts of Westpac for the purposes of the Australian Banking Act or the financial claims scheme under the Australian Banking Act and are not subject to the depositor protection provisions of Australian banking legislation (including the Australian Government guarantee of certain bank deposits)

	The Notes are not guaranteed by any members of the Westpac Group or any other person
<b>Issue Price</b>	NZ\$1.00 per Note
<b>Minimum Application Amounts</b>	NZ\$5,000 and in multiples of NZ\$1,000 thereafter
<b>Issue Date</b>	1 September 2016
<b>First Optional Redemption Date</b>	1 September 2021 (but see "Optional Early Redemption" below)
<b>Maturity Date</b>	1 September 2026
<b>Optional Early Redemption</b>	<p>Westpac may at its option:</p> <ul style="list-style-type: none"> <li>• repay some or all of the Notes on any Interest Payment Date on or after the Interest Payment Date falling on the First Optional Redemption Date; and</li> <li>• repay all (but not some) of the Notes on an Interest Payment Date following the occurrence of a Regulatory Event or Tax Event</li> </ul> <p>Optional early redemption is subject to certain conditions, including APRA's prior written approval (which APRA may not provide) and Westpac satisfying the solvency condition</p> <p><b>Holders have no right to request early redemption, and holders should not assume that Westpac will elect to repay the Notes prior to the Maturity Date</b></p>
<b>Conversion following a Non-Viability Trigger Event</b>	<p>Some or all of the Notes may be Converted into Westpac Shares if a Non-Viability Trigger Event occurs. A Non-Viability Trigger Event occurs if APRA notifies Westpac in writing that it believes:</p> <ul style="list-style-type: none"> <li>• the Conversion of some or all of the Notes, or conversion, write off or write down of all or some capital instruments of the Westpac Group; or</li> <li>• a public sector injection of capital or equivalent support,</li> </ul> <p>is, in each case, necessary because without it, Westpac would become non-viable</p> <p>This may occur if Westpac encounters severe financial difficulty</p>
<b>Shares to be issued on a Conversion</b>	<p>If Notes are Converted, Westpac will issue to the holder the Conversion Number of Westpac Shares for each Note that the holder holds that is Converted, subject to the Maximum Conversion Number. The Westpac Shares will be issued in Australian dollars and Westpac intends that those Westpac Shares will be quoted on ASX</p> <p>The number of Westpac Shares a holder will receive on Conversion will be equal to the conversion number (the <i>Conversion Number</i>), calculated according to the following formula unless the Maximum Conversion Number applies:</p> $\frac{\text{Conversion Date Face Value}}{0.99 \times \text{VWAP}}$ <p>Where:</p> <p><b>Conversion Date Face Value:</b> the principal amount of each Note (being NZ\$1.00 per Note) converted into Australian Dollars at the spot rate of exchange for the sale of Australian Dollars against the purchase of New Zealand Dollars in the Sydney foreign exchange market as at the time of Conversion</p> <p><b>VWAP:</b> the daily volume weighted average sale price (<i>VWAP</i>) of Westpac Shares during the <i>VWAP Period</i> (as adjusted in accordance with the Conditions)</p> <p><b>VWAP Period:</b> the period of 5 ASX Business Days on which trading in Westpac Shares took place immediately preceding (but not including) the Non-Viability Trigger Event Date</p> <p>The Conversion Number is intended to operate so that a holder will receive Westpac Shares worth the Australian Dollar equivalent (based on the spot rate of exchange at the time of Conversion) of approximately NZ\$1.01 for each Note that is Converted</p> <p>If the total number of Westpac Shares to be issued to a holder following a Non-Viability Trigger Event includes a fraction of a Westpac Share, that fraction will be disregarded</p>
<b>Maximum Conversion Number</b>	The number of Westpac Shares issued on Conversion is limited to a maximum number (the <i>Maximum Conversion Number</i> ), calculated according to the following formula:

	<p style="text-align: center;"><u>Issue Date Face Value</u> 0.20 x Issue Date VWAP</p> <p>Where:</p> <p><b>Issue Date Face Value:</b> the principal amount of each Note (being NZ\$1.00 per Note) converted into Australian Dollars at the spot rate of exchange for the sale of Australian Dollars against the purchase of New Zealand Dollars in the Sydney foreign exchange market as at the time of the issue of the Notes</p> <p><b>Issue Date VWAP:</b> The VWAP of Westpac Shares for the 20 ASX Business Days on which trading in Westpac Shares took place immediately preceding, but not including, the Issue Date (as adjusted in accordance with the Conditions)</p> <p><b>If any Notes are Converted following a Non-Viability Trigger Event, it is likely that the Maximum Conversion Number will apply and limit the number of Westpac Shares to be issued. In this case, the value of the Westpac Shares received is likely to be significantly less than the aggregate principal amount of those Notes. Following Conversion, there is no certainty as to the future value of the Westpac Shares</b></p> <p><b>It is important to note that, as the Maximum Conversion Number is based on the Westpac Share price in Australian Dollars and the NZ\$/A\$ exchange rate at the time of issue, a depreciation of the Australian Dollar against the New Zealand Dollar between the time of issue and the time of Conversion will make it more likely that the Maximum Conversion Number will apply if Notes are Converted (see section 5.4 of the PDS).</b></p>
<b>Write Off</b>	<p>If for any reason the Notes are not Converted into Westpac Shares when required following a Non-Viability Trigger Event then those Notes will be immediately and irrevocably Written Off</p> <p><b>This means a holder will receive nothing further in relation to those Notes, the holder's rights under them (including rights to payment of interest and principal, or to have the Notes converted into Westpac Shares) will be terminated, and the holder will lose all of their investment in them</b></p>
<b>Variation of the Notes if Successor Holding Company</b>	<p>Westpac may, subject to APRA's prior written approval and certain other conditions, be replaced as the ultimate holding company for the Westpac Group by an "approved successor"</p> <p>In that event Westpac may make amendments to the Conditions to effect the substitution of the approved successor as the debtor in respect of the Notes and as the issuer of any ordinary shares on Conversion. Holder consent will not be required to such amendments</p>
<b>Conversion where holder does not wish to receive Westpac Shares or is an Ineligible Holder</b>	<p>If a holder notifies Westpac that the holder does not wish to receive Westpac Shares upon Conversion, then, on the Conversion Date, the holder's rights will be immediately and irrevocably terminated. Westpac will issue the relevant number of Westpac Shares to one or more Nominees to hold on trust for sale for the holder's benefit</p> <p>If a holder is not a resident of Australia or New Zealand at the time of the Conversion, or is otherwise not permitted by any applicable Australian law to hold Westpac Shares, then, on the Conversion Date, the relevant number of Westpac Shares will be issued to one or more Nominees to hold on trust for sale for the holder's benefit</p> <p>In each case the Nominee will sell the Westpac Shares issued to them at the first opportunity at market value. The proceeds of the sale less selling costs will be paid to the relevant holders</p>
<b>Interest Rate</b>	<p>The Notes will pay a fixed rate of interest of 4.6950% per annum, which will likely change on the First Optional Redemption Date</p> <p>The Interest Rate for the period from (and including) the First Optional Redemption Date to the Maturity Date will be the sum of the 5 Year Swap Rate on the First Optional Redemption Date and the Margin</p> <p>The Interest Rate that is reset on the First Optional Redemption Date will be announced via NZX on that date</p>
<b>Margin</b>	<p>The Margin is 2.60% per annum, and will not change over the term of the Notes</p>
<b>Early Bird Interest</b>	<p>Westpac will pay interest on application monies for applications that are accepted at 3.25% per annum (less any applicable withholding taxes). This interest will be paid within 5 Business Days of the Issue Date, and will be calculated for the period from the date on which those application monies are received into the Offer bank account to (but excluding) the Issue Date</p>

	If an applicant's application is refused or accepted in part only or the Offer is cancelled, no early bird interest will be paid on application monies returned to the applicant	
<b>Interest Payment Dates</b>	Interest is scheduled to be paid in arrear: <ul style="list-style-type: none"> <li>quarterly, on 1 March, 1 June, 1 September and 1 December each year (or if that day is not a Business Day, the next Business Day), to, but not including, the Maturity Date or an earlier Redemption Date or a Conversion Date, starting on 1 December 2016; and</li> <li>on the Maturity Date or an earlier Redemption Date</li> </ul>	
<b>Solvency Condition</b>	The payment of amounts of interest and principal on the Notes are subject to Westpac satisfying the solvency condition on the relevant payment date. Westpac will satisfy the solvency condition if it is Solvent at the time the payment falls due and will remain Solvent immediately after making the payment	
<b>Unpaid Amounts Accumulate</b>	Unpaid amounts are cumulative. If Westpac does not pay an amount on the Notes because it has not satisfied the solvency condition, Westpac must pay that amount on the first date on which it is able to make the payment and satisfy the solvency condition. Provided that the Notes have not been Converted or Written Off, interest will accrue on any interest that is not paid when scheduled as a result of Westpac not satisfying the solvency conditions on the relevant payment date	
<b>No Event of Default for failure to satisfy the Solvency Condition</b>	No Event of Default arises if Westpac fails to pay an amount on the Notes on account of not satisfying the solvency condition	
<b>Business Days (for interest payment purposes)</b>	Auckland, Wellington and Sydney	
<b>Record Date (for interest payment purposes)</b>	10 calendar days before the relevant Interest Payment Date	
<b>Credit Rating of Notes</b>	S&P Global Ratings	Notes Credit Rating: BBB+
	<b>A credit rating is not a recommendation to buy, sell or hold the Notes or any securities issued by Westpac. Ratings are subject to suspension, revision or withdrawal at any time.</b>	
<b>Brokerage</b>	0.75% of the amount issued plus 0.50% on firm allocations, payable by Westpac	
<b>No Underwriting</b>	The Offer is not underwritten	
<b>Registrar</b>	Link Market Services Limited	
	The Notes will be accepted for settlement within the NZClear System	
<b>ISIN</b>	NZWB CD0010L1	
<b>Listing</b>	Westpac intends to quote the Notes on the NZX Debt Market. NZX ticker code WBC010 has been reserved for the Notes	
	NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the Financial Markets Conduct Act 2013	
<b>Documents</b>	PDS relating to the offer of Notes dated 26 July 2016	
	The online Disclose Register for the Notes	
	Master Deed Poll dated 25 July 2016	
	Supplemental Deed Poll (including the Conditions) dated 25 July 2016	
<b>Governing Law</b>	New Zealand and the State of New South Wales, Australia	
<b>Selling Restrictions</b>	The PDS constitutes an offer of Notes in New Zealand to members of the public and institutional investors who are resident in New Zealand	
	The Notes may only be offered for sale or sold in New Zealand	
	Westpac has not taken and will not take any action which would permit a public offering of Notes, or possession or distribution of any offering material in respect of the Notes, in any country or jurisdiction where action for that purpose is required (other than New Zealand)	

## Important Dates

<b>Important dates for the Offer</b>	
<b>Roadshow</b>	26 – 28 July 2016
<b>Firm application bids due</b>	4 August 2016 (10am)
<b>Rate Set Date</b>	4 August 2016
<b>Opening Date</b>	5 August 2016
<b>Closing Date</b>	26 August 2016
<b>Issue and Allotment Date</b>	1 September 2016
<b>Important dates for the Notes</b>	
<b>Expected date of initial quotation and trading of the Notes on the NZX Debt Market</b>	2 September 2016
<b>Interest Payment Dates</b>	1 March, 1 June, 1 September and 1 December in each year
<b>First Interest Payment Date</b>	1 December 2016
<b>First Optional Redemption Date</b>	1 September 2021
<b>Maturity Date</b>	1 September 2026

## Dates may change

The “Important dates for the Offer” (listed above) are indicative only and subject to change. Westpac may, in its absolute discretion and without notice, vary such dates (including by opening or closing the Offer early, accepting late applications and extending the Closing Date). If the Closing Date is extended, all subsequent dates may also be extended. Any such changes will not affect the validity of any applications received.

Westpac reserves the right to cancel the Offer prior to the issue of the Notes, in which case all application moneys received will be refunded (without interest) as soon as practicable.

## Key Risks

Sections 5 “Key features of the Notes” and Section 6 “Risks of Investing” of the PDS should be read in full before deciding whether to invest. The key features of the Notes are outlined in section 5, and the key risks outlined in section 6, include risks relating to Westpac’s creditworthiness and risks associated with the Notes. Many of these risks are outside the control of Westpac and Westpac’s directors.