

# Westpac Capital Notes 2 Terms

[\(as amended on 21 June 2022\)](#)

## 1 Form and Initial Face Value of Westpac Capital Notes 2

### 1.1 Form

Westpac Capital Notes 2:

- (a) are non-cumulative, convertible, transferable, redeemable, subordinated, perpetual, unsecured notes of Westpac;
- (b) are designated as being of a particular series as set out in the Prospectus;
- (c) are constituted under and issued on the terms set out in the Deed Poll and these Terms; and
- (d) take the form of entries in the Westpac Capital Notes 2 Register.

### 1.2 Initial Face Value

Each Westpac Capital Note 2 is issued fully paid at an issue price of \$100.

## 2 Ranking on Winding Up

- (a) Holders do not have any right to prove in a Winding Up in respect of Westpac Capital Notes 2, except as permitted under clause 2(b).
- (b) Westpac Capital Notes 2 will rank for payment of the Liquidation Sum in a Winding Up:
  - (i) senior to Ordinary Shares;
  - (ii) equally among themselves and with all other Equal Ranking Capital Securities;
  - (iii) junior to or equally with any other notes or preference shares Westpac may issue, as may be designated in the terms of issue for such notes or preference shares; and
  - (iv) junior to, and are conditional on the prior payment in full of, the claims of all Senior Creditors.
- (c) Holders may not exercise voting rights as a creditor in respect of Westpac Capital Notes 2 in a Winding Up to defeat the subordination in this clause.
- (d) Westpac Capital Notes 2 are perpetual and the terms of Westpac Capital Notes 2 do not include events of default or any other provisions entitling the Holders to require that Westpac Capital Notes 2 be Redeemed. Holders do not have any right to apply for a Winding Up on the ground of Westpac's failure to pay Distributions or for any other reason.
- (e) For the avoidance of doubt, but subject to clause 5.8, if a Capital Trigger Event or Non-Viability Trigger Event has occurred, Holders will rank for payment in a Winding Up as holders of the number of Ordinary Shares to which they became entitled under clauses 5.2 or 5.4.

### 3 Distributions

#### 3.1 Distributions

Subject to these Terms, each Westpac Capital Note 2 entitles the Holder to receive on the relevant Distribution Payment Date interest on the Face Value of the Westpac Capital Note 2 (**Distribution**), calculated using the following formula:

$$\text{Distribution} = \frac{\text{Distribution Rate} \times \text{Face Value} \times \text{N}}{365}$$

where:

**Distribution Rate** (expressed as a percentage per annum) is calculated using the following formula:

$$\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

**Bank Bill Rate** (expressed as a percentage per annum) means, for each Distribution Period, the average mid-rate for bills of a term of 90 days which average rate is displayed on Reuters page BBSW (or any page that replaces that page) at 10.30am (Sydney time) on, in the case of the first Distribution Period, the Issue Date, and in the case of any other Distribution Period, the first Business Day of that Distribution Period, or if there is a manifest error in the calculation of that average rate or that average rate is not displayed at 10.30am (Sydney time) on that date, the rate specified in good faith by Westpac at or around that time on that date having regard, to the extent possible, to:

- (a) the rates otherwise bid and offered for bills of a term of 90 days or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at that time on that date; and
- (b) if bid and offer rates for bills of a term of 90 days are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date;

[provided that where Westpac Capital Notes 9 are issued, the Bank Bill Rate for the Distribution Period commencing on the date after the First Pro-Rata Distribution Date is the Bank Bill Rate for the Distribution Period ending on the First Pro-Rata Distribution Date;](#)

**Margin** means 3.05% per annum;

**Tax Rate** (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of Westpac at the relevant Distribution Payment Date; and

**N** means, in respect of a Distribution Period, the number of days in that Distribution Period.

#### 3.2 Adjustment to calculation of Distributions if not fully franked

If payment of any Distribution will not be franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), otherwise than because of any act by, or circumstances affecting, any particular Holder, the Distribution will be calculated using the following formula:

$$\text{Distribution} = \frac{\text{D}}{1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]}$$

where:

**D** means the Distribution entitlement on that Distribution Payment Date as calculated under clause 3.1;

**Tax Rate** (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of Westpac at the relevant Distribution Payment Date; and

**Franking Rate** (expressed as a decimal) means the percentage of Distribution that would carry franking credits (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part), applicable to the relevant Distribution entitlement on that Distribution Payment Date.

### 3.3 Conditions to payment of Distributions

- (a) The payment of any Distribution on a Distribution Payment Date is subject to:
- (i) Westpac's absolute discretion;
  - (ii) the payment of the Distribution not resulting in a breach of Westpac's capital requirements (on a Level 1 basis) or of the Westpac Group's capital requirements (on a Level 2 basis) under the then current Prudential Standards at the time of the payment;
  - (iii) the payment of the Distribution not resulting in Westpac becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and
  - (iv) APRA not otherwise objecting to the payment of the Distribution.
- (b) Westpac must notify ASX as soon as reasonably practicable if payment of any Distribution will not be made because of this clause.

### 3.4 Distributions are discretionary, non-cumulative and only payable in cash

- (a) Payments of Distributions are within the absolute discretion of Westpac and are non-cumulative. If a Distribution is not paid because of the provisions of clause 3.3 or because of any other reason, Westpac has no liability to pay such Distribution to the Holder and the Holder has no:
- (i) claim (including, without limitation, on a Winding Up); or
  - (ii) right to apply for a Winding Up,
- in respect of such non-payment.
- (b) Any payments of Distributions to Holders must be made in the form of cash.

Non-payment of a Distribution because of the provisions of clause 3.3, or because of any other reason, does not constitute an event of default.

### 3.5 Distribution Payment Date

Distributions in respect of Westpac Capital Notes 2 are payable:

- (a) quarterly in arrear on 23 March, 23 June, 23 September and 23 December of each year, commencing on 23 September 2014 until that Westpac Capital Note 2 has been Converted or Redeemed ~~;~~ ~~and~~ ~~(other than the Final Pro-Rata Distribution Date);~~
  - (b) on the Conversion Date, Redemption Date or Transfer Date (as the case may be) on which such Westpac Capital Note 2 is Converted, Redeemed or Transferred~~;~~
  - (c) [on the First Pro-Rata Distribution Date; and](#)
  - (d) [on the Final Pro-Rata Distribution Date.](#)
- (each a **Distribution Payment Date**).

### **3.6 Record Dates**

Distributions are only payable on a Distribution Payment Date to those persons registered as Holders on the Record Date for that Distribution Payment Date.

### **3.7 Restrictions in the case of non-payment of a Distribution**

Subject to clause 3.8, if for any reason a Distribution has not been paid in full on the relevant Distribution Payment Date, Westpac must not:

- (a) determine or pay any Dividends; or
- (b) undertake any discretionary Buy Back or Capital Reduction, unless the amount of the unpaid Distribution is paid in full within 20 Business Days of that Distribution Payment Date or:
- (c) all Westpac Capital Notes 2 have been Converted or Redeemed;
- (d) on a subsequent Distribution Payment Date, a Distribution for the subsequent Distribution Period is paid in full; or
- (e) a Special Resolution of the Holders has been passed approving such action, and, in respect of the actions contemplated by paragraphs (c), (d) and (e), APRA does not otherwise object.

### **3.8 Restrictions not to apply in certain circumstances**

The restrictions in clause 3.7 do not apply in connection with:

- (a) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of Westpac or any member of the Westpac Group; or
- (b) Westpac or any of its controlled entities purchasing shares in Westpac in connection with transactions for the account of customers of Westpac or any of its controlled entities or in connection with the distribution or trading of shares in Westpac in the ordinary course of business (such distribution or trading of shares in the ordinary course of business is subject to the prior written approval of APRA); or
- (c) to the extent that at the time a Distribution has not been paid on the relevant Distribution Payment Date Westpac is legally obliged to pay on or after that date a Dividend or complete on or after that date a Buy Back or Capital Reduction.

### **3.9 Notification**

- (a) In relation to each Distribution Period, Westpac must notify the ASX of the Distribution Rate and the amount of Distribution payable on each Westpac Capital Note 2.
- (b) Westpac must give notice under this clause 3.9 as soon as practicable after it makes its calculations or determinations and, in any event by no later than the fifth Business Day of the relevant Distribution Period.
- (c) Westpac may amend the calculation or determination of any amount, date, or rate (or make appropriate alternative arrangements by way of adjustment) including as a result of the extension or reduction of a Distribution Period without prior notice, but must notify ASX promptly after doing so.

### 3.10 Calculations and determinations final

The calculation or determination by Westpac of all rates and amounts payable by it in relation to Westpac Capital Notes 2 is, in the absence of manifest or proven error, final and binding on Westpac, the Registrar and each Holder.

## 4 Scheduled Conversion

### 4.1 Scheduled Conversion

Subject to clauses 5, 6, 7 and 8, Westpac must Convert all (but not some) Westpac Capital Notes 2 on issue on the date that is the earlier of:

- (a) 23 September 2024; and
- (b) the first Distribution Payment Date after 23 September 2024,

on which the Scheduled Conversion Conditions are satisfied (each a **Scheduled Conversion Date**).

### 4.2 Scheduled Conversion Conditions

- (a) The Scheduled Conversion Conditions for each Scheduled Conversion Date are:
  - (i) the VWAP on the 25<sup>th</sup> Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date is greater than 56.12% of the Issue Date VWAP (**First Scheduled Conversion Condition**); and
  - (ii) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date is greater than 50.51% of the Issue Date VWAP (the **Second Scheduled Conversion Condition**).
- (b) If the First Scheduled Conversion Condition is not satisfied, Westpac will announce to ASX not less than 21 Business Days before the Scheduled Conversion Date that Conversion will not proceed on the Scheduled Conversion Date.
- (c) If the Second Scheduled Conversion Condition is not satisfied, Westpac will notify Holders on or as soon as practicable after the Scheduled Conversion Date that Conversion did not occur.

## 5 Automatic Conversion

### 5.1 Capital Trigger Event

A Capital Trigger Event occurs when:

- (a) Westpac determines; or
- (b) APRA notifies Westpac in writing that it believes,

that either or both the Westpac Level 1 Common Equity Tier 1 Capital Ratio or Westpac Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%.

### 5.2 Consequences of a Capital Trigger Event

- (a) Westpac must notify APRA immediately in writing if it determines that a Capital Trigger Event has occurred.
- (b) If a Capital Trigger Event occurs, Westpac must Convert such number of Westpac Capital Notes 2 (or, if it so determines, such percentage of the Face Value of each Westpac

Capital Note 2) as is sufficient (following any conversion or write down of other Relevant Securities as referred to in ~~paragraph~~ [clause 5.2\(c\)\(i\)](#) below) to return either or both the Westpac Level 1 Common Equity Tier 1 Capital Ratio or Westpac Level 2 Common Equity Tier 1 Capital Ratio, as the case may be, to above 5.125%.

- (c) In determining the number of Westpac Capital Notes 2, or percentage of the Face Value of each Westpac Capital Note 2, which must be Converted in accordance with this clause, Westpac will:
- (i) first, convert or write down such number or percentage of the face value of any other Relevant Securities whose terms require them to be converted or written down, before Conversion of Westpac Capital Notes 2; and
  - (ii) second, if conversion or write down of those Relevant Securities is not sufficient, Convert (in the case of Westpac Capital Notes 2) and convert or write down (in the case of any other Relevant Securities) on a pro-rata basis or in a manner that is otherwise, in the opinion of Westpac, fair and reasonable, the Face Value of the Westpac Capital Notes 2 and the face value of any Relevant Securities whose terms require or permit them to be converted or written down in that manner (subject to such adjustment as Westpac may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Westpac Capital Notes 2 or other Relevant Securities remaining on issue),

but such determination will not impede the immediate Conversion of the relevant number of Westpac Capital Notes 2 or percentage of the Face Value of each Westpac Capital Note 2 (as the case may be) or, if applicable, the termination of the relevant Holder's rights and claims in accordance with clause 5.8.

- (d) If a Capital Trigger Event occurs:
- (i) the relevant number of Westpac Capital Notes 2, or percentage of the Face Value of each Westpac Capital Note 2, must be Converted immediately upon occurrence of the Capital Trigger Event in accordance with clauses 5.7 and 9 and the Conversion will be irrevocable;
  - (ii) Westpac must give notice as soon as practicable that Conversion has occurred to ASX and the Holders;
  - (iii) the notice must specify the date on which Conversion occurred (**Capital Trigger Event Conversion Date**); and
  - (iv) the notice must specify the details of the Conversion process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any Westpac Capital Notes 2 remaining on issue.

Failure or delay in undertaking any of the steps in clauses 5.2(d)(ii) to (iv), or in quotation of the Ordinary Shares to be issued on Conversion, does not prevent, invalidate or otherwise impede Conversion.

### 5.3 Non-Viability Trigger Event

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

- (a) Conversion of all or some Westpac Capital Notes 2, or conversion or write down of capital instruments of the Westpac Group, is necessary because, without it, Westpac would become non-viable; or

- (b) a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable.

#### 5.4 Consequences of a Non-Viability Trigger Event

- (a) If a Non-Viability Trigger Event occurs, Westpac must Convert such number of Westpac Capital Notes 2 (or, if it so determines, such percentage of the Face Value of each Westpac Capital Note 2) as is equal (following any conversion or write down of other Relevant Securities as referred to in [paragraph clause 5.4\(b\)\(i\)](#) below) to the aggregate face value of capital instruments which APRA has notified Westpac must be converted or written down (or, if APRA has not so notified Westpac, such number or, if Westpac so determines, such percentage of the Face Value of Westpac Capital Notes 2, as is necessary when added to the amount of the other Relevant Securities converted or written down pursuant to clause 5.4(b) to satisfy APRA that Westpac will no longer be non-viable).
- (b) In determining the number of Westpac Capital Notes 2, or percentage of the Face Value of each Westpac Capital Note 2, which must be Converted in accordance with this clause, Westpac will:
  - (i) first, convert or write down such number or percentage of the face value of any other Relevant Securities whose terms require them to be converted or written down before Conversion of Westpac Capital Notes 2; and
  - (ii) second, if conversion or write down of those securities is not sufficient, Convert (in the case of Westpac Capital Notes 2) and convert or write down (in the case of any other Relevant Securities), on a pro-rata basis or in a manner that is otherwise, in the opinion of Westpac, fair and reasonable, the Face Value of the Westpac Capital Notes 2 and the face value of any Relevant Securities whose terms require or permit them to be converted or written down in that manner (subject to such adjustments as Westpac may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Westpac Capital Notes 2 or other Relevant Securities remaining on issue),  
  
but such determination will not impede the immediate Conversion of the relevant number of Westpac Capital Notes 2 or percentage of the Face Value of each Westpac Capital Note 2 (as the case may be) or, if applicable, the termination of the relevant Holder's rights and claims in accordance with clause 5.8.
- (c) If a Non-Viability Trigger Event occurs:
  - (i) the relevant number of Westpac Capital Notes 2, or percentage of the Face Value of each Westpac Capital Note, must be Converted immediately upon occurrence of the Non-Viability Trigger Event in accordance with clauses 5.7 and 9 and the Conversion will be irrevocable;
  - (ii) Westpac must give notice as soon as practicable that Conversion has occurred to ASX and the Holders;
  - (iii) the notice must specify the date on which Conversion occurred (**Non-Viability Trigger Event Conversion Date**); and
  - (iv) the notice must specify the details of the Conversion process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any Westpac Capital Notes 2 remaining on issue.

Failure to undertake any of the steps in clauses 5.4(c)(ii) to (iv) does not prevent, invalidate or otherwise impede Conversion.

#### **5.5 Scheduled Conversion Conditions not applicable**

For the avoidance of doubt, the Scheduled Conversion Conditions do not apply to Conversion as a result of a Capital Trigger Event or Non-Viability Trigger Event.

#### **5.6 Priority of early Conversion obligations**

A Conversion required because of a Capital Trigger Event or a Non-Viability Trigger Event takes place on the date, and in the manner, required by clauses 5.2, 5.4, 5.7 and 5.8, notwithstanding any other provision for Conversion, Redemption or Transfer in these Terms.

#### **5.7 Automatic Conversion upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event**

If a Capital Trigger Event or Non-Viability Trigger Event has occurred and all or some Westpac Capital Notes 2 (or percentage of the Face Value of each Westpac Capital Note 2) are required to be Converted in accordance with clauses 5.2 or 5.4, then:

- (a) Conversion of the relevant Westpac Capital Notes 2 or percentage of the Face Value of each Westpac Capital Note 2 will be taken to have occurred in accordance with clause 9 immediately upon the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date;
- (b) subject to clause 9.10, the entry of the corresponding Westpac Capital Notes 2 in each relevant Holder's holding in the Westpac Capital Notes 2 Register will constitute an entitlement of that Holder to the relevant number of Ordinary Shares (and, if applicable, also to any remaining balance of Westpac Capital Notes 2 or Westpac Capital Notes 2 with a Face Value equal to the aggregate of the remaining percentage of the Face Value of each Westpac Capital Note 2), and Westpac will recognise the Holder as having been issued the relevant Ordinary Shares for all purposes, in each case without the need for any further act or step by Westpac, the Holder or any other person (and Westpac will, as soon as possible thereafter and without delay on the part of Westpac, take any appropriate procedural steps to record such Conversion, including updating the Westpac Capital Notes 2 Register and the Ordinary Share register); and
- (c) subject to clause 9.10, upon Conversion a Holder has no further right or claim under these Terms in respect of the Westpac Capital Notes 2 Converted, except in relation to the relevant number of Ordinary Shares and the Holder's entitlement, if any, to Westpac Capital Notes 2 representing the unconverted outstanding Face Value.

#### **5.8 No further rights if Conversion cannot occur**

If for any reason Conversion of any Westpac Capital Notes 2 (or a percentage of the Face Value of any Westpac Capital Notes 2) required to be Converted under clauses 5.2 or 5.4 fails to take effect under clauses 5.7(a) and (b) and Westpac is not otherwise able to issue the Ordinary Shares required to be issued in respect of such Conversion by 5.00pm on the fifth Business Day after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date, then the relevant Holders' rights (including to payment of Distributions and Face Value and any other payments) in relation to such Westpac Capital Notes 2 or percentage of the Face Value of Westpac Capital Notes 2 are immediately and irrevocably terminated and such termination will be taken to have occurred immediately upon the Capital Trigger Event Date or Non-Viability Trigger Event Date, as the case may be.



## 5.9 Automatic Conversion upon the occurrence of an Acquisition Event

- (a) If an Acquisition Event occurs, then:
- (i) Westpac must Convert all (but not some) Westpac Capital Notes 2;
  - (ii) Westpac must give notice as soon as practicable and in any event within 10 Business Days after becoming aware of that event occurring to ASX and the Holders;
  - (iii) the notice must specify a date on which it is proposed Conversion will occur (proposed **Acquisition Event Conversion Date**) being:
    - (A) in the case of an Acquisition Event that is a takeover bid, no later than the Business Day prior to the then announced closing date of the relevant takeover bid; or
    - (B) in the case of an Acquisition Event that is a court approved scheme, a date no later than the record date for participation in the relevant scheme of arrangement; and
  - (iv) the notice must specify the details of the Conversion process including any details to take into account the effect on marketable parcels and whole numbers of Ordinary Shares; and
  - (v) on the proposed Acquisition Event Conversion Date, all Westpac Capital Notes 2 will Convert in accordance with clause 9.
- (b) Subject to clause 5.9(a), the Second Scheduled Conversion Condition applies to a Conversion following an Acquisition Event as though the proposed Acquisition Event Conversion Date were a Scheduled Conversion Date for the purposes of clause 4 (except that in the case of an Acquisition Event, the Second Scheduled Conversion Condition will apply as if it referred to 20.20% of the Issue Date VWAP). If the Second Scheduled Conversion Condition is not satisfied, the Westpac Capital Notes 2 will not Convert.
- (c) If the Second Scheduled Conversion Condition is not satisfied on the proposed Acquisition Event Conversion Date, Westpac will notify Holders as soon as practicable after the proposed Acquisition Event Conversion Date that Conversion did not occur.

## 5.10 Issue of ordinary shares of Approved Successor

Where there is a replacement of Westpac as the ultimate holding company of the Westpac Group and the successor holding company is an Approved Successor, Conversion of the Westpac Capital Notes 2 may not occur as a consequence of the Replacement. Instead, these Terms may be amended in accordance with clause 13.4.

## 6 Optional Conversion

### 6.1 Conversion at the option of Westpac

- (a) Subject to the other provisions of this clause 6, Westpac may at its option Convert in accordance with clause 9:
- (i) all or some Westpac Capital Notes 2 on 23 September 2022; ~~or~~
  - (ii) all (but not some) of the Westpac Capital Notes on an Optional Conversion Date following the occurrence of a Tax Event or Regulatory Event; ~~or~~
  - (iii) [following Transfer to the Nominated Party under clause 8.1\(a\)\(iii\), all or some Reinvestment Capital Notes 2 on the Reinvestment Date; or](#)

- (iv) [following Transfer to the Nominated Party under clause 8.1\(a\)\(i\), all or some Westpac Capital Notes 2 on 23 September 2022.](#)
- (b) If only some (but not all) Westpac Capital Notes 2 are to be Converted under clause 6.1(a)(i), those Westpac Capital Notes 2 to be Converted will be specified in the Optional Conversion Notice and selected:
  - (i) in a manner that is, in the opinion of Westpac, fair and reasonable; and
  - (ii) in compliance with any applicable law, directive or requirement of ASX.

## 6.2 Restriction on election to Convert

Westpac may only elect to Convert the Westpac Capital Notes 2 under ~~clause 6.1(a)~~[clauses 6.1\(a\)\(i\) or 6.1\(a\)\(ii\)](#) if on the second Business Day before the date on which an Optional Conversion Notice is to be sent by Westpac (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) the VWAP on that date is:

- (a) in respect of a Conversion under clause 6.1(a)(i), greater than 56.12% of the Issue Date VWAP; and
- (b) in respect of a Conversion under ~~clauses~~[clause](#) 6.1(a)(ii), ~~is~~ greater than 22.20% of the Issue Date VWAP,

(the **Optional Conversion Restriction**).

## 6.3 Optional Conversion Notice

- (a) Subject to clause 6.2, Westpac may only Convert under clause 6.1(a)(i) if Westpac has given an Optional Conversion Notice of its election to do so at least 25 Business Days before the proposed Optional Conversion Date to ASX and the Holders.
- (b) The Optional Conversion Notice must specify:
  - (i) the date on which it is proposed the Optional Conversion will occur, which:
    - (A) in the case of clause 6.1(a)(i), will be 23 September 2022; and
    - (B) in the case of a Tax Event or Regulatory Event, is the Next Distribution Payment Date, unless Westpac determines an earlier date having regard to the best interests of Holders as a whole and the relevant event;
  - (ii) whether any Distribution will be paid in respect of the Westpac Capital Notes 2 to be Converted on the Optional Conversion Date; and
  - (iii) the details of the Conversion process including any details to take into account the effect on marketable parcels and whole numbers of Ordinary Shares.

## 6.4 Restriction on Conversion on the Optional Conversion Date

- (a) The Second Scheduled Conversion Condition applies to an Optional Conversion [under clauses 6.1\(a\)\(i\) or 6.1\(a\)\(ii\)](#) as though the proposed Optional Conversion Date were a Scheduled Conversion Date for the purposes of clause 4 (except that in the case of an Optional Conversion following a Tax Event or Regulatory Event, the Second Scheduled Conversion Condition will apply as if it referred to 20.20% of the Issue Date VWAP).
- (b) If the Second Scheduled Conversion Condition is not satisfied on the proposed Optional Conversion Date:
  - (i) the Westpac Capital Notes 2 will not Convert; and

- (ii) Westpac will notify Holders as soon as practicable after the proposed Optional Conversion Date that Conversion did not occur.

## 6.5 Deferred Conversion

If Westpac has given an Optional Conversion Notice under clause 6.3 and the Second Scheduled Conversion Condition (as if it applied on the Optional Conversion Date) is not satisfied, then, notwithstanding any other provision of these Terms:

- (a) the Optional Conversion Date will be deferred until the first Distribution Payment Date (under clause 3.5(a)) on which the Scheduled Conversion Conditions are satisfied (except that in the case of a Tax Event or Regulatory Event, the Second Scheduled Conversion Condition will apply as if it referred to 20.20% of the Issue Date VWAP) as if that Distribution Payment Date were a Scheduled Conversion Date for the purposes of clause 4 (the **Deferred Conversion Date**);
- (b) Westpac must convert the Westpac Capital Notes 2 on the Deferred Conversion Date unless the Westpac Capital Notes 2 are Converted earlier in accordance with these Terms; and
- (c) until the Deferred Conversion Date, all rights attaching to the Westpac Capital Notes 2 will continue as if the Optional Conversion Notice had not been given.

## 6.6 Final Distribution

For the avoidance of doubt, Optional Conversion may occur even if Westpac, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

## 6.7 No Conversion at the option of the Holders

Holders do not have a right to request Conversion of their Westpac Capital Notes 2 at any time.

## 7 Optional Redemption

### 7.1 Redemption at the option of Westpac

- (a) Subject to the other provisions of this clause 7, Westpac may at its option Redeem:
  - (i) all or some Westpac Capital Notes 2 on 23 September 2022; ~~or~~
  - (ii) all (but not some) of the Westpac Capital Notes 2 on a Redemption Date following the occurrence of a Tax Event or Regulatory Event; ~~or~~
  - (iii) [following Transfer to the Nominated Party under clause 8.1\(a\)\(iii\) all or some Reinvestment Capital Notes 2 on the Reinvestment Date; or](#)
  - (iv) [following Transfer to the Nominated Party under clause 8.1\(a\)\(i\) all or some Westpac Capital Notes 2 on 23 September 2022.](#)

in each case for their Face Value.

- (b) If only some (but not all) Westpac Capital Notes 2 are to be Redeemed under clause 7.1(a)(i), those Westpac Capital Notes 2 to be Redeemed will be specified in the Redemption Notice and selected:
  - (i) in a manner that is, in the opinion of Westpac, fair and reasonable; and
  - (ii) in compliance with any applicable law, directive or requirement of ASX.

### 7.2 Optional Redemption Notice

- (a) Westpac may only Redeem under ~~clause 7.1(a)~~ [clauses 7.1\(a\)\(i\) or 7.1\(a\)\(ii\)](#) if Westpac has given a Redemption Notice of its election to do so at least 21 Business Days (and no

more than ~~60~~80 Business Days) before the proposed Redemption Date to ASX and the Holders.

- (b) The Redemption Notice must specify:
- (i) the date on which it is proposed the Redemption will occur, which must be:
    - (A) in the case of clause 7.1(a)(i), 23 September 2022;
    - (B) in the case of a Tax Event or Regulatory Event, the Next Distribution Payment Date, unless Westpac determines an earlier date having regard to the best interests of Holders as a whole and the relevant event; and
  - (ii) whether any Distribution will be paid in respect of the Westpac Capital Notes 2 to be Redeemed on the Redemption Date.

### 7.3 APRA approval to Redeem

Westpac may only Redeem under this clause 7 if:

- (a) either
- (i) before or concurrently with Redemption, Westpac replaces Westpac Capital Notes 2 with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than Westpac Capital Notes 2 and the replacement of Westpac Capital Notes 2 is done under conditions that are sustainable for the income capacity of the Westpac Group; or
  - (ii) Westpac obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Westpac Group, that Westpac does not have to replace Westpac Capital Notes 2; and
- (b) APRA has given its prior written approval to the Redemption. Approval is at the discretion of APRA and may or may not be given.

### 7.4 Final Distribution

For the avoidance of doubt, Redemption may occur even if Westpac, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

### 7.5 No Redemption at the option of the Holders

Holders do not have a right to request Redemption of their Westpac Capital Notes 2 at any time.

### 7.6 Effect of Redemption Notice

Subject to any early Conversion required because of a Capital Trigger Event or a Non-Viability Trigger Event and any termination of rights under clause 5.8, any Redemption Notice given under this clause 7 is irrevocable and Westpac must (subject to clause 11.1) Redeem Westpac Capital Notes 2 on the Redemption Date specified in that Redemption Notice.

## 8 Optional Transfer

### 8.1 Transfer at the option of Westpac

- (a) Westpac may elect that Transfer occur in relation to:
- (i) all or some Westpac Capital Notes 2 on 23 September 2022;~~or~~
  - (ii) all (but not some) of the Westpac Capital Notes 2 on a Transfer Date following the occurrence of a Tax Event or Regulatory Event;~~;~~ or
  - (iii) all Reinvestment Capital Notes 2 on the Reinvestment Date.

- (b) If only some (but not all) Westpac Capital Notes 2 are to be Transferred under clause 8.1(a)(i), the number of Westpac Capital Notes 2 to be Transferred will be specified in the Transfer Notice and selected:
  - (i) in a manner that is, in the opinion of Westpac, fair and reasonable; and
  - (ii) in compliance with any applicable law, directive or requirement of ASX.

## 8.2 Optional Transfer Notice

- (a) Westpac may only elect to Transfer Westpac Capital Notes 2 under ~~clause 8.1(a) if Westpac has given a Transfer Notice at least 21 Business Days (and no more than 60 Business Days) before the proposed Transfer Date to ASX and the Holders.;~~
  - (i) [clauses 8.1\(a\)\(i\) or 8.1\(a\)\(ii\) if Westpac has given a Transfer Notice at least 21 Business Days \(and no more than 80 Business Days\) before the proposed Transfer Date to ASX and the Holders; or](#)
  - (ii) [clause 8.1\(a\)\(iii\) if Westpac has given a Transfer Notice at least 15 Business Days \(and no more than 80 Business Days\) before the proposed Transfer Date to ASX and the Holders\).](#)
- (b) The Transfer Notice must specify:
  - (i) the date on which it is proposed the Transfer will occur, which must be:
    - (A) in the case of clause 8.1(a)(i), 23 September 2022;
    - (B) in the case of a Tax Event or Regulatory Event, the Next Distribution Payment Date, unless Westpac determines an earlier date having regard to the best interests of Holders as a whole and the relevant event;~~and~~
    - (C) [in the case of clause 8.1\(a\)\(iii\), the Reinvestment Date; and](#)
  - (ii) whether any Distribution will be paid in respect of the Westpac Capital Notes to be Transferred on the Transfer Date.

## 8.3 Final Distribution

For the avoidance of doubt, Transfer may occur even if Westpac, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

## 8.4 No Transfer at the option of the Holders

Holders do not have a right to request Transfer of their Westpac Capital Notes 2 at any time.

## 8.5 Effect of Transfer Notice

- (a) Any Transfer Notice given under this clause 8 is irrevocable and Westpac must (subject to clause 11.1) Transfer Westpac Capital Notes 2 on the Transfer Date specified in that Transfer Notice.
- (b) If Westpac issues a Transfer Notice under this clause 8 [in respect of a Transfer pursuant to clauses 8.1\(a\)\(i\) or 8.1\(a\)\(ii\)](#):
  - (i) each Holder is taken irrevocably to offer to sell the relevant number of their Westpac Capital Notes 2 to the Nominated Party on the Transfer Date for a cash amount per Westpac Capital Note 2 equal to the Face Value (and to have appointed Westpac as its agent and attorney to execute documents and do all things necessary which Westpac considers may be necessary or desirable in connection with that offer and any resulting sale);

- (ii) subject to payment by the Nominated Party of the Face Value to Holders, all right, title and interest in the relevant number of Westpac Capital Notes 2 will be transferred from the Holders to the Nominated Party on the Transfer Date; and
  - (iii) if the Nominated Party does not pay the Face Value to the relevant Holders on the Transfer Date, the relevant number of Westpac Capital Notes 2 will not be transferred to the Nominated Party.
- (c) If Westpac issues a Transfer Notice under this clause 8 in respect of a Transfer pursuant to clause 8.1(a)(iii):
- (i) each Holder of a Reinvestment Capital Note 2 is taken irrevocably to offer to sell the relevant number of their Reinvestment Capital Notes 2 to the Nominated Party on the Transfer Date for a cash amount per Reinvestment Capital Note 2 equal to the Face Value (and to have appointed Westpac as its agent and attorney to execute documents and do all things necessary which Westpac considers may be necessary or desirable in connection with that offer and any resulting sale);
  - (ii) subject to payment by the Nominated Party of the Face Value to such Holders, all rights, title and interest in the relevant number of Reinvestment Capital Notes 2 will be transferred from those Holders to the Nominated Party on the Transfer Date; and
  - (iii) if the Nominated Party does not pay the Face Value to the relevant Holders on the Transfer Date, the relevant number of Reinvestment Capital Notes 2 will not be Transferred to the Nominated Party.
- (d) ~~(e)~~ Clause 11 will apply to payments by the Nominated Party as if the Nominated Party were Westpac. If any payment to a particular Holder is not made or treated as made on the Transfer Date because of any error by or on behalf of the Nominated Party, the relevant Westpac Capital Notes 2 of that Holder will not be transferred until payment is made but the transfer of all other relevant Westpac Capital Notes 2 will not be affected by the failure.

## 9 General provisions applicable to Conversion

### 9.1 Conversion

On the Conversion Date, subject to clauses 5.6 and 9.10, the following will apply:

- (a) Westpac will allot and issue the Conversion Number of Ordinary Shares for each Westpac Capital Note 2 held by the Holder. The Conversion Number is calculated according to the following formula, and subject always to the Conversion Number being no greater than the Maximum Conversion Number:

$$\text{Conversion Number for each Westpac Capital Note 2} = \frac{\text{Face Value}}{0.99 \times \text{VWAP}}$$

where:

**VWAP** (expressed in dollars and cents) means the VWAP during the VWAP Period.

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

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$$

**Relevant Percentage** means:

- (i) if Conversion is occurring on a Scheduled Conversion Date or the Optional Conversion Date on 23 September 2022, 0.50; and
  - (ii) if Conversion is occurring at any other time, 0.20.
- (b) Each Holder's rights (including to Distributions) in relation to each Westpac Capital Note 2 that is being Converted will be immediately and irrevocably terminated for an amount equal to the Face Value and Westpac will apply the Face Value of each Westpac Capital Note 2 by way of payment for the subscription for the Ordinary Shares to be allotted and issued under clause 9.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 9.1 is to be applied as provided for in this clause and Holders do not have any right to payment in any other way.
- (c) If the total number of Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Westpac Capital Notes 2 includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

## 9.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under clause 9.1:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Westpac Capital Notes 2 will be Converted into Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or that other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement will be reduced by an amount (**Cum Value**) equal to:
- (i) in the case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person resident in Australia under the Tax Act;
  - (ii) in the case of any other entitlement that is not a dividend or other distribution under clause 9.2(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or
  - (iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by Westpac; and
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Westpac Capital Notes 2 will be Converted into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

## 9.3 Adjustments to VWAP for capital reconstruction

- (a) Where during the relevant VWAP Period there is a change to the number of Ordinary Shares on issue because the Ordinary Shares are reconstructed, consolidated, divided or reclassified (in a manner not involving any cash payment (or the giving of any other form

of consideration) to or by holders of Ordinary Shares) (**Reclassification**) into a lesser or greater number, the daily VWAP for each day in the VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reclassification basis will be adjusted by multiplying the VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

**A**  
**B**

Where:

**A** means the aggregate number of Ordinary Shares immediately before the Reclassification; and

**B** means the aggregate number of Ordinary Shares immediately after the Reclassification.

- (b) Any adjustment made by Westpac in accordance with clause 9.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

#### 9.4 Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP under clause 9.1, adjustments will be made in accordance with clause 9.2 and clause 9.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made by Westpac in accordance with clauses 9.5 to 9.7 (inclusive);
- (b) if so made, will correspondingly affect the application of the Scheduled Conversion Conditions and the Optional Conversion Restriction and cause an adjustment to the Maximum Conversion Number; and
- (c) if so made, will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

#### 9.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clauses 9.5(b) and 9.5(c), if Westpac makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally (in a manner not involving any cash payment (or the giving of any other form of consideration) to or by holders of Ordinary Shares), the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_o \times RD / (RD + RN)$$

Where:

**V** means the Issue Date VWAP applying immediately after the application of this formula;

**V<sub>o</sub>** means the Issue Date VWAP applying immediately prior to the application of this formula;

**RD** means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

**RN** means the number of Ordinary Shares issued pursuant to the bonus issue.

- (b) Clause 9.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purposes of this clause, an issue will be regarded as a bonus issue notwithstanding that Westpac does not make offers to some or all holders of Ordinary



Shares with registered addresses outside Australia, provided that in so doing Westpac is not in contravention of the ASX Listing Rules.

#### **9.6 Adjustments to Issue Date VWAP for capital reconstruction**

If at any time after the Issue Date there is a change to the number of Ordinary Shares on issue because of a Reclassification (in a manner not involving any cash payment (or the giving of any other form of consideration) to or by holders of Ordinary Shares) into a lesser or greater number, the Issue Date VWAP will be adjusted by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

**A** means the aggregate number of Ordinary Shares on issue immediately before the Reclassification; and

**B** means the aggregate number of Ordinary Shares on issue immediately after the Reclassification.

#### **9.7 No adjustment to Issue Date VWAP in certain circumstances**

Despite the provisions of clauses 9.5 and 9.6, no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

#### **9.8 Announcement of adjustments to Issue Date VWAP**

Westpac will notify any adjustment to the Issue Date VWAP under this clause to ASX and the Holders within 10 Business Days of Westpac determining the adjustment and the adjustment will be final and binding.

#### **9.9 Status and listing of Ordinary Shares**

- (a) Ordinary Shares issued or arising from Conversion will rank equally with all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued or arising from Conversion do not take effect until 5.00pm (Sydney time) on the Conversion Date.
- (b) Westpac will use all reasonable endeavours to list the Ordinary Shares issued on Conversion of Westpac Capital Notes 2 on ASX.

#### **9.10 Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder**

- (a) If Westpac Capital Notes 2 of a Holder are required to be Converted and:
  - (i) the Holder has notified Westpac that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given at any time on or after the Issue Date and prior to the Conversion Date; or
  - (ii) the Holder is an Ineligible Holder,then, on the Conversion Date, the Holder's rights (including to Distributions) in relation to each such Westpac Capital Note 2 being Converted are immediately and irrevocably terminated and Westpac will issue the Conversion Number of Ordinary Shares to the Sale Agent for no additional consideration to hold on trust for sale for the benefit of the relevant Holder. At the first opportunity to sell the Ordinary Shares, the Sale Agent will

arrange for their sale at market value and pay the proceeds less selling costs to the relevant Holder.

Westpac will be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Conversion Date.

- (b) If Conversion under this clause 9.10 is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event and the Conversion fails to take effect and Westpac is not otherwise able to issue Ordinary Shares to the Sale Agent within five Business Days, then Holders' rights will be immediately and irrevocably terminated in accordance with clause 5.8.

#### **9.11 Final Distribution**

For the avoidance of doubt, Conversion may occur even if Westpac, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

#### **9.12 No Conversion after Winding Up commences**

If before the Conversion Date a Winding Up commences, then Conversion will not occur and clause 2 will apply, except where Conversion is required for a Capital Trigger Event or Non-Viability Trigger Event (in which case such Conversion shall occur (subject to clause 5.8) in accordance with clause 5.2 or 5.4 (as applicable) and clause 5.7).

#### **9.13 Conversion of a percentage of Face Value**

If under these Terms it is necessary to Convert a percentage of the Face Value, this clause 9 will apply to the Conversion as if references to the Face Value were references to the relevant percentage of the Face Value to be Converted multiplied by the Face Value.

#### **9.14 Consent to receive Ordinary Shares and other acknowledgements**

Subject to clause 5.8, each Holder irrevocably:

- (a) upon receipt of the Conversion Number of Ordinary Shares following Conversion of Westpac Capital Notes 2 in accordance with clauses 4,5 or 6 consents to becoming a member of Westpac and agrees to be bound by the constitution of Westpac, in each case in respect of Ordinary Shares issued on Conversion;
- (b) acknowledges and agrees that, unless it has given notice in accordance with clause 9.10 that it does not wish to receive Ordinary Shares as a result of Conversion, it is obliged to accept Ordinary Shares of Westpac on Conversion notwithstanding anything that might otherwise affect a Conversion of Westpac Capital Notes 2 including:
- (i) any change in the financial position of Westpac since the issue of the Westpac Capital Notes 2;
  - (ii) any disruption to the market or potential market for Ordinary Shares or capital markets generally; or
  - (iii) any breach by Westpac of any obligation in connection with the Westpac Capital Notes 2;
- (c) acknowledges and agrees that:
- (i) Conversion is not subject to any conditions other than those expressly provided for in these Terms;
  - (ii) Subject to any conditions, Conversion must occur immediately on the Conversion Date and that may result in disruption or failures in trading or dealings in the Westpac Capital Notes 2;

- (iii) it will not have any rights to vote in respect of any Conversion; and
- (iv) notwithstanding clause 9.9, Ordinary Shares issued on Conversion may not be quoted at the time of Conversion or at all;
- (d) acknowledges and agrees that where clause 5.8 applies, no other conditions or events will affect the operation of that clause and it will not have any rights to vote in respect of any termination under that clause;
- (e) acknowledges and agrees that it has no right to request that Westpac Convert Capital Notes II; and
- (f) acknowledges and agrees that it has no remedies on account of the failure of Westpac to issue Ordinary Shares in accordance with clauses 5.2 or 5.4 other than, subject to clause 5.8, to seek specific performance of Westpac's obligation to issue Ordinary Shares.

## **10 Title and transfer of Westpac Capital Notes 2**

### **10.1 CHESS**

While a Westpac Capital Note 2 remains in CHESS:

- (a) the rights of a person holding an interest in the Westpac Capital Note 2; and
- (b) all dealings (including transfers and payments) in relation to the Westpac Capital Note 2, will be governed by and subject to the rules and regulations of CHESS (but without affecting any of these Terms which affect the eligibility of the Westpac Capital Notes 2 as Additional Tier 1 Capital). To the extent of any inconsistency:
  - (c) between these Terms (other than any of these Terms which affect the eligibility of the Westpac Capital Notes 2 as Additional Tier 1 Capital) and the rules and regulations of CHESS, the rules and regulations of CHESS prevail; and
  - (d) between any of these Terms which affect the eligibility of the Westpac Capital Notes 2 as Additional Tier 1 Capital and the rules and regulations of CHESS, these Terms prevail.

### **10.2 Effect of entries in Westpac Capital Notes 2 Register**

Each entry in the Westpac Capital Notes 2 Register of a person as a Holder constitutes:

- (a) conclusive evidence of that person's:
  - (i) absolute ownership of those Westpac Capital Notes 2; and
  - (ii) entitlement to the other benefits given to Holders under these Terms in respect of Westpac Capital Notes 2; and
- (b) an undertaking by Westpac to pay a Distribution and any other amount in accordance with these Terms,

subject to correction of the Westpac Capital Notes 2 Register for fraud or error.

### **10.3 Non-recognition of interests**

Except as required by law, Westpac and the Registrar must treat the person whose name is entered in the Westpac Capital Notes 2 Register as a Holder as the absolute owner of that Westpac Capital Notes 2. This clause applies despite any notice of ownership, trust or interest in that Westpac Capital Notes 2.

### **10.4 Joint Holders**

Where two or more persons are entered in the Westpac Capital Notes 2 Register as joint Holders, they are taken to hold those Westpac Capital Notes 2 as joint tenants with rights of survivorship

but the Registrar is not bound to register more than three persons as joint Holders of any Westpac Capital Notes 2.

## 10.5 Transfers

- (a) A Holder may transfer Westpac Capital Notes 2:
  - (i) while Westpac Capital Notes 2 are registered with CHESS, in accordance with the rules and regulations of CHESS; or
  - (ii) at any other time:
    - (A) by a proper transfer under any other applicable computerised or electronic system recognised by the Corporations Act; or
    - (B) by any proper or sufficient instrument of transfer of marketable securities under applicable law, provided such instrument is delivered to the Registrar with any evidence the Registrar reasonably requires to prove title to or the right to transfer Westpac Capital Notes 2.
- (b) Title to Westpac Capital Notes 2 passes when details of the transfer are entered in the Westpac Capital Notes 2 Register.
- (c) Westpac Capital Notes 2 may be transferred in whole but not in part.
- (d) Westpac must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of Westpac Capital Notes 2.
- (e) Westpac must not charge any fee on the transfer of Westpac Capital Notes 2.
- (f) The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction in connection with a transfer, assignment or other dealing with Westpac Capital Notes 2.
- (g) Upon registration and entry of the transferee in the Westpac Capital Notes 2 Register, the transferor ceases to be entitled to future benefits under these Terms in respect of the transferred Westpac Capital Notes 2.
- (h) Subject to Applicable Regulations, Westpac may determine that transfers of some or all Westpac Capital Notes 2 will not be registered during any period reasonably specified by it prior to the Conversion Date, Redemption Date or Transfer Date of such Westpac Capital Notes 2.

## 10.6 Refusal to register

Westpac may only refuse to register a transfer of Westpac Capital Notes 2 if permitted by, or if such registration would contravene or is forbidden by, Applicable Regulations or the Terms.

If Westpac refuses to register a transfer, Westpac must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registrar.

## 10.7 Transmission

A person becoming entitled to Westpac Capital Notes 2 as a consequence of the death, bankruptcy, liquidation or a winding-up of a Holder or of a vesting order by a court or other body with power to make the order, or a person administering the estate of a Holder, may, upon providing evidence as to that entitlement or status, and if Westpac so requires an indemnity in relation to the correctness of such evidence, as Westpac considers sufficient, become registered as the Holder of those Westpac Capital Notes 2.

## 11 Payments

### 11.1 General

All payments in respect of Westpac Capital Notes 2:

- (a) must be made:
  - (i) in Australian dollars; and
  - (ii) free of any set off, deduction or counter claim except as required by law or any agreement with a governmental authority;
- (b) are subject to applicable fiscal and other laws and the administrative practices and procedures of fiscal and other authorities;
- (c) will be made in accordance with:
  - (i) the rules and regulations of CHESS while Westpac Capital Notes 2 remain in CHESS;
  - (ii) the particulars recorded in the Westpac Capital Notes 2 Register on the relevant Record Date; and
  - (iii) these Terms.

If the date scheduled for any payment under these Terms (other than a payment made under clause 9.1(b) in connection with the Conversion of Notes following a Capital Trigger Event or a Non-Viability Trigger Event) is not a Business Day, then the payment will be made on the next Business Day (and without any additional interest or other payment in respect of such delay).

All calculations of payments will be rounded to four decimal places. For the purposes of making any payment in respect of a Holder's aggregate holding of Westpac Capital Notes 2, any fraction of a cent will be disregarded.

### 11.2 Payments to Holders

- (a) Each payment in respect of a Westpac Capital Note 2 will be made to the person that is recorded in the Westpac Capital Notes 2 Register as the Holder of that Westpac Capital Note 2 on the Record Date for that payment.
- (b) A payment to any one joint Holder of a Westpac Capital Note 2 will discharge Westpac's liability in respect of the payment.

### 11.3 Method of payments

- (a) Westpac may, in its absolute discretion, pay to a Holder or any other person entitled to any amount payable in respect of a Westpac Capital Notes 2:
  - (i) by crediting an account nominated in writing by that Holder or person;
  - (ii) by cheque made payable to the Holder or person, sent to the address of that Holder or person as notified to Westpac by that Holder or person; or
  - (iii) in any other manner as Westpac determines (provided that Distributions must always be paid in cash).
- (b) Westpac may send a cheque referred to in clause 11.3(a)(ii), if relevant, to:
  - (i) the address in the Westpac Capital Notes 2 Register of the Holder;
  - (ii) if that Westpac Capital Note 2 is jointly held, the address in the Westpac Capital Notes 2 Register of the Holder named first in the register in respect of the Westpac Capital Note; or

- (iii) any other address which that person directs in writing.
- (c) If Westpac decides to make a payment by electronic or other means determined under clause 11.3(a)(iii) and an account is not nominated by the Holder or joint Holder, Westpac may hold the amount payable in a separate account of Westpac until the Holder or joint Holder (as the case may be) nominates an account, without any obligation to pay interest, and the amount so held is to be treated as having been paid to the Holder or joint Holder at the time it is credited to that separate account of Westpac.
- (d) All amounts payable but unclaimed may be invested by Westpac as it thinks fit for the benefit of Westpac until claimed or until required to be dealt with in accordance with any law relating to unclaimed moneys.
- (e) Westpac (or any person through whom payments are made), in its absolute discretion, may withhold payment to a Holder where it is required to do so under any applicable fiscal or other law or any administrative practice or procedure of any fiscal or other authority (including any law prohibiting dealings with terrorist organisations or money laundering, or any other type of sanction and any withholding or deduction arising under or in connection with FATCA), or where it has reasonable grounds to suspect that the Holder may be subject to any such law, administrative practice or procedure or sanction or involved in acts of terrorism or money laundering, and may deal with such payment and the Holder's Note in accordance with such applicable law, administrative practice or procedure or the requirements of any relevant government or regulatory authority.
- (f) Westpac shall not be liable for any costs or loss suffered by a Holder in exercising its discretion under clause 11.3(e), even where a Holder later demonstrates that they were not subject to such law, administrative practice or procedure or sanction.

## **12 Taxation**

### **12.1 Deductions**

Westpac or the Nominated Party, as applicable, may deduct or withhold any tax, duty, assessment, levy, governmental charge or other amount from any Distribution or amount payable upon Redemption or Transfer to the Nominated Party of any Westpac Capital Note 2 (or upon or with respect to the issuance of any Ordinary Shares upon any Conversion), as required by law or any agreement with a governmental authority. If any such deduction or withholding has been made and paid over to the relevant governmental authority and the balance of the Distribution or other amount payable has been paid (or, in the case of a Conversion, Ordinary Shares issued) to the relevant Holder, then the full amount payable (or, in the case of a Conversion, the Conversion Number of Ordinary Shares) to such Holder shall be deemed to have been duly paid and satisfied (or, in the case of a Conversion, issued) by Westpac or the Nominated Party, as applicable.

Westpac or the Nominated Party, as applicable, shall pay the full amount required to be deducted or withheld to the relevant governmental authority within the time allowed for such payment without incurring any penalty under applicable law and shall, if requested by any Holder, deliver to such Holder confirmation of such payment without delay after it is received by Westpac or the Nominated Party, as applicable.

### **12.2 FATCA**

Without limiting clause 12.1, if any withholding or deduction arises under or in connection with FATCA, Westpac will not be required to pay any further amounts on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder for or in respect of any such withholding or deduction.

### 12.3 Tax File Number withholdings

- (a) Westpac will, if required, withhold an amount from payment of Distributions on Westpac Capital Notes 2 at the highest marginal tax rate plus the highest Medicare levy if a Holder has not supplied an appropriate tax file number, Australian business number or exemption details.
- (b) If a Holder supplies exemption details and Westpac subsequently determines that the relevant exemption was not available, Westpac may recover the amount that should have been deducted from the relevant Holder and may deduct that amount from any subsequent payment due to that Holder in respect of Westpac Capital Notes 2.

## 13 Amendment of these Terms

### 13.1 Amendment generally

No amendment to these Terms is permitted without APRA's prior written approval if such amendment would impact, or potentially impact, the classification of the Westpac Capital Notes 2 as Additional Tier 1 Capital on a Level 1 or Level 2 basis.

### 13.2 Amendment without consent

Subject to clause 13.1, and complying with all applicable laws and with APRA's prior written approval (except in the case of ~~paragraph (a)(iii)~~ clause 13.2(a)(iii) below), Westpac may, without the authority, assent or approval of Holders, amend these Terms:

- (a) if Westpac is of the opinion that the amendment is:
  - (i) of a formal, minor or technical nature;
  - (ii) made to cure any ambiguity;
  - (iii) made to correct any manifest error;
  - (iv) expedient for the purpose of enabling the Westpac Capital Notes 2 to be listed for quotation or to retain listing on any stock exchange or to be offered for, or subscription for, sale under the laws for the time being in force in any place and it is otherwise not considered by Westpac to be materially prejudicial to the interests of Holders as a whole; or
  - (v) necessary to comply with the provisions of any statute, the requirements of any statutory authority, the ASX Listing Rules or the listing or quotation requirements of any stock exchange on which the Westpac Capital Notes 2 are quoted; or
- (b) generally, in any case where such amendment is considered by Westpac not to be materially prejudicial to the interests of Holders as a whole.

### 13.3 Amendment with consent

Without limiting clause 13.2 and subject to clause 13.1, Westpac may, with APRA's prior written approval, amend these Terms if the amendment has been approved by a Special Resolution.

### 13.4 Amendment for Approved Successor

- (a) Subject to clause 13.4(c), if:
  - (i) it is proposed that Westpac be replaced as the ultimate holding company of the Westpac Group by an Approved Successor (**Replacement**); and
  - (ii) the Approved Successor agrees to expressly assume Westpac's obligations under these Terms by entering into a deed poll for the benefit of Holders under which it agrees (among other things):

- (A) to deliver Approved Successor Shares under all circumstances when Westpac would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions of these Terms as amended by this clause 13.4;
- (B) to comply with the restriction in clause 3.7 (with all appropriate modifications) of these Terms; and
- (C) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of the Approved Successor Shares issued under these Terms on the stock exchanges on which the other Approved Successor Shares are quoted at the time of a Conversion,

Westpac may, with APRA's prior written approval, but without the authority, assent or approval of Holders, give a notice (an **Approved Replacement Notice**) to Holders (which, if given, must be given as soon as practicable before the Replacement and in any event no later than 10 Business Days before the Replacement occurs) specifying the amendments to these Terms which will be made in accordance with this clause 13.4 to effect the substitution of the Approved Successor as the debtor in respect of Westpac Capital Notes 2 and the issuer of ordinary shares on Conversion.

An Approved Replacement Notice, once given, is irrevocable.

- (b) If Westpac gives an Approved Replacement Notice to Holders in accordance with clause 13.4(a), then with effect on and from the date specified in the Approved Replacement Notice:
  - (i) the Approved Successor will assume all of the obligations of, and succeed to, and be substituted for, and may exercise every right and power of, Westpac under these Terms (as may be amended from time to time) with the same effect as if the Approved Successor had been named as Westpac in these Terms;
  - (ii) Westpac (or any corporation which has previously assumed the obligations of Westpac) will be released from its liability under the Terms;
  - (iii) references to Westpac in these Terms will be taken to be references to the Approved Successor and references to Ordinary Shares in these Terms will be taken to be references to Approved Successor Shares;
  - (iv) such other amendments may be made to these Terms as in Westpac's reasonable opinion are necessary and appropriate to effect the substitution of an Approved Successor as debtor in respect of Westpac Capital Notes 2 and the issuer of the Approved Successor Shares on Conversion in the manner contemplated by these Terms (including such amendment as is necessary or expedient for the purposes of complying with the provisions of Chapter 2L of the Corporations Act where the Approved Successor is not an ADI).
- (c) Where an amendment under clause 13.4(b) results in Approved Successor Shares being issued to Holders, each Holder agrees to become a member of the Approved Successor immediately prior to the issue of the Approved Successor Shares and appoints Westpac as its attorney as contemplated under clause 14.10 to do all things necessary or desirable to give effect to this clause 13.4.
- (d) Westpac must not issue an Approved Replacement Notice unless:
  - (i) the Approved Successor or another entity which is not a member of the Westpac Group and approved by APRA subscribes for Ordinary Shares or other capital



instruments acceptable to APRA in such amount as may be necessary, or take other steps acceptable to APRA to ensure that the capital position of Westpac on a Level 1 and Level 2 basis as described in the Prudential Standards will not be adversely affected, including, if required by APRA or the Prudential Standards, undertaking any capital injection in relation to Westpac to replace the Westpac Capital Notes 2; and

- (ii) any capital injection carried out pursuant to [paragraph clause 13.4\(d\)](#)(i) is:
  - (A) unconditional;
  - (B) occurs simultaneously with the substitution of the Approved Successor; and
  - (C) of equal or better quality capital and at least the same amount as the Westpac Capital Notes 2, unless otherwise approved by APRA in writing.
- (e) Nothing in this clause 13.4 prevents Westpac from proposing, or limits, any scheme of arrangement or other similar proposal that may be put to Holders or other members of Westpac.

### 13.5 Meanings

In this clause **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

## 14 General

### 14.1 Not deposit liabilities or protected accounts

- (a) Westpac Capital Notes 2 are not deposit liabilities of Westpac nor protected accounts for the purposes of the Banking Act or Financial Claims Scheme and are not subject to the depositor protection provisions of the Banking Act.
- (b) No member of the Westpac Group (other than Westpac) has any liability for Westpac Capital Notes 2 and neither Westpac nor any member of the Westpac Group guarantees Westpac Capital Notes 2.

### 14.2 Further issues

Westpac reserves the right to issue further Westpac Capital Notes 2 or other securities which rank senior to, equally with or behind existing Westpac Capital Notes 2, whether in respect distributions, dividends, return of capital on a Winding Up or otherwise.

### 14.3 No set-off

Neither Westpac nor any Holder is entitled to set-off any amounts due in respect of the Westpac Capital Notes 2 against any amount of any nature owed by Westpac to the Holder or by the Holder to Westpac (as applicable).

### 14.4 Quotation

Westpac must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of Westpac Capital Notes 2 on the financial market operated by ASX.

#### **14.5 Meetings**

The Deed Poll contains provisions for convening meetings of the Holders. Any such meeting may consider any matters affecting the interests of Holders, including, without limitation, the amendment of the Terms and the granting of approvals, consents and waivers.

#### **14.6 Notices**

The Deed Poll contains provisions for the giving of notices.

#### **14.7 No other rights**

Before Conversion, Westpac Capital Notes 2 confer no rights on a Holder:

- (a) to vote at, or receive notices of, any meeting of shareholders of Westpac;
- (b) to subscribe for new securities or to participate in any bonus issues of securities of Westpac; or
- (c) to otherwise participate in the profits or property of Westpac, except as set out in these Terms.

#### **14.8 Ability to trade, buy-back or purchase**

- (a) Westpac or any member of the Westpac Group may, to the extent permitted by applicable laws and regulations and with APRA's prior written approval, at any time buy or sell Westpac Capital Notes 2 in the open market, by tender to all or some of the Holders, by private agreement or in any other manner, at any price.
- (b) Subject to APRA's prior written approval, Westpac may purchase on-market or otherwise conduct a buy-back in relation to Westpac Capital Notes 2 at any time and at any price.
- (c) Any Westpac Capital Note 2 purchased or bought-back by Westpac pursuant to this clause is immediately cancelled.

#### **14.9 Waiver of immunity**

Westpac irrevocably and unconditionally waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 15.

#### **14.10 Power of attorney**

Each Holder irrevocably appoints each of Westpac, its officers and any liquidator or administrator of Westpac (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms

The power of attorney given in this clause 14.10 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

## 15 Governing Law

These Terms are governed by the laws of New South Wales, Australia. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales, and agrees that it will not object to the venue or claim that the relevant action or proceedings have been brought in an inconvenient forum.

## 16 Interpretation and definitions

### 16.1 Interpretation

The following rules of interpretation apply in these Terms unless the contrary intention appears or the context otherwise requires.

- (a) Definitions and interpretation under Westpac's constitution will also apply to these Terms unless the contrary intention is expressed.
- (b) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms and Westpac's constitution then, to the maximum extent permitted by law, the provisions of these Terms will prevail.
- (c) Unless otherwise specified, the Westpac Directors may exercise all powers of Westpac under these Terms as are not, by the Corporations Act or by Westpac's constitution, required to be exercised by Westpac in general meeting.
- (d) Notices may be given by Westpac to a Holder in the manner prescribed by Westpac's constitution for the giving of notices to members of Westpac and the relevant provisions of Westpac's constitution apply with all necessary modification to notices to Holders.
- (e) Unless otherwise specified, a reference to a clause is a reference to a clause of these Terms.
- (f) If a calculation is required under these Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (g) If a payment is required to be made under these Terms, unless the contrary intention is expressed, the payment will be made in Australian dollars only.
- (h) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to Westpac only if Westpac is an entity, or the holding company of an entity, subject to regulation and supervision by APRA at the relevant time.
- (i) Any provisions in these Terms requiring the prior written approval by APRA for a particular course of action to be taken by Westpac do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.
- (j) The terms takeover bid, relevant interest, scheme of arrangement, buy-back and on-market buy-back when used in these Terms have the meaning given in the Corporations Act.
- (k) Headings and boldings are for convenience only and do not affect the interpretation of these Terms.
- (l) The singular includes the plural and vice versa.
- (m) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (n) Other than in relation to a Capital Trigger Event or a Non-Viability Trigger Event (including a Conversion of the Westpac Capital Notes 2 on a Capital Trigger Event Conversion Date

or Non-Viability Trigger Event Conversion Date and any termination of rights under clause 5.8) and other than as otherwise specified in these Terms, if an event under these Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.

- (o) A reference to \$, dollars or cents is a reference to the lawful currency of Australia.
- (p) A reference to time in these Terms is a reference to Sydney, New South Wales, Australia time.
- (q) Calculations, elections and determinations made by Westpac under these Terms are binding on Holders in the absence of manifest error.
- (r) If any provision of these Terms is prohibited or unenforceable in its terms but would not be prohibited or unenforceable if it were read down, and is capable of being read down, that provision must be read down accordingly. If, despite this clause, a provision is still prohibited or unenforceable, if the provision would not be prohibited or unenforceable if a word or words were omitted, the relevant words must be severed and, in any other case, the whole provision must be severed. However, the remaining provisions of the Terms are of full force and effect.

## 16.2 Definitions

In these Terms, except where the contrary intention appears:

**Acquisition Event** means:

- (a) a takeover bid is made for Ordinary Shares and the offer is, or becomes, unconditional and the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or
- (b) a court orders one or more meetings to be convened to approve a scheme of arrangement under part 5.1 of the Corporations Act which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and either:
  - (i) the relevant classes of members pass a resolution approving the scheme; or
  - (ii) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares; or
  - (iii) Holders are treated as being a separate class for the purposes of a scheme of arrangement in respect of the replacement of Westpac as the ultimate holding company of the Westpac Group.

Notwithstanding the foregoing, the proposed replacement of Westpac as the ultimate holding company of the Westpac Group shall not constitute an Acquisition Event if:

- (c) the proposed successor holding company complies with all applicable legal requirements and obtains any necessary regulatory approvals (including APRA's prior written approval);
- (d) the proposed successor holding company agrees to take any necessary action to give effect to an amendment to the Terms as contemplated in clause 13.4;
- (e) the ordinary shares of the proposed successor holding company are to be listed on any internationally recognised stock exchange;
- (f) the proposed successor holding company has a place of business in New South Wales or has appointed a process agent in New South Wales to receive service of process on its

behalf in relation to any legal proceedings arising out of or in connection with Westpac Capital Notes 2;

- (g) the proposed successor holding company has, in the reasonable opinion of Westpac, the financial capacity to satisfy Westpac's obligations under these Terms and the Deed Poll; and
- (h) the proposed replacement of Westpac and the events described in paragraphs (c) to (e) would not, in the reasonable opinion of Westpac, otherwise adversely affect the interests of Holders.

**Acquisition Event Conversion Date** has the meaning set out in clause 5.9(a)(iii).

**Additional Tier 1 Capital** has the meaning prescribed by APRA in the Prudential Standards.

**ADI** means an Authorised Deposit-taking Institution under the Banking Act.

**Administrative Action** means any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application of a regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of those things).

**Applicable Regulation** means the ASX Listing Rules, the ASX Settlement Operating Rules, the rules and regulations of CHESSE, the Corporations Act and any rules or regulations made under or pursuant to them.

**Approved Replacement Notice** has the meaning given in clause 13.4(a).

**Approved Successor** means a holding company that replaces, or is proposed to replace, Westpac as the ultimate holding company of the Westpac Group and that satisfies the requirements under paragraphs (c) to (h) of the definition of 'Acquisition Event' in these Terms.

**Approved Successor Share** means a fully paid ordinary share in the capital of the Approved Successor.

**APRA** means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any authority succeeding to its powers or responsibilities.

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

**ASX Listing Rules** means the listing rules of ASX from time to time with any modifications or waivers in their application to Westpac, which ASX may grant.

**ASX Settlement Operating Rules** means the settlement operating rules of ASX from time to time with any applicable modification or waiver granted by ASX.

**Bank Bill Rate** has the meaning given in clause 3.1.

**Banking Act** means the *Banking Act 1959* (Cth).

**Bookbuild** means a process conducted by or on behalf of Westpac whereby bids are lodged for the Westpac Capital Notes 2, and, on the basis of those bids, Westpac determines the Margin.

**Business Day** means a business day as defined in the ASX Listing Rules.

**Buy Back** means a transaction involving the acquisition by Westpac of its Ordinary Shares pursuant to the provisions of Part 2J of the Corporations Act.

**Capital Reduction** means a reduction in capital by Westpac of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act.

**Capital Securities** means shares or any equity, hybrid or subordinated debt capital security (whether comprised of one or more instruments) issued by Westpac excluding the Westpac Capital Notes 2. **Capital Security** has the corresponding meaning.

**Capital Trigger Event** has the meaning given in clause 5.1.

**Capital Trigger Event Conversion Date** has the meaning set out in clause 5.2(d)(iii).

**Change of Law** means:

- (a) an amendment to, change in or announced prospective change that has been or will be introduced in any laws or regulations under those laws affecting taxation in Australia;
- (b) a judicial decision interpreting, applying or clarifying laws or regulations affecting taxation in Australia;
- (c) an administrative pronouncement, ruling, confirmation, advice or action (including a failure or refusal to provide a ruling) affecting taxation in Australia that represents an official position, including a clarification of an official position of the governmental authority or regulatory body in Australia making the administrative pronouncement or taking any action; or
- (d) a challenge in relation to (or in connection with) Westpac Capital Notes 2 asserted or threatened in writing from the Australian Taxation Office,

which amendment or change is announced or which action or clarification or challenge occurs on or after the Issue Date and which Westpac did not expect as at the Issue Date.

**CHESS** means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

**Common Equity Tier 1 Capital** has the meaning prescribed by APRA in the Prudential Standards.

**Conversion** means, the conversion of all, some or a proportion of each Westpac Capital Note 2 into Ordinary Shares under these Terms and **Convert** and **Converted** have corresponding meanings.

**Conversion Date** means the applicable:

- (a) Scheduled Conversion Date;
- (b) Capital Trigger Event Conversion Date;
- (c) Non-Viability Trigger Event Conversion Date;
- (d) Acquisition Event Conversion Date; or
- (e) Optional Conversion Date.

**Conversion Number** has the meaning given in clause 9.1.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Deed Poll** means the deed poll entitled "Westpac Capital Notes 2 Deed Poll" executed by Westpac and dated 7 May 2014.

**Distribution** has the meaning given in clause 3.1.

**Distribution Payment Date** has the meaning given in clause 3.5.

**Distribution Period** means the period from (but excluding) the Issue Date until (and including) the first Distribution Payment Date or thereafter from (but excluding) each Distribution Payment Date until (and including) the next Distribution Payment Date.

**Distribution Rate** has the meaning given in clause 3.1.

**Dividends** means any interim, final or special dividends payable in accordance with the Corporations Act and Westpac's Constitution in relation to Ordinary Shares.

**Equal Ranking Capital Security** means:

- (a) in the case of a dividend, distribution or interest in respect of the Capital Security, a Capital Security (~~including TPS 2004 Preference Shares, TPS 2004 Debentures, TPS 2006 Preference Shares, TPS 2006 Notes, SPS 2008 II Preference Shares, SPS 2008 II Notes, Westpac CPS 2012 and Westpac Capital Notes~~) which ranks or is expressed to rank for payment of the dividend, distribution or interest equally with Westpac Capital Notes 2; and
- (b) in the case of redemption or repayment of, reduction of capital on, cancellation of or acquisition of the Capital Security, a Capital Security (~~including TPS 2004 Preference Shares, TPS 2004 Debentures, TPS 2006 Preference Shares, TPS 2006 Notes, SPS 2008 II Preference Shares, SPS 2008 II Notes, Westpac CPS 2012 and Westpac Capital Notes~~) which ranks or is expressed to rank equally with Westpac Capital Notes 2 for repayment or a return of capital if Westpac is wound up.

**Face Value** means as applicable either:

- (a) the Initial Face Value; or
- (b) the Initial Face Value reduced by the amount of Face Value per Westpac Capital Note 2 which has previously been Converted in accordance with clause 5.2 or clause 5.4 or the rights in respect of which have been terminated in accordance with clause 5.8.

**FATCA** means sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those provisions and including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions).

**Final Pro-Rata Distribution Date** means 23 September 2022.

**Financial Claims Scheme** means the financial claims scheme established under the Banking Act.

**First Pro-Rata Distribution Date** means the Reinvestment Date.

**First Scheduled Conversion Condition** has the meaning set out in clause 4.2(a)(i).

**Foreign Holder** means a Holder whose address in the Westpac Capital Notes 2 Register is a place outside Australia or who Westpac otherwise believes may not be a resident of Australia and Westpac is not satisfied that the laws of the Holder's country of residence permit the offer, holding or acquisition of Ordinary Shares to the Holder (but Westpac will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which Westpac, in its absolute discretion, regards as acceptable and not unduly onerous.

**Holder** means, in respect of a Westpac Capital Note 2, the person whose name is for the time being entered in the Westpac Capital Notes 2 Register as the owner of it or, where it is held jointly by two or more persons, the persons whose names appear in the Westpac Capital Notes 2 register as the joint owners of the Westpac Capital Note 2.

**Ineligible Holder** means either:

- (a) a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the *Foreign Acquisitions and Takeovers Act 1975* (Cth), the *Financial Sector (Shareholdings) Act 1998* (Cth) and Part IV of the *Competition and Consumer Act 2010* (Cth)) from being

offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its Westpac Capital Notes 2, it shall only be treated as an Ineligible Holder in respect of those Westpac Capital Notes 2 and not in respect of the balance of its Westpac Capital Notes 2); or

(b) a Foreign Holder.

**Initial Face Value** means \$100 per Westpac Capital Note 2.

**Issue Date** means the date on which Westpac Capital Notes 2 are issued, which is expected to be on or about 23 June 2014.

**Issue Date VWAP** means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clauses 9.4 to 9.7.

**Level 1** and **Level 2** has the meaning prescribed by APRA in the Prudential Standards.

**Liquidator** means the liquidator or other official responsible for the conduct and administration of a Winding Up.

**Liquidation Sum** means an amount of surplus assets equal to \$100 per Westpac Capital Note 2 (as adjusted for any Conversion under clauses 5.2 or 5.4 or any termination of rights under clause 5.8).

**Margin** has the meaning given in clause 3.1.

**Maximum Conversion Number** has the meaning given in clause 9.1.

**Next Distribution Payment Date** means the scheduled quarterly Distribution Payment Date immediately following the date on which the Optional Conversion Notice, Redemption Notice or Transfer Notice (as applicable) was given by Westpac provided that if such Distribution Payment Date is less than 21 Business Days following the date on which such notice was given then it shall be the immediately following Distribution Payment Date.

**Nominated Party** means one or more third parties selected by Westpac in its absolute discretion (which cannot include a member of the Westpac Group or a related entity (as described in the Prudential Standards) of Westpac).

**Non-Viability Trigger Event** has the meaning given in clause 5.3.

**Non-Viability Trigger Event Conversion Date** has the meaning set out in clause 5.4(c)(iii).

**Optional Conversion** means a Conversion in accordance with clause 6.

**Optional Conversion Date** means:

(i) in respect of each Westpac Capital Note 2:

(a) 23 September 2022; or

(b) the date specified by Westpac as the Optional Conversion Date in accordance with clause 6.3(b)(i)(B); or

(a) in respect of all or some Reinvestment Capital Notes 2, the Reinvestment Date in respect of a Conversion pursuant to clause 6.1(a)(iii); or

(b) in respect of all or some Westpac Capital Notes 2, 23 September 2022 in respect of a Transfer pursuant to clause 6.1(a)(iv).

**Optional Conversion Notice** means a notice issued in accordance with clause 6.

**Optional Conversion Restriction** has the meaning given in clause 6.2.

**Ordinary Share** means a fully paid ordinary share in the capital of Westpac.



**Prospectus** means the prospectus relating to the offer of Westpac Capital Notes 2 dated on or about 7 May 2014 and any supplementary or replacement prospectus.

**Prudential Standards** means the Prudential Standards and guidelines published by APRA and applicable to Westpac or the Westpac Group from time to time.

**Reclassification** has the meaning given in clause 9.3.

**Record Date** means, in the case of:

- (a) the payment of Distributions, the date which is eight calendar days before the relevant Distribution Payment Date (or such other date as determined by Westpac and notified to ASX) or, if that date does not fall on a Business Day, the immediately preceding Business Day (or such other date as may be prescribed under the ASX Listing Rules or, if not prescribed by the ASX Listing Rules, a date determined by Westpac and notified to ASX); and
- (b) the payment of Distributions in respect of the Distribution Period ending on the First Pro-Rata Distribution Date or Final Pro-Rata Distribution Date, a date falling prior to the First Pro-Rata Distribution Date or Final Pro-Rata Distribution Date, as applicable, which is determined by Westpac to be the Record Date for that Distribution or such other date as may be required by ASX and adopted by Westpac;
- ~~(b)(c)~~ the payment of the Face Value of the Westpac Capital Note 2 upon a Redemption or Transfer, a date determined by Westpac and notified to ASX (or such other date as may be prescribed by ASX).

**Redemption** means the redemption of all or some Westpac Capital Notes 2 for their Face Value under these Terms and **Redeem**, **Redeemable** and **Redeemed** have corresponding meanings.

**Redemption Date** means ~~;~~:

- (i) in respect of each Westpac Capital Note 2:
  - ~~(i)~~ (a) 23 September 2022; or
  - ~~(ii)~~ (b) the date specified by Westpac as the Redemption Date in accordance with clause 7.2(b)(i)(B); or
- (a) in respect of all or some Reinvestment Capital Notes 2, the Reinvestment Date in respect of a Redemption pursuant to clause 7.1(a)(iii); or
- (b) in respect of all or some Westpac Capital Notes 2, 23 September 2022 in respect of a Transfer pursuant to clause 7.1(a)(iv).

**Redemption Notice** means a notice issued in accordance with clause 7.

**Registrar** means Link Market Services Limited (ABN 54 083 214 537) or any other person appointed by Westpac to maintain the Westpac Capital Notes 2 Register.

**Regulatory Event** means either:

- (a) as a result of:
  - (i) any amendment to, clarification of, or change (including any announcement of a prospective change that has been or will be introduced) in, the laws or regulations of Australia; or
  - (ii) any Administrative Action or any amendment to, clarification of, or change in an Administrative Action,

in each case by any legislative body, court, government authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or

Administrative Action is effective or Administrative Action is announced) after the Issue Date provided it was not expected by Westpac as at the Issue Date:

- (iii) additional requirements would be imposed on the Westpac Group in relation to the Westpac Capital Notes 2; or
- (iv) there would be a negative impact on the Westpac Group in relation to (or in connection with) Westpac Capital Notes 2,

in relation to which Westpac has received a supporting opinion of reputable legal counsel in Australia, experienced in such matters, or confirmation from APRA, and which Westpac determines, at its sole discretion, to be unacceptable; or

- (b) Westpac determines, after having received a supporting opinion of reputable legal counsel in Australia, experienced in such matters, or confirmation from APRA, that all, some or a proportion of all or some Westpac Capital Notes 2 are not or will not be treated as Additional Tier 1 Capital of the Westpac Group under the Prudential Standards, other than as a result of a change of treatment expected by Westpac as at the Issue Date or because Westpac has exceeded a limit or other restriction on the recognition of Additional Tier 1 Capital which was in effect on the Issue Date or which on the Issue Date is expected by Westpac to come into effect.

**Reinvestment Capital Note 2** means any Westpac Capital Note 2 which is to be reinvested in Westpac Capital Notes 9 under the Reinvestment Offer.

**Reinvestment Date** means the date of issue of Westpac Capital Notes 9, as described in the Westpac Capital Notes 9 Prospectus.

**Reinvestment Offer** means the offer made by Westpac to eligible Holders to reinvest all or some of the Transfer proceeds of their Westpac Capital Notes 2 in Westpac Capital Notes 9 on the terms and conditions set out in the Westpac Capital Notes 9 Prospectus.

**Relevant Security** means a security forming part of the Tier 1 Capital of Westpac on a Level 1 basis or Level 2 basis.

**Replacement** has the meaning given in clause 13.4(a).

**Sale Agent** means the nominee (who cannot be a member of the Westpac Group or a related entity (as described in the Prudential Standards) of Westpac) appointed by Westpac under the facility established for the sale of Ordinary Shares issued by Westpac on Conversion on behalf of Holders who do not wish to receive Ordinary Shares on Conversion or who are Ineligible Holders.

**Scheduled Conversion Conditions** means the conditions in clause 4.2.

**Scheduled Conversion Date** has the meaning given in clause 4.1.

**Second Scheduled Conversion Condition** has the meaning set out in clause 4.2(a)(ii).

**Senior Creditors** means all creditors of Westpac (present and future), including depositors of Westpac and all holders of Westpac's senior or subordinated debt:

- (a) whose claims are admitted in a Winding Up; and
- (b) whose claims are not made as holders of indebtedness arising under:
  - (i) an Equal Ranking Capital Security; or
  - (ii) an Ordinary Share.

**Solvent Reconstruction** means a scheme of amalgamation or reconstruction, not involving a bankruptcy or insolvency, where the obligations of Westpac in relation to the outstanding Westpac Capital Notes 2 are assumed by the successor entity to which all, or substantially all of

the property, assets and undertaking of Westpac are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented.

**Special Resolution** means:

- (a) a resolution passed at a meeting of Holders by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or
- (b) the written approval of Holders holding at least 75% of the Westpac Capital Notes 2.

~~**SPS 2008 II Notes** means the notes issued by Westpac under the note deed poll dated 20 February 2009.~~

~~**SPS 2008 II Preference Shares** means the preference shares of Westpac designated as 2008 Series II Preference Shares.~~

**Subsidiary** has the meaning given in the Corporations Act.

**Tax Act** means:

- (a) the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) (both as amended from time to time, as the case may be, and a reference to any section of the *Income Tax Assessment Act 1936* (Cth) includes a reference to that section as rewritten in the *Income Tax Assessment 1997* (Cth)); and
- (b) any other law setting the rate of income tax payable; and
- (c) any regulation made under such laws.

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

- (a) the Westpac Group would be exposed to a more than de minimis adverse tax consequence or increased cost in relation to Westpac Capital Notes 2; or
- (b) any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act.

**Terms** means these terms and conditions of Westpac Capital Notes 2.

**Tier 1 Capital** has the meaning prescribed by APRA in the Prudential Standards.

~~**TPS 2004 Debentures** means the securities issued under Westpac's Junior Subordinated Indenture dated 13 August 2003 as supplemented by the Supplemental Indenture No 2 dated 5 April 2004.~~

~~**TPS 2004 Preference Shares** means the preference shares of Westpac designated as 2004 Series 1 Preference Shares.~~

~~**TPS 2006 Notes** means the notes issued by Westpac under the note deed between Westpac and Westpac Funds Management Limited dated 10 May 2006.~~

~~**TPS 2006 Preference Shares** means the preference shares of Westpac designated as 2006 Series 1 Preference Shares.~~

**Transfer** means the transfer of Westpac Capital Notes 2 by Holders to a Nominated Party in accordance with clause 8 and **Transferred** has a corresponding meaning.

**Transfer Date** means, ~~;~~

(i) in respect of each Westpac Capital Note 2:

- (i) ~~(a)~~ 23 September 2022; or

- (ii) ~~(b)~~ the date specified by Westpac as the Transfer Date in accordance with clause 8.2(b)(i)(B); or

(a) in respect of each Reinvestment Capital Note 2, the Reinvestment Date.

**Transfer Notice** means a notice issued in accordance with clause 8.

**VWAP** means, subject to any adjustments under clauses 9.2 and 9.3, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "crossing" transacted outside the "Open Session State" or any "special crossing" transacted at any time, each as defined in the ASX Market Rules or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

**VWAP Period** means:

- (a) in the case of a Conversion resulting from an Acquisition Event the lesser of:
- (i) 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Acquisition Event Conversion Date; and
  - (ii) the number of Business Days after the occurrence of the Acquisition Event on which:
    - (A) the Ordinary Shares are quoted for trading on ASX; and
    - (B) trading in Ordinary Shares took place,in each case immediately preceding (but not including) the Business Day before the Acquisition Event Conversion Date.
- (b) in the case of a Conversion resulting from a Capital Trigger Event, or a Non-Viability Trigger Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Conversion Date; and
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Conversion Date; or
- (d) otherwise, the period for which the VWAP is to be calculated in accordance with these Terms.

**Westpac** means Westpac Banking Corporation (ABN 33 007 457 141).

~~**Westpac Capital Notes** means the notes issued by Westpac under the note deed poll dated 30 January 2013.~~

**Westpac Capital Notes 2** means the Westpac Capital Notes 2 issued by Westpac under the

~~Terms. **Westpac Capital Notes 2 Register** means the register of Holders maintained by Westpac or its agent and includes any subregister established and maintained under CHESS. Terms.~~

**Westpac Capital Notes 9** means the capital notes to be issued by Westpac on the terms and conditions set out in the Westpac Capital Notes 9 Prospectus.

**Westpac Capital Notes 9 Prospectus** means the prospectus lodged by Westpac with ASIC on or around 21 June 2022 and any replacement or supplementary prospectus, and may include application forms accompanying that prospectus (including the electronic form).

~~**Westpac CPS 2012** means the convertible preference shares of Westpac designated as Westpac CPS.~~

**Westpac Directors** means some or all of the directors of Westpac acting as a board.

**Westpac Group** means Westpac and its controlled entities taken as a whole.

**Westpac Level 1 Common Equity Tier 1 Capital Ratio** means, in respect of the Westpac Level 1 Group, the ratio of the Common Equity Tier 1 Capital of the Westpac Level 1 Group to the risk weighted assets of the Westpac Level 1 Group, calculated in accordance with the Prudential Standards.

**Westpac Level 1 Group** means either:

- (a) Westpac; or
- (b) the “extended licensed entity” which is comprised of Westpac and each Subsidiary of Westpac as specified in any approval granted by APRA in accordance with the Prudential Standards.

**Westpac Level 2 Common Equity Tier 1 Capital Ratio** means, in respect of the Westpac Level 2 Group, the ratio of the Common Equity Tier 1 Capital of the Westpac Level 2 Group to the risk weighted assets of the Westpac Level 2 Group, calculated in accordance with the Prudential Standards.

**Westpac Level 2 Group** means Westpac and each Subsidiary that is recognised by APRA as part of Westpac's Level 2 group in accordance with the Prudential Standards.

**Winding Up** means:

- (a) a court order is made for the winding up of Westpac; or
- (b) an effective resolution is passed by shareholders or members for the winding up of Westpac, other than in connection with a Solvent Reconstruction.

A Winding Up must be commenced by a court order or an effective resolution of shareholders or members. Neither (i) the making of an application, the filing of a petition, or the taking of any other steps for the winding up of Westpac (or any other procedure whereby Westpac may be dissolved, liquidated, sequestered or cease to exist as a body corporate), nor (ii) the appointment of a receiver, administrator, administrative receiver, compulsory manager, ADI statutory manager or other similar officer (other than a Liquidator) in respect of Westpac, constitutes a Winding Up for the purposes of these Terms.

### **16.3 Inconsistency with ASX Listing Rules**

So long as Westpac Capital Notes 2 are quoted on ASX, these Terms as they relate to those Westpac Capital Notes 2 are to be interpreted in a manner consistent with the applicable ASX Listing Rules, provided always that where a clause of the Terms is required to give effect to the Prudential Standards, the interpretation which gives effect to that APRA requirement shall prevail.