

NZX ANNOUNCEMENT

26 July 2016

WESTPAC LAUNCHES NZD SUBORDINATED NOTES OFFER

Westpac Banking Corporation (ABN 33 007 457 141), acting through its Sydney head office (**Westpac**), today announced that it is making an offer of up to NZ\$250 million of unsecured, subordinated, fixed rate notes (**Notes**) with the ability to accept unlimited oversubscriptions (**Offer**).

The Offer will open on 5 August 2016 and is expected to close on 26 August 2016.

The Offer is only open to investors resident in New Zealand. Investors will only be able to obtain an allocation of Notes through the Joint Lead Managers, the Co-Managers or their financial adviser.

The Notes have a term of 10 years and are scheduled to be repaid on 1 September 2026. However, at Westpac's option and subject to certain conditions, including the prior written approval of the Australian Prudential Regulation Authority (**APRA**), the Notes may be repaid from 1 September 2021 (in 5 years) or earlier in some circumstances.

If Westpac encounters severe financial difficulty, a non-viability trigger event could occur and some or all of the Notes may be converted into Westpac ordinary shares (or written off completely). If any Notes are converted following a non-viability trigger event, it is likely that the maximum conversion number will apply and limit the number of Westpac ordinary shares to be issued. In this case, the value of the Westpac ordinary shares received is likely to be significantly less than the aggregate principal amount of the Notes converted. Please refer to the product disclosure statement (**PDS**) for the Offer for full details.

The Notes will qualify as Tier 2 Capital for Westpac under APRA's Basel III capital adequacy framework.

The Notes will pay a fixed rate of interest, which will be reset on 1 September 2021. The interest rate will be the sum of the New Zealand 5 year swap rate on the rate set date (being 4 August 2016) and the margin. Interest is scheduled to be paid quarterly in arrear subject to Westpac satisfying the solvency condition.

The indicative margin range for the Notes is 2.60% to 2.80% per annum. The margin will be determined by Westpac following the bookbuild and will not change over the term of the Notes. The margin and interest rate will be announced via NZX on or before the opening date for the Offer.

The Notes are expected to be quoted on the NZX Debt Market and have been assigned a BBB+ rating by S&P Global Ratings.

Further Information and Applications

Westpac has appointed Westpac Banking Corporation (acting through its New Zealand branch) as Arranger and a Joint Lead Manager for the Offer. BNZ, Deutsche Craigs, First NZ Capital, Forsyth Barr and Macquarie have been appointed as the other Joint Lead Managers. JBWere and Macquarie Equities have been appointed as Co-Managers.

To obtain a free copy of the PDS for the Offer, interested investors should contact a Joint Lead Manager or Co-Manager (details below) or their financial adviser. A copy of the PDS is also available at www.westpac.com.au/westpacnzdsnotes. There are restrictions on offering, issuing or selling the Notes outside New Zealand, as set out in the PDS.

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

- ENDS -

Further enquiries

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Co-Managers

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Macquarie Equities
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The Notes may only be offered for sale or sold in New Zealand. In particular, the Notes will not be registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act) or the securities law of any state of the United States and may not be offered, sold or delivered or transferred in the United States or to, or for the account or benefit of, any U.S. person (as defined in Regulation S under the U.S. Securities Act).