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ASX ANNOUNCEMENT

5 February 2018

WESTPAC LAUNCHES WESTPAC CAPITAL NOTES 5 OFFER

Westpac Banking Corporation (Westpac) today announced the offer of Westpac Capital Notes 5 (Notes) (Offer), which are expected to be quoted on the ASX. The Offer is expected to open on 13 February 2018.

Each Note will have an Issue Price of \$100 and is expected to pay quarterly Distributions. The Margin will be determined via a Bookbuild, however it is expected that the Margin will be between 3.20% and 3.40% per annum over the 90 day Bank Bill Rate. Westpac is seeking to raise approximately \$750 million from the Offer, with the ability to raise more or less. The proceeds received under the Offer will be used by Westpac for general business purposes.

The Notes will qualify as Additional Tier 1 Capital under the Australian Prudential Regulation Authority's (APRA) capital adequacy framework.

The Closing Date for the Offer is expected to be 6 March 2018.

The Offer

The Offer comprises a:

- **Reinvestment Offer:** a priority offer to registered holders of Westpac CPS at 7.00pm (Sydney time) on 29 January 2018 and shown on the Register to have an address in Australia (Eligible Westpac CPS Holders);
- **Securityholder Offer:** to registered holders of Westpac Ordinary Shares, Westpac Subordinated Notes 2013, Westpac Capital Notes, Westpac Capital Notes 2, Westpac Capital Notes 3 and/or Westpac Capital Notes 4 at 7.00pm (Sydney time) on 29 January 2018 and shown on the Register to have an address in Australia (Eligible Securityholders);
- **Broker Firm Offer:** to Australian resident clients of the Syndicate Brokers; and
- **Institutional Offer:** to Institutional Investors invited by Westpac Institutional Bank.

There is no general public offer for the Notes.

Key features of Westpac Capital Notes 5

<p>Distributions</p>	<p>Non-cumulative, floating rate Distributions paid quarterly in arrear. Distributions are expected to be fully franked with the first Distribution scheduled to be paid on 22 June 2018.</p> <p>Distributions are subject to the satisfaction of the Distribution Payment Conditions, which include that Distributions are at Westpac's absolute discretion.</p> <p>The Distribution Rate is determined quarterly as the sum of the</p>
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	<p>90 day Bank Bill Rate per annum plus the Margin per annum, together multiplied by (1 - Tax Rate).</p> <p>The Margin over the 90 day Bank Bill Rate will be determined via a Bookbuild and will not change.</p>
Term	Perpetual with no fixed maturity date. However, the Notes may be Converted, Redeemed or Transferred as outlined below.
Scheduled Conversion	Scheduled to Convert into Ordinary Shares on 22 September 2027 (subject to the satisfaction of the Scheduled Conversion Conditions).
Optional Conversion/ Redemption/ Transfer	<p>Westpac may elect to Convert into Ordinary Shares (subject to certain conditions), Redeem (if APRA gives its prior written approval), or Transfer:</p> <ul style="list-style-type: none"> - all or some of the Notes on 22 September 2025; or - all (but not some) of the Notes following a Tax Event or Regulatory Event.
Capital or Non-Viability Trigger Events	<p>Westpac must Convert all or some of the Notes into Ordinary Shares immediately upon a Capital Trigger Event or a Non-Viability Trigger Event. The number of Ordinary Shares that Holders receive in these circumstances is limited by a Maximum Conversion Number (as required by APRA) and Holders may suffer loss as a consequence.</p> <p>If Conversion does not occur for any reason, all rights attached to the Notes will be terminated and the investment will lose all of its value.</p>
Acquisition Event	Westpac must Convert all of the Notes into Ordinary Shares following an Acquisition Event, subject to certain conditions.
Holders' right to request early Conversion/ Redemption/ Transfer	<p>Holders have no right to request Conversion, Redemption or Transfer for any reason. To realise their investment, Holders may sell their Notes on the ASX at the prevailing market price.</p> <p>Westpac does not guarantee that Holders will be able to sell Notes on the ASX at an acceptable price or at all.</p>
Risks	There are risks associated with an investment in the Notes, many of which are outside the control of Westpac. These risks and uncertainties include those referred to in the Prospectus, but may not be the only ones Westpac faces.

Westpac CPS holders

An important element of the Offer is the Reinvestment Offer to Eligible Westpac CPS Holders. The Reinvestment Offer is an opportunity for Eligible Westpac CPS Holders to apply to reinvest some or all of their Westpac CPS in an equivalent number of Notes (as both have a face value of \$100 each). Participation in the Reinvestment Offer is optional.

Westpac will give priority to Applications received under the Reinvestment Offer. Eligible Westpac CPS Holders who apply to reinvest all of their Westpac CPS may also apply for additional Notes (but the priority does not apply to applications for additional Notes).

Westpac intends that any Westpac CPS not reinvested under the Reinvestment Offer (Non-Participating Westpac CPS) will be automatically transferred to a third party nominated by Westpac (Westpac CPS Nominated Party) on 3 April 2018, which is the first optional conversion/redemption date for Westpac CPS.¹ On 3 April 2018, the Westpac CPS Nominated Party will pay Westpac CPS holders \$100 per Westpac CPS not being reinvested and that they continue to hold on that date.

For further information regarding the Reinvestment Offer and the transfer of Non-Participating Westpac CPS, please refer to the separate announcement (including a transfer notice to Westpac CPS holders) lodged on the ASX today.

How to obtain a Prospectus and Apply

The Prospectus was lodged on the ASX today and is also available at www.westpac.com.au/westpaccapnotes5. Application Forms and a replacement Prospectus containing the Margin will be available when the Offer opens on 13 February 2018.

Potential investors should read the Prospectus carefully in full before deciding whether to apply for Notes.

- **Eligible Westpac CPS Holders** will either be emailed a link to the electronic version of the Prospectus and online Reinvestment Application Form or will be mailed a printed Prospectus with a personalised Reinvestment Application Form (based on their communications election) shortly after the Offer opens.
- **Eligible Securityholders** may view the Prospectus and apply online using their SRN/HIN at www.westpac.com.au/westpaccapnotes5 after the Offer opens. Eligible Securityholders can also now register online to receive a printed Prospectus and personalised Securityholder Application Form at www.westpac.com.au/westpaccapnotes5 or by calling the Westpac Capital Notes 5 Information Line (details below).
- **Broker Firm Applicants** should contact their Syndicate Broker for instructions on how to obtain a copy of the Prospectus and apply. Syndicate Brokers are listed in the Prospectus.

For more information about the Offer

- Read the Prospectus, which contains full details of the Offer (including the Reinvestment Offer), in its entirety;
- Visit the Offer website at www.westpac.com.au/westpaccapnotes5;

¹ The first Westpac CPS optional conversion/redemption date of 31 March 2018 is not a business day for the purposes of the Westpac CPS Terms and accordingly the transfer of Non-Participating Westpac CPS will occur, and the final Westpac CPS dividend payment will be made, on the next business day (being 3 April 2018).

- Call the Westpac Capital Notes 5 Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 784 494 (local call cost within Australia);
- Seek professional advice from a financial adviser or other professional adviser.

WARNING – Westpac Capital Notes 5 are not deposit liabilities of Westpac, are riskier than bank deposits and may not be suitable for some investors. Their overall complexity may make them difficult to understand and the risks associated with the Notes could result in the loss of all of your investment. If you do not fully understand how they work or the risks associated with them, you should obtain professional advice.

Unless otherwise defined, capitalised expressions used in this announcement have the meanings given to them in the Prospectus.

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