

21 September 2017

Market Announcements Office  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

By e-lodgement

ASX Code: WBC

Dear Sir / Madam

**Westpac Banking Corporation (“Westpac”) – issue of USD1.25 billion Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (“Securities”)**

**Notice under section 708A(12H)(e) of the Corporations Act 2001 (Cth) (“Act”) as inserted by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71 (“Instrument”)**

1. Westpac will issue the Securities today. Offers of the Securities do not require disclosure to investors under Part 6D.2 of the Act.
2. Attached to this notice are the following:
  - (a) a description of the rights and liabilities attaching to the Securities (“**Terms**”) extracted from the “Description of the Securities” on pages 7 to 45 of the Form F-3 (Registration No. 333-220373) (“**Form F-3**”) of Westpac filed with the U.S. Securities and Exchange Commission on 7 September 2017 pursuant to the U.S. Securities Act of 1933, as amended, is attached to this notice as Annex A and is supplemented by the “Description of the Securities” extracted from pages S-28 to S-36 of the Prospectus Supplement dated 12 September 2017 (“**Prospectus Supplement**”) and attached to this notice as Annex B; and
  - (b) a description of the rights and liabilities attaching to the ordinary shares of Westpac as set out under the “Description of Ordinary Shares” on pages 46 to 47 of the Form F-3, which is attached to this notice as Annex C.
3. The Securities will be treated as Additional Tier 1 regulatory capital under the Basel III capital adequacy framework as implemented in Australia by the Australian Prudential Regulation Authority (“**APRA**”).
4. If either a Capital Trigger Event or a Non-Viability Trigger Event occurs, some or all of the Securities (or a percentage of the Outstanding Principal Amount of each Security) must be:
  - (a) Converted into fully paid ordinary shares in the capital of Westpac; or
  - (b) immediately and irrevocably written-off and terminated if, for any reason, Conversion does not occur within five ASX Business Days after the Trigger Event Date,

in accordance with the Terms.

5. In order to enable ordinary shares in the capital of Westpac issued on Conversion to be sold without disclosure under Chapter 6D of the Act, Westpac has elected to give this notice under section 708A(12H)(e) of the Act as inserted by the Instrument. The Terms and the information in the attached Schedule are included in, and form part of, this notice.<sup>1</sup>
6. Westpac confirms that:
  - (a) the information in this notice remains current as at today's date;
  - (b) this notice complies with section 708A of the Act, as notionally modified by the Instrument; and
  - (c) this notice complies with the content requirements of section 708A(12I) of the Act as inserted by the Instrument.
7. Unless otherwise defined, capitalised expressions used in this notice have the meanings given to them in the Form F-3 or Prospectus Supplement.

Yours faithfully

Timothy Hartin  
Company Secretary  
**Westpac Banking Corporation**

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This market announcement does not constitute an offer to sell or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction.

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<sup>1</sup> Westpac notes that, at its request, the Australian Securities and Investments Commission (“ASIC”) made a further modification (under *ASIC Instrument 16-1092*) to the definition of “technical relief instrument” in section 9 of the Act as modified by *ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73*, which ensures that Westpac is able to satisfy the definition of “continuously quoted securities” in section 9 of the Act for the purposes of the Instrument.

## SCHEDULE

### A. Effect on Westpac of the offer of the Securities

The issuance of the Securities raises Additional Tier 1 regulatory capital to satisfy Westpac's regulatory requirements and maintain the diversity of Westpac's sources and types of capital funding.

The net proceeds from the issue of the Securities will be used for general corporate purposes. Those proceeds, less the costs of the issue, will be classified as loan capital in the financial statements of Westpac. The issue of the Securities will not have a material impact on Westpac's financial position.

The proceeds of the issue, less the costs of the issue, will increase Westpac's total capital ratio on a Level 2 basis by around 0.4%.

### B. Rights and liabilities attaching to the Securities

The rights and liabilities attaching to the Securities are set out in the Terms in the Form F-3 as supplemented by the Prospectus Supplement. Refer to Annex A and Annex B to this notice.

### C. Effect on Westpac of the issue of the ordinary shares if the Securities are required to be Converted<sup>2</sup>

A key feature of APRA's requirements for Additional Tier 1 regulatory capital instruments is that they absorb losses when the issuer's Level 1 or Level 2 Common Equity Tier 1 Capital ratio falls to or below 5.125% of total risk-weighted assets, or at the point of non-viability of the issuer. The Terms include provisions that require the Securities to be Converted into ordinary shares in the capital of Westpac or Written-off on the occurrence of either a Capital Trigger Event or a Non-Viability Trigger Event (as defined in the Terms).

If either a Capital Trigger Event or a Non-Viability Trigger Event occurs, and Westpac Converts the Securities and issues ordinary shares to holders (as required under the Terms), the effect of Conversion on Westpac would be to reduce loan capital by the principal amount, less any unamortised costs of the issue, of the Securities being Converted and increase Westpac's shareholders' equity by a corresponding amount.

In relation to a Non-Viability Trigger Event, APRA has indicated that at this time it will not provide guidance as to how it would determine non-viability. Non-viability could be expected to include serious impairment of Westpac's financial position, concerns about its capital, funding or liquidity levels and/or insolvency.

The number of ordinary shares issued on Conversion is variable, but is limited to the Maximum Conversion Number. Limiting the number of ordinary shares which may be issued to the Maximum Conversion Number means that the value of Ordinary Shares received may (in the case of a Capital Trigger Event) and is likely to (in the case of a Non-Viability Trigger Event) be significantly less than the Outstanding Principal Amount of the Securities. The Australian dollar may depreciate in value against the U.S. dollar by the time of Conversion. In that case, the Maximum Conversion Number is more likely to apply.

The Maximum Conversion Number is calculated based on a VWAP set to reflect 20% of the Issue Date VWAP. The Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification or pro rata bonus issue, of ordinary shares. However, no adjustment will be made to it on account of other transactions which may affect the price of ordinary shares, including for example, rights issues, returns of capital, buy-backs or special dividends.

The Maximum Conversion Number is 397.2080 Westpac ordinary shares per Security (with a nominal value of USD2,000), based on the Issue Date VWAP of AUD31.45. If, upon the occurrence of a Capital Trigger Event or a Non-Viability Trigger Event, Conversion of the Securities does not occur for any reason within five ASX Business Days after the Trigger Event Date, the Securities (or a percentage of the Outstanding Principal Amount of the Securities to be Converted) will be Written-off, and the holders' rights in relation to the

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<sup>2</sup> If, in accordance with the Terms, Westpac is replaced by an Approved Successor as debtor of the Securities and the issuer of ordinary shares, Securities may be converted into fully paid ordinary shares in the capital of an Approved Successor in accordance with the Terms. This notice also enables ordinary shares in the capital of an Approved Successor which is a NOHC for the purposes of the *Banking Act 1959 (Cth)* and the ultimate holding company of Westpac issued on Conversion to be sold without disclosure under Chapter 6D of the Act. Refer to the Terms and the Instrument for further information.

Securities (including with respect to payments of interest and the Outstanding Principal Amount and, upon Conversion, the receipt of ordinary shares) will be immediately and irrevocably written-off and terminated with effect on and from the Trigger Event Date in accordance with the Terms and investors will lose all or some of their investment and will not receive any compensation.

#### **D. Rights and liabilities attaching to the ordinary shares in the capital of Westpac**

Westpac was registered on 23 August 2002 as a public company limited by shares under the Act. Westpac's constitution was most recently amended at the general meeting held on 13 December 2012 ("**Constitution**", as amended from time to time). The ordinary shares in the capital of Westpac are admitted to trading on ASX. The rights attaching to the ordinary shares in the capital of Westpac are set out in the Act and the Constitution.

In addition, the rights and liabilities attaching to the ordinary shares in the capital of Westpac are described on pages 262 to 263 of the 2016 Westpac Group Annual Report and pages 46 to 47 of the Form F-3 (extracted in Annex C)<sup>3</sup>. The Annual Report was released to ASX on 9 November 2016 and may be viewed at [www.asx.com.au](http://www.asx.com.au), and is also available on the Westpac website at [www.westpac.com.au/investorcentre](http://www.westpac.com.au/investorcentre).

#### **E. Additional information**

Information about the Securities is contained in the Form F-3 and the Prospectus Supplement.

Westpac is a disclosing entity for the purposes of the Act and, as a result, is subject to regular reporting and disclosure obligations under the Act and the ASX Listing Rules. In addition, Westpac must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about Westpac that a reasonable person would expect to have a material effect on the price or value of its listed securities, including ordinary shares in the capital of Westpac.

Copies of documents lodged with the Australian Securities and Investments Commission ("**ASIC**") can be obtained from, or inspected at, an ASIC office and Westpac's ASX announcements may be viewed on [www.asx.com.au](http://www.asx.com.au).

Any person has the right to obtain copies of:

- Westpac's half-yearly and annual financial reports; and
- any continuous disclosure notices given by Westpac after the lodgement of the 2016 Westpac Group Annual Report, but before the date of this notice,

from [www.westpac.com.au/investorcentre](http://www.westpac.com.au/investorcentre), or by request made in writing to Westpac at:

Westpac Group Secretariat  
Level 20  
Westpac Place  
275 Kent Street  
Sydney NSW 2000

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<sup>3</sup> If, in accordance with the Terms, Westpac is replaced by an Approved Successor as debtor of the Securities and the issuer of ordinary shares, then on Conversion holders will be issued with fully paid ordinary shares in the capital of the Approved Successor.

**ANNEX A**

**“Description of the Securities” extracted from pages 7 to 45 of the Form F-3**

## DESCRIPTION OF THE SECURITIES

*The following discussion describes the general terms and conditions applicable to the Securities that we (acting through our head office or any of our branches) may offer. In addition to these general provisions, in connection with an investment in a particular series of the Securities, investors should review the description of the provisions and any risk factors applicable to that series of the Securities, including those described herein and in any applicable prospectus supplement or term sheet.*

The Securities will be issued under the indenture, dated as of September 7, 2017, between us and The Bank of New York Mellon, as the trustee, which we refer to as the indenture. The indenture provides that there may be more than one trustee, each with respect to one or more series of the Securities.

Unless the context otherwise requires, references to “we”, “us”, “our” and “Westpac” in this description of the Securities refer only to the issuer of the Securities, which will be Westpac Banking Corporation ABN 33 007 457 141 or Westpac Banking Corporation acting through one of its branches, and do not include any of its subsidiaries.

The Securities issued by Westpac acting through one of its branches are nevertheless obligations of Westpac, and holders of those Securities will have claims against the assets of Westpac pursuant to the terms of the Securities, and are not limited to claims against the assets of the issuing branch.

We have summarized below certain terms of the indenture which we believe will be most important to your decision to invest in the Securities. You should keep in mind, however, that it is the indenture, and not this summary, which defines your rights as a holder of the Securities. There may be other provisions in the indenture which are also important to you. You should read the indenture for a full description of the terms of the Securities. The indenture is filed as an exhibit to the registration statement that includes this prospectus. See “Where You Can Find More Information” for information on how to obtain copies of the indenture.

The following description of the terms of the Securities sets forth certain general terms and provisions of the Securities to which any applicable prospectus supplement or term sheet may relate. The particular terms of the Securities offered by any applicable prospectus supplement or term sheet and the extent, if any, to which such general provisions may not apply to the Securities will be described in the applicable prospectus supplement or term sheet. Accordingly, for a description of the terms of a particular issue of the Securities, you should refer to both the applicable prospectus supplement or term sheet and to the following description.

Certain defined terms used in the following description of the Securities have the meanings given to them in Section 4 “—Additional Provisions Applicable to the Securities—Definitions.”

### **Ranking**

The Securities are subordinate and junior in right of payment to Westpac’s Senior Creditors in the manner and to the extent described in Section 1.2 “—General—Status and Subordination of the Securities” and Section 1.3 “—General—Ranking in a Winding-Up” under “—Additional Provisions Applicable to the Securities”.

Under Section 13A(3) and Section 16 of the Australian Banking Act, and Section 86 of the Reserve Bank Act 1959 of Australia, which we refer to as the Reserve Bank Act, certain debts of Westpac are preferred by law, as described below.

Section 13A(3) of the Australian Banking Act provides that if Westpac becomes unable to meet its obligations or suspends payment, the assets of Westpac in Australia are to be available to satisfy, in priority to all other liabilities of Westpac, including the Securities:

- first, certain obligations of Westpac to the Australian Prudential Regulation Authority, which we refer to as APRA, (if any) arising under Division 2AA of Part II of the Australian Banking Act in respect of amounts payable by APRA to holders of protected accounts (as defined below) in connection with the Financial Claims Scheme established under the Australian Banking Act;
- second, APRA's costs (if any) in exercising its powers and performing its functions relating to Westpac in connection with the Financial Claims Scheme;
- third, Westpac's liabilities (if any) in Australia in relation to protected accounts that account-holders keep with Westpac;
- fourth, Westpac's debts (if any) to the Reserve Bank of Australia, which we refer to as the RBA; and
- fifth, Westpac's liabilities (if any) under an industry support contract that is certified under Section 11CB of the Australian Banking Act.

A "protected account" is either (a) an account where Westpac is required to pay the accountholder, on demand or at an agreed time, the net credit balance of the account, or (b) another account or financial product prescribed by regulation.

Under Section 16(2) of the Australian Banking Act, certain other debts of Westpac due to APRA shall in a winding-up of Westpac have, subject to Section 13A(3) of the Australian Banking Act, priority over all other unsecured debts of Westpac. Further, Section 86 of the Reserve Bank Act provides that in a winding-up of Westpac, debts due by Westpac to the RBA shall, subject to Section 13A(3) of the Australian Banking Act, have priority over all other debts of Westpac. Further, certain assets, such as the assets of Westpac in a cover pool for covered bonds issued by Westpac, are excluded from constituting assets in Australia for the purposes of Section 13A(3) of the Australian Banking Act, and those assets are subject to the prior claims of the covered bond holders and certain other secured creditors in respect of the covered bonds.

The Securities are not protected accounts or deposit liabilities for the purpose of the Australian Banking Act or the Financial Claims Scheme, are not subject to the depositor protection provisions of the Australian Banking Act, and are not insured by the United States Federal Deposit Insurance Corporation or any other governmental agency or instrumentality, any compensation scheme of the Commonwealth of Australia, the United States or any other jurisdiction or any party.

### **General Terms of the Securities**

Westpac may issue the Securities in one or more series pursuant to a supplemental indenture to the indenture, or a resolution of our board of directors or a duly authorized committee of our board of directors. (Section 3.1 of the indenture.) The aggregate principal amount of the Securities that may be issued under the indenture is unlimited. You should refer to the applicable prospectus supplement or term sheet for the specific terms of each series of the Securities which may, subject to such terms being consistent and in compliance with the Prudential Standards in effect at the time of issuance of such Securities, include the following:

- location of the issuing branch, if applicable;
- title and aggregate principal amount;
- any additional subordination provisions;

- percentage(s) of principal amount at which such series of the Securities will be issued;
- interest rate(s) or the method for determining the interest rate(s), including dates on which any interest rate may be reset and the method for resetting such interest rate;
- dates on which interest is scheduled to be paid or the method for determining dates on which interest is scheduled to be paid;
- the calculation agent, if any;
- place(s) where principal and any interest will be payable;
- any payment of additional amounts provisions that vary or add to those described herein;
- any redemption or early repayment provisions, including any that vary or add to the definitions of Adverse Tax Event or Regulatory Event included herein;
- any Conversion or Write-off provisions, that vary or add to those described herein, including whether such provisions are automatic, scheduled and/or optional;
- authorized denominations;
- any discount with which such series of the Securities will be issued;
- whether such series of the Securities will be issued in the form of one or more global securities (whether in whole or in part);
- identity of the depository for global securities;
- whether a temporary security is to be issued with respect to such series of the Securities and whether any interest that is scheduled to be paid prior to the issuance of definitive Securities of such series will be credited to the account of the persons that may be paid such interest;
- the terms upon which beneficial interests in a temporary global Security may be exchanged in whole or in part for beneficial interests in a definitive global Security or for definitive Securities and the terms upon which such exchanges may be made;
- currency, currencies or currency units in which the purchase price for, the principal of and any interest on, such series of the Securities will be payable;
- time period within which, the manner in which and the terms and conditions upon which the purchaser of such series of the Securities can select the payment currency;
- securities exchange(s) on which such series of the Securities will be listed, if any; and
- additional terms not inconsistent with the provisions of the indenture.

General information about US and Australian tax considerations is set out under “Taxation.” Certain US federal income tax and Australian tax considerations applicable to any series of the Securities due to its particular terms, as well as tax considerations for the jurisdiction of any branch of Westpac outside of Australia if that branch is the issuer of the Securities of that series, will be described in the applicable prospectus supplement or term sheet.

Unless otherwise specified in the applicable prospectus supplement or term sheet, the Securities will be issued in denominations of \$1,000 and any integral multiple of \$1,000. (Section 3.2 of the indenture.) Subject to the limitations provided in the indenture and in the applicable prospectus supplement or term sheet, the Securities will be issued in registered form and may be registered, transferred or exchanged at the principal corporate trust office of the trustee or at the office or agency that we will maintain for such purpose in the Borough of Manhattan, The City of New York, without



the payment of any service charge, other than any tax or other governmental charge payable in connection with the registration or transfer or exchange. (Sections 3.5 and 9.2 of the indenture.)

Westpac may issue the Securities of any series in definitive form or in the form of one or more global Securities (in whole or in part) as described below under “—Global Securities”. Westpac may issue the Securities of a series at different times. In addition, Westpac may issue the Securities within a series with terms different from the terms of other Securities of that series. (Section 3.1(c) of the indenture.)

Subject to applicable law and the conditions described under “—Redemption of the Securities” below, Westpac or any of its affiliates may at any time purchase or repurchase the Securities of any series in any manner and at any price, to the extent permitted by applicable laws and regulations and subject to APRA’s prior written approval (which may or may not be given). The Securities of any series purchased by Westpac or any of its affiliates may be held or surrendered by the purchaser of the Securities for cancellation or may be resold.

### **Global Securities**

Westpac may issue the Securities of a series in the form of one or more global securities (in whole or in part) that will be deposited with, or on behalf of, a depository identified in the applicable prospectus supplement or term sheet. Westpac will issue global securities in registered form and in either temporary or definitive form. Unless and until it is exchanged in whole or in part for the definitive Securities, a global security may not be transferred except as a whole by the depository for such global security to a nominee of such depository or by a nominee of such depository to such depository or another nominee of such depository or by such depository or any such nominee to a successor of such depository or a nominee of such successor. (Section 2.4 of the indenture.)

The specific terms of the depository arrangement with respect to any of the Securities of a series and the rights of and limitations upon owners of beneficial interests in a global security, to the extent it differs from the provisions discussed below, will be described in the applicable prospectus supplement or term sheet. We expect that the following provisions will generally apply to depository arrangements.

Upon the issuance of a global security, the depository for such global security or its nominee will credit, on its book entry registration and transfer system, the respective principal amounts of the definitive Securities represented by such global security to the accounts of persons that have accounts with such depository and will make adjustments to such amounts in the event of a Conversion or Write-off. Such accounts shall be designated by the dealers, underwriters or agents with respect to the Securities or by us if such Securities are offered and sold directly by us. Ownership of beneficial interests in a global security will be limited to persons that have accounts with the applicable depository, who are referred to in this prospectus as participants, or persons that may hold interests through participants. Ownership of beneficial interests in such global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the applicable depository or its nominee with respect to interests of participants and the records of participants with respect to interests of persons other than participants. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a global security.

So long as the depository for a global security, or its nominee, is the registered owner of a global security, such depository or such nominee, as the case may be, will be considered the sole owner or holder of the Securities represented by that global security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global security will not be entitled to have any of the definitive Securities of the series represented by that global security registered in their names, will not receive or be entitled to receive physical delivery of any of the Securities of such series in definitive form and will not be considered the owners or holders thereof under the indenture.

Payments of principal of, and interest, if any, on the definitive Securities represented by a global security registered in the name of a depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the global security representing the Securities. None of Westpac, the trustee for the Securities, any paying agent, the registrar or any underwriter or agent for the Securities will have any responsibility or liability for any aspect of the records relating to or payments made by the depository or any participants on account of beneficial ownership interests in the global security for the Securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that the depository for a series of the Securities or its nominee, upon receipt of any payment of principal or interest in respect of a permanent global security representing the Securities, will immediately credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such global security for the Securities as shown on the records of the depository or its nominee. We also expect that payments by participants to owners of beneficial interests in a global security held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name". Such payments will be the responsibility of such participants.

If the depository for a series of the Securities notifies us at any time that it is unwilling, unable or ineligible to continue as depository and a successor depository is not appointed by us within 90 days, Westpac will issue definitive Securities of that series in exchange for the global security or securities representing that series of the Securities. In addition, we may at any time and in our sole discretion, subject to any limitations described in the applicable prospectus supplement or term sheet relating to the Securities, determine not to have any of the Securities of a series represented by one or more global securities, and, in such event, will issue definitive Securities of that series in exchange for the global security or securities representing that series of the Securities. If definitive Securities are issued, an owner of a beneficial interest in a global security will be entitled to physical delivery of definitive Securities of the series represented by that global security equal in principal amount to that beneficial interest and to have the Securities registered in its name. Definitive Securities of any series so issued will be issued in denominations, unless otherwise specified by us in the applicable prospectus supplement or term sheet, of \$1,000 and integral multiples of \$1,000 in excess thereof.

#### **Payment of Additional Amounts**

The indenture provides that Westpac will pay all amounts that it is required to pay in respect of the Securities without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges imposed or levied by or on behalf of a Relevant Tax Jurisdiction (as defined below), unless such withholding or deduction is required by law. In that event, Westpac will pay such additional amounts as may be necessary so that the net amount received by the holder of the Securities, after such withholding or deduction, will equal the amount that the holder would have received in respect of the Securities without such withholding or deduction. However, as described below, the indenture provides that, under certain circumstances, Westpac will not pay additional amounts.

The indenture provides that Westpac will not pay additional amounts in respect of the Securities for or on account of:

- any tax, duty, assessment or other governmental charge that would not have been imposed but for the fact that the holder, or the beneficial owner, of the Securities was a resident, domiciliary or national of, or engaged in business or maintained a permanent establishment or was physically present in, a Relevant Tax Jurisdiction or otherwise had some connection with a Relevant Tax Jurisdiction other than merely holding such Securities, or receiving payments under such Securities;

- any tax, duty, assessment or other governmental charge that would not have been imposed but for the fact that the holder of the Securities presented such Securities for payment in a Relevant Tax Jurisdiction, unless the holder was required to present such Securities for payment and they could not have been presented for payment anywhere else;
- any tax, duty, assessment or other governmental charge that would not have been imposed but for the fact that the holder of the Securities presented such Securities for payment more than 30 days after the date such payment became due and was provided for, whichever is later, except to the extent that the holder would have been entitled to the additional amounts on presenting such Securities for payment on any day during that 30-day period;
- any estate, inheritance, gift, sale, transfer, personal property or similar tax, duty, assessment or other governmental charge;
- any tax, duty, assessment or other governmental charge which is payable otherwise than by withholding or deduction;
- any tax, duty, assessment or other governmental charge that would not have been imposed if the holder, or the beneficial owner, of the Securities complied with Westpac's request to provide information concerning his, her or its nationality, residence or identity or to make a declaration, claim or filing or satisfy any requirement for information or reporting that is required to establish the eligibility of the holder, or the beneficial owner, of such Securities to receive the relevant payment without (or at a reduced rate of) withholding or deduction for or on account of any such tax, duty, assessment or other governmental charge;
- any tax, duty, assessment or other governmental charge that is imposed or withheld as a consequence of a determination having been made under Part IVA of the Australian Tax Act (or any modification thereof or provision substituted therefor) by the Australian Commissioner of Taxation that such tax, duty, assessment or other governmental charge is payable in circumstances where the holder, or the beneficial owner, of such Securities is a party to or participated in a scheme to avoid such tax which Westpac was not a party to;
- any tax, duty, assessment or other governmental charge to, or to a third party on behalf of, a holder of the Securities, or any beneficial owner of any interest in, or rights in respect of, such Securities, upon, with respect to, or by reason of, such person being issued Ordinary Shares;
- any tax, duty, assessment or other governmental charge arising under or in connection with Sections 1471 to 1474 of the US Internal Revenue Code of 1986, as amended, which we refer to as the Code, including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-US laws enacted with respect thereto, which we refer to as FATCA; or
- any combination of the foregoing.

In addition, the indenture provides that additional amounts will also not be payable by Westpac with respect to any payment on any Security to any holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent that payment would, under the laws of a Relevant Tax Jurisdiction, be treated as being derived or received for tax purposes by a beneficiary or settler of that fiduciary or member of that partnership or a beneficial owner, in each case, who would not have been entitled to those additional amounts had it been the actual holder of such Securities.

The term “**Relevant Tax Jurisdiction**” means Australia or any political subdivision or taxing authority thereof or therein and where Westpac is acting with respect to the Securities through a branch outside Australia, the jurisdiction in which the branch is located or any political subdivision or taxing authority thereof or therein. If, as a result of Westpac's consolidation or merger with or into an entity organized under the laws of a country other than Australia or a political subdivision of a country

other than Australia or the sale, conveyance or transfer by Westpac of all or substantially all its assets to such an entity, such an entity assumes the obligations of Westpac under the indenture and the Securities, the term Relevant Tax Jurisdiction shall also include the country in which such entity is organized or resident (or deemed resident for tax purposes) or any political subdivision or taxing authority thereof or therein.

Westpac, and any other person to or through which any payment with respect to the Securities may be made, shall be entitled to withhold or deduct from any payment with respect to such Securities amounts required to be withheld or deducted under or in connection with FATCA, and holders and beneficial owners of such Securities shall not be entitled to receive any gross up or other additional amounts on account of any such withholding or deduction.

(Section 12.8 of the indenture).

## **Redemption of the Securities**

### ***General***

If the Securities of a series provide for redemption at Westpac's election (subject to APRA's prior written approval, which may or not be given), unless otherwise provided in the applicable prospectus supplement or term sheet and except as described below under "—Redemption for Taxation Reasons" and "—Redemption for Regulatory Reasons", Westpac may redeem the Securities of such series in whole or in part, and such redemption shall not be permitted earlier than the fifth anniversary of the issue date.

Any redemption of the Securities of a series shall be on not less than 30 nor more than 60 days' notice and, in the event of redemption in part, the Securities to be redeemed will be selected by the trustee by such method as it shall deem fair and appropriate. In the case of Securities in global form, such Securities will be selected for redemption in accordance with the procedures of the depository. Notice of such redemption will be mailed to holders of the Securities of such series to their addresses as they appear on the register of the Securities of such series.

Westpac may redeem the Securities of a series only if Westpac has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given) and:

- (a) before or concurrently with such redemption, Westpac replaces such Securities with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than such Securities and the replacement of such Securities is done under conditions that are sustainable for the income capacity of Westpac (for the purposes of the Prudential Standards); or
- (b) Westpac obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of Westpac and the Group, that Westpac does not have to replace such Securities.

Holders should not expect that APRA's approval will be given for any redemption of the Securities.

No holder of the Securities has the right to request redemption of their Securities at any time.

(Sections 1.6, 13.1, 13.3 and 13.4 of the indenture.)

### ***Redemption for Taxation Reasons***

The indenture provides that if an Adverse Tax Event (as defined below) has occurred, Westpac may, subject to the conditions described below and provided that Westpac has obtained a supporting opinion of legal or tax advisers of recognized standing in the applicable Relevant Tax Jurisdiction, redeem all, but not less than all, of any series of the Securities at a redemption price equal to the

Outstanding Principal Amount of the Securities to be redeemed plus any unpaid interest on the Outstanding Principal Amount of the Securities of such series for the period from and including the most recent interest payment date to but excluding the date of redemption, except to the extent that Westpac has determined in its absolute discretion not to pay such interest or Westpac is obliged not to pay such interest because another Payment Condition (as defined below) is not satisfied.

An “**Adverse Tax Event**” shall, with respect to any of the Securities of a series, mean that, as a result of:

- (a) any amendment to, clarification of, or change (including any announcement of a change that will be introduced) in, the laws or treaties or any regulations affecting taxation in a Relevant Tax Jurisdiction;
- (b) any judicial decision, official pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application of regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of those things) affecting the taxation treatment of the Securities in a Relevant Tax Jurisdiction, which we refer to as an Administrative Action; or
- (c) any amendment to, clarification of, or change in, an Administrative Action that provides for a position that differs from the current generally accepted position,

in each case, by any legislative body, court, governmental authority (including, without limitation, a tax authority) or regulatory body in a Relevant Tax Jurisdiction, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective, or is announced or made known, on or after the issue date and which on the issue date is not expected by Westpac to come into effect, there is a material risk that:

- (i) Westpac is or would be required to increase the amount of any interest scheduled to be paid on the Securities by payment of an additional amount in respect of any withholding tax and such an increase cannot be avoided within 60 days of such Adverse Tax Event by Westpac filing a form, making an election or taking some reasonable measure that in Westpac’s sole judgment will not be adverse to Westpac and will involve no cost to Westpac that is material in the context of the Securities;
- (ii) Westpac is or would be no longer entitled to claim a deduction for any payments in respect of the Securities in computing its taxation liabilities in or relating to such Relevant Tax Jurisdiction or the amount of such deduction is or would be materially reduced; or
- (iii) any interest scheduled to be paid on the Securities is or would be a frankable dividend or distribution within the meaning of Division 202 of the Australian Tax Act.

If, after the issue date, (A) as a result of a Branch Change Notice (as defined below), Westpac changes the branch through which it acts in respect of the Securities to another branch of Westpac in a jurisdiction different from the jurisdiction of the branch through which Westpac was acting immediately before such notice, the references to “issue date” in the preceding paragraph shall be deemed to be to the date the Branch Change Notice is given or (B) Westpac is merged into or consolidated with another entity or all or substantially all of Westpac’s assets are sold or transferred to another entity and such entity assumes the obligations of Westpac under the indenture and the Securities (which we refer to as a “**Relevant Transaction**”) and the home jurisdiction for tax purposes of such other entity is not Australia (or if such home jurisdiction has already become a jurisdiction other than Australia, is different to the jurisdiction which it is immediately prior to the Relevant Transaction), the references to “issue date” of the Securities of such series shall be deemed to be to the date the Relevant Transaction

is completed, provided that, the issue date will not be so amended if the location of the branch through which the Securities are issued is unchanged as a result of the Relevant Transaction.

Westpac may redeem the Securities of a series upon the occurrence of an Adverse Tax Event only if Westpac has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given) and:

- (a) before or concurrently with such redemption, Westpac replaces such Securities with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than such Securities and the replacement of such Securities is done under conditions that are sustainable for the income capacity of Westpac (for the purposes of the Prudential Standards); or
- (b) Westpac obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of Westpac and the Group, that Westpac does not have to replace such Securities.

Holders should not expect that APRA's approval will be given for any redemption of the Securities.

(Sections 13.1 and 13.8 of the indenture.)

#### ***Redemption for Regulatory Reasons***

The indenture provides that if a Regulatory Event (as defined below) has occurred, Westpac may, subject to the conditions described below and provided that Westpac has obtained a supporting opinion of advisers of recognized standing in Australia or confirmation from APRA, redeem all, but not less than all, of any series of the Securities at a redemption price equal to the Outstanding Principal Amount of the Securities to be redeemed plus any unpaid interest on the Outstanding Principal Amount of the Securities of such series for the period from and including the most recent interest payment date to but excluding the date of redemption, except to the extent that Westpac has determined in its absolute discretion not to pay such interest or Westpac is obliged not to pay such interest because another Payment Condition (as defined below) is not satisfied.

A “**Regulatory Event**” shall, with respect to any of the Securities of a series, mean that either:

- (a) as a result of any amendment to, clarification of or change (including any announcement of a change that will be introduced) in, any law or regulation or the Prudential Standards, or any official administrative pronouncement or action or judicial decision interpreting or applying such law, regulation or Prudential Standards, which amendment, clarification or change is effective, or pronouncement, action or judicial decision is announced, on or after the issue date of the Securities of such series; or
- (b) written confirmation is received from APRA after the issue date of the Securities of such series that,

Westpac is not or will not be entitled to treat all of the Securities as Additional Tier 1 Capital in whole, provided that, in each case, Westpac did not expect at the issue date of the Securities of such series that the matter giving rise to the Regulatory Event would occur.

Westpac may redeem the Securities of a series upon the occurrence of a Regulatory Event only if Westpac has received the prior written approval of APRA (approval is at the discretion of APRA and may or may not be given) and:

- (a) before or concurrently with such redemption, Westpac replaces such Securities with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than such Securities and the replacement of such Securities is done under

conditions that are sustainable for the income capacity of Westpac (for the purposes of the Prudential Standards); or

- (b) Westpac obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of Westpac and the Group, that Westpac does not have to replace such Securities.

Holders should not expect that APRA's approval will be given for any redemption of the Securities.

(Sections 13.1 and 13.8 of the indenture.)

### **Other Provisions**

The indenture provides that the trustee, subject to the provisions of the Trust Indenture Act, will not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the indenture, or in the exercise of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. (Section 9.1(g) of the indenture.)

The indenture includes covenants that Westpac will file annually with the trustee a certificate of compliance with all conditions and covenants under the indenture. (Section 12.7 of the indenture.)

### **Modification of the Indenture**

#### *General*

The indenture contains provisions permitting Westpac and the trustee to enter into one or more supplemental indentures without the consent of the holders of any of the Securities in order to:

- evidence the succession of another individual, corporation or other entity to Westpac and the assumption of Westpac's covenants and obligations by its successor;
- add to Westpac's covenants for the benefit of the holders of the Securities of all or any series or surrender any of Westpac's rights or powers or to comply with certain requirements of the SEC relating to the qualification of the indenture under the Trust Indenture Act;
- add to or change any provisions of the indenture or any of the Securities to such extent as necessary to facilitate the issuance of the Securities, to facilitate the issuance of the Securities in global form, or to alter the terms of the Securities to align them with any Relevant Securities issued after the date of such Securities, provided that such alteration is not materially prejudicial to the interests of the holders of the Securities as a whole;
- change or eliminate any provision of the indenture affecting only those Securities not yet issued or when there is no Security outstanding of a series created prior to the execution of any such supplemental indenture;
- establish the form or terms of Securities;
- provide for delivery of such supplemental indentures or the Securities of any series in or by means of any computerized, electronic or other medium, including without limitation by pdf or email;
- evidence and provide for successor trustees and/or add to or change any provisions of the indenture to such extent as necessary to provide for or facilitate the administration of the trusts under the indentures by more than one trustee;
- maintain the qualification of the indenture under the Trust Indenture Act;

- correct or supplement any inconsistent provisions or cure any ambiguity or omission or correct any mistake, provided that any such action does not adversely affect the interests of any holder of the Securities of any series;
- modify the subordination provisions thereof in a manner not adverse to the holders of the Securities of any series then outstanding; or
- make any other change that does not adversely affect the interests of the holders of the Securities and is not otherwise prohibited. (Section 11.1 of the indenture.)

In addition, no amendment to the terms and conditions of the indenture or a Security that at the time of such amendment qualifies as Additional Tier 1 Capital is permitted without the prior written consent of APRA if such amendment may affect the eligibility of the Security as Additional Tier 1 Capital as described in the Prudential Standards.

Subject to receiving APRA's prior written approval, and without the approval of holders of the Securities, Westpac may, by notice to holders of the Securities, which we refer to as a Branch Change Notice, change the branch through which it acts in respect of the Securities to another branch of Westpac in any jurisdiction, including in Australia, with effect from the date specified in the notice. Westpac will not change the branch through which it acts in respect of the Securities to a branch in a jurisdiction where it would be illegal by the laws of that jurisdiction to have the Securities on issue or to perform its obligations in respect of the Securities. A holder of the Securities has no right to require Westpac to change the branch through which it acts in respect of the Securities to another branch of Westpac.

The indenture also contains provisions permitting Westpac and the trustee, with the consent of the holders of not less than a majority of the aggregate Outstanding Principal Amount of the Securities of the affected series, to execute supplemental indentures adding any provisions to or changing or eliminating any of the provisions of the indenture or modifying the rights of the holders of the Securities of that series. No supplemental indenture may, without the consent of the holders of all of the affected Securities, among other things:

- change the currency in which such Securities are payable;
- change the date scheduled for any payment of Outstanding Principal Amount upon redemption of the Securities (subject to APRA's prior written approval, which may or may not be given), or interest, if any, on any Security;
- other than in accordance with the terms of the Securities of that series, reduce the Outstanding Principal Amount of, or interest rate on, any Security of that series or change the methodology for determining any reset provisions relating to the interest rate on any Security of that series;
- impair the right to institute suit for the enforcement of any payment on such Securities upon redemption;
- reduce the percentage of the Outstanding Principal Amount of the Securities of that series whose holders must consent to any such supplemental indenture;
- change any obligation of Westpac to maintain an office or agency with respect to that series in accordance with the provisions of the indenture;
- change with respect to that series any obligation to pay additional amounts;
- modify with respect to that series the indenture provisions concerning modification of the indenture or specified covenants other than to increase the required percentage to effect a modification or provide that additional provisions may not be waived without the consent of each holder of that series of the Securities;



- modify with respect to that series any Conversion or Write-off provision (other than adjustments contemplated by the indenture);
- modify with respect to that series the subordination provisions (other than adjustments contemplated by the indenture) thereof in a manner adverse to the holders of that series of the Securities then outstanding; or
- shorten with respect to that series the period during which redemption of the Securities is not permitted or permit redemption during a period not previously permitted.

(Section 11.2 of the indenture.)

Any such consent given by the holder of a Security of a series shall be conclusive and binding upon such holder and all future holders of the Securities of such series and of any Securities of such series issued on registration thereof, the transfer thereof or in exchange therefor or in lieu thereof, whether or not notation of such consent is made upon such Security.

In addition, no amendment to the terms and conditions of a Security that at the time of such amendment qualifies as Additional Tier 1 Capital is permitted without the prior written consent of APRA if such amendment may affect the eligibility of the Security as Additional Tier 1 Capital as described in the Prudential Standards.

#### ***Changes Requiring a Special Resolution***

Changes to or a waiver of the restrictions on Dividends, Buy Backs and Capital Reductions described in Section 1.6 “—General—Restrictions in the Case of Non-Payment of Interest” below under “—Additional Provisions Applicable to the Securities” may be made if approved by a Special Resolution.

#### **Satisfaction and Discharge of the Indenture**

The indenture shall generally cease to be of any further effect with respect to a series of the Securities when Westpac has delivered to the trustee for cancellation all of the Securities of that series. (Section 7.1 of the indenture.)

#### **Record Dates**

Westpac will generally be entitled to set any date as the record date for the purpose of determining the holders of the Securities entitled to give or take any action under the indenture in the manner specified in such indenture. If a record date is set, action may only be taken by persons who are holders of the Securities on the record date. Also, unless otherwise specified in the applicable prospectus supplement or term sheet applicable to a series of the Securities, to be effective, any action must be taken within 180 days of the record date. (Section 1.4(g) of the indenture.)

#### **Notice**

Notices to holders of the Securities will be given by mail to the addresses of holders appearing in the applicable securities register. Westpac and the trustee may treat the person in whose name a Security is registered as the owner thereof for all purposes.

(Sections 1.6 and 3.8 of the indenture.)

#### **Governing Law**

The indenture and the Securities will be governed by, and construed in accordance with, the laws of the State of New York without regard to conflict of law principles, other than as required by

mandatory provisions of law; except that the Trigger Event, Conversion, Write-off and subordination provisions contained in Articles IV (excluding Sections 4.6 and 4.7), V and VI of the indenture and any provisions in the indenture and the Securities which relate to, or define terms used in, such Articles, will be governed by, and construed in accordance with, the laws of the State of New South Wales, Commonwealth of Australia. (Section 1.11 of the indenture.)

The indenture also provides that to the extent Westpac or any of its properties, assets or revenues may have or may become entitled to, or have attributed to it, any right of immunity, on the grounds of sovereignty or otherwise, from any legal action, suit or proceeding, from the giving of any relief in any thereof, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, or from execution of judgment, or other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, in any jurisdiction in which proceedings may at any time be commenced, with respect to its obligations, liabilities or any other matter under or arising out of or in connection with any Security or the indenture, Westpac, to the extent permitted by applicable law, will irrevocably and unconditionally waive, and agree not to plead or claim, any such immunity and will consent to such relief and enforcement.

(Section 1.11 of the indenture.)

### **Consolidation, Merger or Sale of Assets**

The indenture provides that Westpac may not merge or consolidate with or into any other corporation or other entity or sell, convey or transfer all or substantially all of Westpac's assets, unless:

- Westpac is the surviving entity formed by such merger or consolidation; or
- the entity formed by such consolidation or into which Westpac is merged or which acquires Westpac's assets expressly assumes by supplemental indenture all of Westpac's obligations under the Securities and the indenture; and
- Westpac shall have delivered to the trustee an officer's certificate and an opinion of counsel each stating that such transaction complies with the indenture and that all conditions precedent therein provided for relating to such transaction have been complied with.

Upon any such consolidation, merger or sale where Westpac is not the surviving entity, the successor corporation formed by such consolidation or into which Westpac is merged or to which such sale is made shall succeed to and be substituted for Westpac under the indenture and the Securities and all such obligations of Westpac shall terminate.

Notwithstanding the above, the terms and conditions of the indenture and the Securities shall not prevent Westpac from consolidating with or merging into any other person or conveying, transferring or leasing its properties and assets substantially as an entirety to any person, or from permitting any person to consolidate with or merge into Westpac or to convey, transfer or lease its properties and assets substantially as an entirety to Westpac where such consolidation, merger, transfer or lease is:

- required by APRA (or any statutory manager or similar official appointed by it) under law and prudential regulation applicable in the Commonwealth of Australia (including, without limitation, the Australian Banking Act or the Financial Sector (Business Transfer and Group Restructure) Act 1999 of Australia, which terms, as used herein, include any amendments thereto, rules thereunder and any successor laws, amendments and rules)); or
- determined by the board of directors of Westpac or by APRA (or any statutory manager or similar official appointed by it) to be necessary in order for Westpac to be managed in a sound and prudent manner or for Westpac or APRA (or any statutory manager or similar official

appointed by it) to resolve any financial difficulties affecting Westpac, in each case in accordance with prudential regulation applicable in the Commonwealth of Australia.

(Section 10.1 of the indenture.)

### **Concerning the Trustee**

Westpac may from time to time maintain credit facilities, and have other customary banking relationships with The Bank of New York Mellon, the trustee.

### **Consent to Service of Process**

In accordance with the provisions of the indenture, we have designated Westpac Banking Corporation, New York Branch, 575 Fifth Avenue, 39th Floor, New York, New York 10017-2422, Attention: Branch Manager, as our authorized agent for service of process in any legal action or proceeding against us with respect to Westpac's obligations under such indenture or the Securities instituted in any federal or state court in the Borough of Manhattan, The City of New York, New York and will irrevocably submit to the non-exclusive jurisdiction of such courts in respect of any such legal action or proceeding. (Section 1.14 of the indenture.)

### **Additional Provisions Applicable to the Securities**

#### **1. General**

##### **1.1 Acknowledgements**

The indenture provides that each holder of the Securities by its purchase or holding of a Security is deemed to acknowledge that:

- (a) Westpac intends that the Securities constitute Additional Tier 1 Capital and be able to absorb losses at the point of non-viability of Westpac or if Westpac does not meet certain capital adequacy requirements as described in the Prudential Standards;
- (b) Westpac's obligations in respect of the Securities are subordinated (and senior only to its obligation to holders of Ordinary Shares) as described in Section 1.2 below;
- (c) the Securities are perpetual and have no stated maturity date or other fixed redemption date; and
- (d) the Securities are subject to Conversion or Write-off as described below in Sections 2 and 3. There are two methods of loss absorption:
  - (i) Conversion, subject to possible Write-off as described below in Section 2.2; or
  - (ii) Write-off without Conversion as described below in Section 2.2.

Unless the applicable prospectus supplement or term sheet specifies otherwise, the primary method of loss absorption will be Conversion, subject to possible Write-off as described below in Section 2.2.

(Section 4.1 of the indenture.)

##### **1.2 Status and Subordination of the Securities**

The indenture provides that:

- (a) holders of the Securities do not have any right to prove in a Winding-Up in Australia in respect of the Securities, except as described below in Section 1.3.

- (b) the Securities constitute direct and unsecured subordinated obligations of Westpac and will rank for payment in a Winding-Up in Australia as described below in Section 1.3.
  - (c) the Securities will not constitute protected accounts or deposit liabilities of Westpac in Australia for the purposes of the Australian Banking Act.
- (Section 4.2 of the indenture.).

### ***1.3 Ranking in a Winding-Up***

The indenture provides that, in a Winding-Up in Australia, Securities that have not been Converted or Written-off (or that have been partially Converted or Written-off) will be redeemable at their Outstanding Principal Amount and that:

- (a) neither the trustee nor any holder of the Securities shall have any right or claim against Westpac in respect of the principal of or interest, if any, on the Securities, to the extent any such Securities have been Converted or Written-off; and
- (b) the rights and claims of the trustee or any holder of the Securities against Westpac to recover any Outstanding Principal Amount or interest, if any, in respect of the Securities that have not been Converted or Written-off shall:
  - (i) be subordinate to, and rank junior in right of payment to, the obligations of Westpac to Senior Creditors (including in respect of any entitlement to interest under section 563B of the Australian Corporations Act) and all such obligations to Senior Creditors shall be entitled to be paid in full before any payment shall be paid on account of any sums payable in respect of such Securities;
  - (ii) rank equally with the obligations of Westpac to the holders of other Securities that have not been Converted or Written-off (or that have been partially Converted or Written-off), and the obligations of Westpac to holders of Equal Ranking Instruments; and
  - (iii) rank prior to, and senior in right of payment to, the obligations of Westpac to holders of Ordinary Shares.

Unless and until Senior Creditors have been paid in full, neither the trustee nor any holder of the Securities will be entitled to claim in the Winding-Up in Australia in competition with Senior Creditors so as to diminish any payment which, but for that claim, Senior Creditors would have been entitled to receive.

In a Winding-Up in Australia, the trustee and any holder of Securities that have not been Converted or Written-off (or that have been partially Converted or Written-off) will only be entitled to prove for any sums payable in respect of the Securities as a liability which is subject to prior payment in full of Senior Creditors so that the holder receives, for each Security it holds, an amount equal to the amount it would have received if, in the Winding-Up, it had held an issued and fully paid Preference Share. Holders of the Securities waive in respect of any Security, to the fullest extent permitted by law, any right to prove in a Winding-Up in Australia as a creditor of Westpac ranking for payment in any other manner. Holders of the Securities shall not be entitled to place Westpac in administration or to seek the appointment of a receiver, receiver and manager, liquidator or provisional liquidator to Westpac. The trustee and any holder of Securities will have no further or other claim on Westpac in a Winding-Up other than the claim for the Outstanding Principal Amount and interest, if any, as described above, and in the case of the Trustee, its claims under Section 9.8.

However, it is unlikely a Winding-Up of Westpac will occur without a Trigger Event having occurred first and the Securities being Converted or Written-off. In that event:

- if the Securities have Converted into Ordinary Shares, holders will rank equally with existing holders of Ordinary Shares; and
- if the Securities are Written-off, all rights in relation to the Securities will be terminated, and holders will not be paid the Outstanding Principal Amount or receive interest or have the right to have the Securities Converted into Ordinary Shares. In such an event, a holder's investment in the Securities will lose all of its value and such holder will not receive any compensation.

(Section 4.4 of the indenture.)

#### **1.4 No Set-Off**

The indenture provides that neither Westpac nor the trustee or any holder of the Securities is entitled to set-off any amounts due in respect of the Securities held by the holder against any amount of any nature owed by Westpac to such holder or by such holder to Westpac.

(Section 4.5 of the indenture.)

#### **1.5 Non-Payment of Interest**

Payments of interest on the Securities are within the absolute discretion of Westpac and will be non-cumulative.

The payment of any interest on the Securities is subject to:

- (a) Westpac's absolute discretion;
- (b) the interest payment not resulting in a breach of Westpac's capital requirements (on a Level 1 basis) or of the Group's capital requirements (on a Level 2 basis) under the then current Prudential Standards at the time of the interest payment;
- (c) the interest payment not resulting in Westpac becoming, or being likely to become, insolvent for the purposes of the Australian Corporations Act; and
- (d) APRA not otherwise objecting to the interest payment

((a) through (d) above, each referred to as a Payment Condition and, collectively, as the Payment Conditions).

If all or any part of any interest payment is not paid because of this Section 1.5 or because of any applicable law: (i) Westpac will have no liability to pay the unpaid amount of interest; (ii) neither holders of the Securities nor any other person will have a claim (including, without limitation, in a Winding-Up) or entitlement in respect of such non-payment; (iii) such non-payment will not constitute a breach of any conditions in the indenture or the Securities, as described herein or in the applicable prospectus supplement or term sheet; (iv) such non-payment will not give any holder of the Securities or any other person a right to apply for a Winding-Up, to place Westpac in administration or to seek the appointment of a receiver, receiver and manager, liquidator or provisional liquidator to Westpac or exercise any remedies in respect of the Securities; and (v) such non-payment will not constitute an event of default under the indenture (the indenture does not contain any events of default). Neither holders of the Securities nor any other person shall have any rights to receive any additional interest or compensation as a result of such non-payment and any rights of holders of the Securities to receive interest on the Outstanding Principal Amount of such Securities shall terminate mandatorily and automatically upon Conversion or Write-off as described under Section 2 below.

(Section 4.6 of the indenture.)

### **1.6 Restrictions in the Case of Non-Payment of Interest**

- (a) Subject to Section 1.6(b) below, if for any reason an interest payment has not been paid in full on the relevant interest payment date, Westpac must not:
- (i) determine or pay any Dividends; or
  - (ii) undertake any discretionary Buy Back or Capital Reduction, unless the amount of the unpaid interest payment is paid in full within 20 Business Days of the relevant interest payment date or;
  - (iii) the Securities have been Converted, Written-off or redeemed;
  - (iv) on a subsequent interest payment date, an interest payment for the subsequent interest period is paid in full; or
  - (v) a Special Resolution of the holders of the Securities has been passed approving such action,

and, in respect of the actions contemplated by paragraphs (iii), (iv) and (v) above, APRA does not otherwise object.

- (b) The restrictions in Section 1.6(a) above do not apply in connection with:
- (i) 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 Group; or
  - (ii) Westpac or any of its controlled entities (within the meaning of Section 50AA of the Australian Corporations Act) purchasing shares in Westpac in connection with transactions for the account of customers of Westpac or any of its controlled entities (within the meaning of Section 50AA of the Australian Corporations Act) 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
  - (iii) to the extent that at the time an interest payment has not been paid on the relevant interest 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.

(Section 4.7 of the indenture.)

### **1.7 Clawback**

The indenture provides that each holder of the Securities by its purchase or holding of a Security is deemed to have irrevocably acknowledged and agreed that it or the trustee will pay or deliver to the liquidator any payment or asset, whether voluntary or in any other circumstances, received by such holder or the trustee from or on account of Westpac (including by way of credit, set-off or otherwise) or from any liquidator (or any provisional or other liquidator, receiver, manager or statutory manager of Westpac) in violation of the provisions described in Section 1.2.

(Section 4.8 of the indenture.)

### **1.8 Other Provisions**

The indenture provides that each holder of the Securities by its purchase or holding of a Security is deemed to have irrevocably acknowledged and agreed:

- (a) that the provisions described in Sections 1.2 and 1.3 above constitute a debt subordination for the purposes of section 563C of the Australian Corporations Act;

- (b) without limiting its rights existing otherwise than as a holder of a Security, that it must not exercise its voting or other rights as an unsecured creditor in the Winding-Up of Westpac in any jurisdiction until after all Senior Creditors have been paid in full or otherwise to defeat, negate or in any way challenge the enforceability of the subordination provisions described in Sections 1.2 and 1.3 above;
- (c) that the debt subordination effected by the provisions described in Sections 1.2 and 1.3 above are not affected by any act or omission of Westpac or a Senior Creditor which might otherwise affect it at law or in equity; and
- (d) that it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Australian Corporations Act to the extent that a holder of a Preference Share would not be entitled to such interest.

No consent of any Senior Creditor shall be required for any amendment of the provisions described in Sections 1.2 and 1.3 above in relation to any of the outstanding Securities.

(Section 4.9 of the indenture.)

## **2. Conversion or Write-off of the Securities**

### **2.1 Trigger Events**

The indenture provides that if a Trigger Event occurs, Westpac must:

- (a) subject to the limitations described in Section 2.4 below, Convert; or
- (b) if the applicable prospectus supplement or term sheet for the Securities of any series specifies that the primary method of loss absorption will be Write-off without Conversion as described in Section 2.4 below, Write-off,

such Securities or percentage of the Outstanding Principal Amount of each Security as determined in accordance with Section 2.2 and Section 3 below.

A “**Trigger Event**” means a Capital Trigger Event or a Non-Viability Trigger Event.

A “**Capital Trigger Event**” means that:

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

that a Common Equity Capital Ratio is equal to or less than 5.125%. Westpac must immediately notify APRA in writing if Westpac makes a determination under paragraph (a) above.

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

- (a) Conversion or Write-off of all or some of the Securities, or conversion, write-off or write-down of all or some Relevant Securities, 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.

### **2.2 Conversion or Write-off Following a Trigger Event**

- (a) The indenture provides that if a Trigger Event occurs, Westpac must, subject to the limitations described in Section 2.4 below, Convert, or if the applicable prospectus supplement or term

sheet for the Securities of any series specifies that the primary method of loss absorption will be Write-off without Conversion as described in Section 2.4 below, Write-off:

- (i) in the case of a Capital Trigger Event, subject to the provisions described in Section 2.2(b) below, all or some of the Securities (or a percentage of the Outstanding Principal Amount of each Security), such that the aggregate Outstanding Principal Amount of all of the Securities Converted or Written-off, together with the face value or outstanding principal amount of all other Relevant Securities converted, written-off or written-down as described in Section 2.2(b) below, is sufficient to increase each relevant Common Equity Capital Ratio of Westpac to above 5.125%, as determined by Westpac in consultation with APRA; or
  - (ii) in the case of a Non-Viability Trigger Event under paragraph (a) of the definition of Non-Viability Trigger Event, subject to the provisions described in Section 2.2(b) below, all or some of the Securities (or a percentage of the Outstanding Principal Amount of each Security), such that the aggregate Outstanding Principal Amount of all of the Securities Converted or Written-off, together with the face value or outstanding principal amount of all other Relevant Securities converted, written-off or written-down as described in Section 2.2(b) below, is equal to the aggregate face value or outstanding principal amount of Relevant Securities which APRA has notified Westpac must be converted, written-off or written-down (or, if APRA has not so notified Westpac, all or some of the Securities (or a percentage of the Outstanding Principal Amount of each Security) as is necessary to satisfy APRA that Westpac will no longer be non-viable); or
  - (iii) in the case of a Non-Viability Trigger Event under paragraph (b) of the definition of Non-Viability Trigger Event, all of the Securities.
- (b) In determining the Securities, or percentage of the Outstanding Principal Amount of each Security, which must be Converted or Written-off as described in this Section 2.2, Westpac will:
- (i) first, convert, write-off or write-down an amount of the face value or outstanding principal amount of any other Relevant Securities whose terms require them to be converted, written-off or written-down, before Conversion or Write-off of the Securities; and
  - (ii) second, if conversion, write-off or write-down of those Relevant Securities is not sufficient to satisfy the requirements of Section 2.2(a)(i) or Section 2.2(a)(ii) as applicable, Convert or Write-off (in the case of the Securities) and convert, write-off or write-down (in the case of any other Relevant Securities), on a pro-rata basis or in a manner that is otherwise, in Westpac's opinion, fair and reasonable, the Outstanding Principal Amount of each Security and the outstanding principal amount of all other Relevant Securities whose terms require or permit them to be converted, written-off or written-down in that manner (subject to such adjustments as Westpac may determine to take into account the effect on marketable parcels and the need to round to whole numbers of Ordinary Shares, the authorized denominations of any of the Securities or other Relevant Securities remaining on issue, and the need to effect the conversion, write-off or write-down immediately). If the currency of the principal amount of such Relevant Securities is not Australian Dollars, Westpac may for purposes of determining the amount of the principal amount to be converted, written-off or written-down, convert the principal amount to Australian Dollars at such rate of exchange as Westpac in good faith considers reasonable,



but such determination will not impede the immediate Conversion or Write-off of the relevant Securities or percentage of the Outstanding Principal Amount of each Security (as the case may be).

- (c) If a Trigger Event occurs:
- (i) the Securities or the percentage of the Outstanding Principal Amount of each Security determined as described in Section 2.2(b) above shall be Converted or Written-off immediately upon the occurrence of the Trigger Event as described in this Section 2.2 and Section 3 below. The Conversion or Write-off will be irrevocable;
  - (ii) Westpac is required to give notice to the trustee and holders of the affected Securities as described above under “—Notice” and ASX as soon as practicable that a Trigger Event has occurred and that Conversion or Write-off has occurred on the Trigger Event Date;
  - (iii) the notice must specify:
    - (A) the date on which Conversion or Write-off occurred as a result of a Capital Trigger Event or a Non-Viability Trigger Event, as applicable, which we refer to as the Trigger Event Date, and the Securities which were, or percentage of the Outstanding Principal Amount of each Security which was, Converted or, if the provisions described in Section 2.4 below are applicable, Written-off; and
    - (B) details of the Relevant Securities converted, written-off or written-down as described in Section 2.2(b); and
  - (iv) in the case of Conversion, 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 of the Securities outstanding.

Westpac’s failure to undertake any steps described in Sections 2.2(c)(ii) to (iv) above will not prevent, invalidate, delay or otherwise impede Conversion or Write-off.

(Section 5.1 of the indenture.)

### ***2.3 Automatic Conversion or Write-off Upon the Occurrence of a Trigger Event***

The indenture provides that if a Trigger Event has occurred and all or some of the Securities are (or a percentage of the Outstanding Principal Amount of each Security is) required to be Converted or Written-off in accordance with the provisions described in Section 2.2 above, then:

- (a) Conversion or Write-off of such Securities or percentage of the Outstanding Principal Amount of each Security will occur in accordance with the provisions described in Section 2.2 above and, if applicable, Section 2.4 below immediately upon the Trigger Event Date;
- (b) in the case of Conversion and subject to the provisions described in Section 3.10 below, each holder of a Security that has been Converted in whole or in part in accordance with the provisions described in Section 2.2 above will be entitled to (i) the Conversion Number of Ordinary Shares in respect of such Securities or the percentage of the Outstanding Principal Amount of each Security held by such holder so Converted determined in accordance with the provisions described in Section 3.1 below, and (ii) unless the Securities shall have been Converted or Written-off in full, to the Securities with an Outstanding Principal Amount equal to the aggregate of the remaining percentage of the Outstanding Principal Amount of each Security held by such holder, and Westpac will recognize the holder as having been issued the Conversion Number of Ordinary Shares in respect of such portion of Converted Securities 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 its part, take any appropriate procedural steps to effect such Conversion, including updating the Ordinary Share register); and

- (c) a holder of the Securities has no further right or claim in respect of such Securities or percentage of the Outstanding Principal Amount of each Security so Converted or Written-off (including to payments of the Outstanding Principal Amount and any interest), except such holder's entitlement, if any, to the Securities which have not been required to be Converted or Written-off or the Securities representing the Outstanding Principal Amount of such Securities which have not been required to be Converted or Written-off and, in the case of Conversion, subject to the provisions described in Section 3.10, to the Conversion Number of Ordinary Shares issuable in accordance with the provisions described in Section 3.

(Section 5.2 of the indenture.)

#### **2.4 No Further Rights**

The indenture provides that if:

- (a) for any reason, Conversion of a Security (or a percentage of the Outstanding Principal Amount of each Security) required to be Converted under the provisions described in Section 2.2 above does not occur within five ASX Business Days after the Trigger Event Date; or
- (b) the applicable prospectus supplement or term sheet for the Securities of any series specifies that the primary method of loss absorption will be Write-off without Conversion in accordance with the provisions described in this Section 2.4,

then:

- (c) the relevant rights and claims of holders of the Securities in relation to such Securities or the percentage of the Outstanding Principal Amount of such Securities to be Converted or Written-off (including to payments of interest and Outstanding Principal Amount and, in the case of Conversion, to be issued with the Conversion Number of Ordinary Shares in respect of such Securities or percentage of the Outstanding Principal Amount of each Security), are immediately and irrevocably written-off and terminated with effect on and from the Trigger Event Date, which we refer to as a Write-off; and
- (d) the Outstanding Principal Amount of such Securities shall be reduced on the Trigger Event Date by the Outstanding Principal Amount of the Securities to be Converted or Written-off, as determined in accordance with the provisions described in Sections 2.2(a) and (b) and any unpaid interest shall be correspondingly reduced.

(Section 5.3 of the indenture.)

#### **2.5 Consent to Receive Ordinary Shares and Other Acknowledgments**

The indenture provides that subject to any Write-off required in accordance with the provisions described in Section 2.4 above, each holder of the Securities by its purchase or holding thereof will be deemed to have irrevocably agreed that:

- (a) upon Conversion in accordance with the provisions described in this Section 2 and Section 3 below, it consents to becoming a holder of Ordinary Shares and agrees to be bound by the constitution of Westpac;

- (b) unless the provisions described in Section 3.10(b) below apply, it (or the Holder's Nominee on its behalf) is obliged to accept Ordinary Shares upon Conversion notwithstanding anything that might otherwise affect a Conversion of the Securities, including:
    - (i) any change in the financial position of Westpac since the issue of the Securities;
    - (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 Securities;
  - (c)
    - (i) Conversion is not subject to any conditions other than those expressly described in this Section 2 and Section 3 below;
    - (ii) Conversion must occur immediately on the Trigger Event Date and Conversion may result in disruption or failures in trading or dealings in the Securities;
    - (iii) it will not have any rights to vote in respect of any Conversion (whether as a holder of a Security or as a prospective holder of an Ordinary Share); and
    - (iv) notwithstanding the provisions described in Section 3.9 below, Ordinary Shares issued on Conversion may not be quoted at the time of Conversion or at all;
  - (d) where the provisions described in Section 2.4 above apply, no other conditions or events will affect the operation of such provisions and it will not have any rights to vote in respect of any Write-off under such provisions; and
  - (e) it has no remedies on account of the failure of Westpac to issue Ordinary Shares in accordance with the provisions described in Section 3 below other than, subject to the provisions described in Section 2.4 above, to seek specific performance of Westpac's obligation to issue Ordinary Shares.
- (Section 5.4 of the indenture.)

## ***2.6 Issue of Ordinary Shares of Successor Company***

The indenture provides that if Westpac shall cease to be the ultimate parent company of the Group and the successor company is an Approved Successor, the provisions described herein under "—Additional Provisions Applicable to the Securities" may be amended in accordance with the provisions described in Section 3.14 below.

(Section 5.5 of the indenture.)

## ***2.7 Scheduled Conversion***

Westpac may provide for the scheduled Conversion of the Securities of a series in the applicable prospectus supplement or term sheet for such series, provided always that scheduled Conversion must occur in accordance with the Prudential Standards. For the avoidance of doubt, if the applicable prospectus supplement or term sheet provides for scheduled Conversion, the conditions applying to scheduled Conversion as described and defined in the applicable prospectus supplement or term sheet will not apply to Conversion as a result of a Trigger Event.

(Section 5.6 of the indenture.)

## **2.8 Conversion at the Option of Westpac**

Westpac may provide for the optional Conversion of the Securities of a series in the applicable prospectus supplement or term sheet for such series, provided always that optional Conversion must occur in accordance with the Prudential Standards. For the avoidance of doubt, if the applicable prospectus supplement or term sheet provides for optional Conversion, the restrictions applying to optional Conversion as described and defined in the applicable prospectus supplement or term sheet will not apply to Conversion as a result of a Trigger Event.

(Section 5.7 of the indenture.)

## **2.9 No Conversion at the Option of Holders**

Holders of the Securities do not have a right to request Conversion of their Securities at any time.

(Section 5.8 of the indenture.)

## **2.10 Priority of Early Conversion Obligations**

A Conversion or Write-off required because of a Trigger Event shall take place on the date, and in the manner, described herein or in the applicable prospectus supplement or term sheet, notwithstanding any other provision for Conversion, Write-off or redemption described herein or in the applicable prospectus supplement or term sheet.

(Section 5.9 of the indenture.)

## **2.11 No Rights Before Conversion**

Before Conversion, a Security confers no rights on a holder of the Securities:

- (a) to vote at, or receive notices of, any meeting of shareholders (referred to as “members” under Westpac’s constitution) 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 otherwise disclosed herein or in an applicable prospectus supplement or term sheet.

(Section 5.10 of the indenture.)

## **2.12 Trustee’s Rights upon Conversion or Write-off**

- (a) By its acquisition of the Securities, each holder of the Securities, to the extent permitted by law, waives any and all claims against the trustee for, agrees not to initiate a suit against the trustee in respect of, and agrees that the trustee shall not be liable for, any action that the trustee takes, or abstains from taking, in either case in accordance with the Conversion or Write-off of the Securities other than for the trustee’s gross negligence or wilful misconduct.
- (b) Holders of the Securities that acquire such Securities in the secondary market shall be deemed to acknowledge, agree to be bound by and consent to the same provisions specified herein to the same extent as the holders of the Securities that acquire the Securities upon their initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the Securities, including in relation to the Conversion and Write-off of the Securities.
- (c) Westpac’s obligation to indemnify and reimburse the trustee under the indenture shall survive Conversion and Write-off of the Securities.

- (d) Unless otherwise required by APRA, the rights, immunities, indemnities and protections of the trustee relating to the Conversion and Write-off of the Securities will not be amended, changed or modified without the trustee's written consent and any such amendment, change or modification will be made in an amendment or supplement to the indenture.
- (e) By its acquisition of the Securities, each holder of the Securities acknowledges and agrees that, upon Conversion or Write-off of the Securities, (i) the trustee shall not be required to take any further directions from such holder of the Securities either under the terms of the Securities or the indenture unless secured or indemnified to its satisfaction by such holder of the Securities, (ii) it may not direct the trustee to take any action whatsoever, including without limitation, any challenge to the Conversion or Write-off of the Securities or request to call a meeting or take any other action under the indenture in connection with the Conversion or Write-off of the Securities unless secured or indemnified to its satisfaction by such holder of the Securities and (iii) neither the indenture nor the Securities shall impose any duties upon the trustee whatsoever with respect to the Conversion or Write-off of the Securities. Notwithstanding the foregoing, if, following the Conversion or Write-off of the Securities, any of the Securities remain outstanding, then the trustee's duties under the indenture shall remain applicable with respect to the remaining outstanding Securities which have not been so Converted or Written-off.

(Section 5.11 of the indenture.)

### 3. *Procedures for Conversion*

#### 3.1 *Conversion*

On the Conversion Date, subject to the provisions described in Section 2.4 above and Section 3.10 below, the following provisions will apply:

- (a) Westpac will allot and issue to each holder of a Security the Conversion Number of Ordinary Shares for each Security. The Conversion Number is, subject always to the Conversion Number being no greater than the Maximum Conversion Number, either (x) the number specified in, or determined in accordance with the relevant provisions in, the applicable prospectus supplement or term sheet for the Securities of any series or, (y) if no Conversion Number and no such provisions are specified in any such prospectus supplement or term sheet, calculated according to the following formula:

$$\text{Conversion Number for each Security} = \frac{\text{Outstanding Principal Amount of the Security (translated into Australian Dollars in accordance with paragraph (b) of the definition of Outstanding Principal Amount where the calculation date shall be the Conversion Date)}}{P \times VWAP}$$

where:

“*Outstanding Principal Amount*” has the meaning given to it in Section 4 below, as adjusted in accordance with Section 3.13 below.

“*P*” means the number specified in the applicable prospectus supplement or term sheet.

“*VWAP*” means the VWAP during the VWAP Period.

and where

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

$$\text{Maximum Conversion Number} = \frac{\text{Outstanding Principal Amount of the Security (translated into Australian Dollars in accordance with paragraph (b) of the definition of Outstanding Principal Amount where the calculation date shall be the ASX Business Day prior to the issue date of the Securities of a series)}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$$

where:

“*Relevant Percentage*” means the number specified in the applicable prospectus supplement or term sheet.

“*Outstanding Principal Amount*” has the meaning given to it in Section 4 below, as adjusted in accordance with Section 3.13 below.

If any of the Securities are Converted following a Trigger Event, it is likely that the Maximum Conversion Number will apply and limit the number of Ordinary Shares to be issued. In this case, the value of the Ordinary Shares received may (in the case of a Capital Trigger Event) and is likely to (in the case of a Non-Viability Trigger Event) be significantly less than the Outstanding Principal Amount of those Securities. The Australian dollar may depreciate in value against the US dollar by the time of Conversion. In that case, the Maximum Conversion Number is more likely to apply.

- (b) Subject to the provisions described in Section 3.10 below, the rights of each holder of the Securities (including to payment of interest, if any, with respect to such Outstanding Principal Amount) in relation to each Security that is being Converted as determined in accordance with Section 2.2 above will be immediately and irrevocably written-off and terminated for an amount equal to the Outstanding Principal Amount of such Security to be Converted as determined in accordance with Section 2.2 above and Westpac will apply such Outstanding Principal Amount of each such Security to be so Converted to subscribe for the Ordinary Shares to be allotted and issued under Section 3.1(a) above. Each holder of a Security will be deemed to have irrevocably directed that any amount scheduled to be paid under the provisions described in this Section 3.1 is to be applied as described in this Section 3.1 without delay (notwithstanding any other terms and conditions described in this prospectus providing for payments to be delayed) and holders of the Securities do not have any right to payment in any other manner.
- (c) Any calculation under Section 3.1(a) above shall, unless the context requires otherwise, be rounded to four decimal places provided that if the total number of Ordinary Shares to be allotted and issued to a holder of the Securities in respect of such holder’s aggregate holding of the Securities includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will not be issued or delivered on Conversion.

(Section 6.1 of the indenture.)

### 3.2 *Adjustments to VWAP Generally*

For the purposes of calculating VWAP under the provisions described in Section 3.1 above:

- (a) where, on some or all of the ASX 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 the Securities 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 ASX 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, which we refer to as 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 other distribution who is a natural person resident in Australia under the Australian Tax Act;
  - (ii) in the case of any entitlement that is not a dividend or other distribution for which adjustment is made under the provisions described in Section 3.2(a)(i) above which is traded on ASX on any of those ASX Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the ASX 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 entitlements for which adjustment is not made under the provisions described in Section 3.2(a)(i) or (ii), the value of the entitlement as reasonably determined by Westpac; and
- (b) where, on some or all of the ASX Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and the Securities will be Converted into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the ASX 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.

(Section 6.2 of the indenture.)

### **3.3 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 another form of consideration to or by holders of Ordinary Shares), which we refer to as a 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 shall be adjusted by multiplying such daily VWAP by the following formula:

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

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 the provisions described in Section 3.3(a) above will be effective and binding on holders of the Securities.

(Section 6.3 of the indenture.)

### 3.4 Adjustments to Issue Date VWAP Generally

For the purposes of determining the Issue Date VWAP as described in Section 3.1 above, adjustments will be made as described in Sections 3.2 and 3.3 above during the period in which the Issue Date VWAP is determined. On and from the issue date, adjustments to the Issue Date VWAP:

- (a) may be made by Westpac in accordance with the provisions described in Sections 3.5 to 3.7 below (inclusive);
- (b) if so made, will be effective and binding on holders; and
- (c) if adjustments are made in accordance with Sections 3.5 to 3.7 below (inclusive), such adjustments will correspondingly affect the application of the conditions for scheduled Conversion and restrictions for optional Conversion as such conditions and restrictions may be described and defined in the applicable prospectus supplement or term sheet and cause an adjustment to the Maximum Conversion Number.

(Section 6.4 of the indenture.)

### 3.5 Adjustments to Issue Date VWAP for Bonus Issues

The indenture provides that:

- (a) Subject to the provisions described in Sections 3.5(b) and 3.5(c) below, 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 another 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) The adjustment described in Section 3.5(a) above 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 purpose of this Section 3.5, 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.
- (d) No adjustments to the Issue Date VWAP will be made under this Section 3.5 for any offer of Ordinary Shares not covered by Section 3.5(a) above, including a rights issue or other essentially pro rata issues.
- (e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by Section 3.5(a) above shall not in any way restrict Westpac from issuing Ordinary Shares at any



time on such terms as it sees fit nor require any consent or concurrence of any holders of the Securities.

- (f) Any adjustment made by Westpac in accordance with Section 3.5(a) above will be effective and binding on holders of the Securities.

(Section 6.5 of the indenture.)

### **3.6 Adjustments to Issue Date VWAP for Capital Reconstruction**

- (a) The indenture provides that if, at any time after the issue date of the Securities of a series, 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 another 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 ASX 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.

- (b) Any adjustment made by Westpac in accordance with Section 3.6(a) above will be effective and binding on holders of the Securities.
- (c) Each holder of the Securities acknowledges that Westpac may, consolidate, divide or reclassify Ordinary Shares so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action requiring any consent or concurrence of any holders of the Securities.

(Section 6.6 of the indenture.)

### **3.7 No Adjustment to Issue Date VWAP in Certain Circumstances**

Notwithstanding the provisions described in Section 3.5 above, no adjustment will be made to the Issue Date VWAP where such adjustment (expressed in Australian Dollars and cents and rounded to the nearest whole cent with A\$0.005 being rounded upwards) would be less than one per cent of the Issue Date VWAP then in effect.

(Section 6.7 of the indenture.)

### **3.8 Announcement of Adjustment to Issue Date VWAP**

Westpac will notify any adjustment to the Issue Date VWAP made as described above to ASX and to the trustee and to the holders of the Securities as described above under “—Notice” within 10 ASX Business Days of Westpac determining the adjustment and the adjustment will be final and binding.

(Section 6.8 of the indenture.)

### **3.9 Status and Listing of Ordinary Shares**

- (a) Ordinary Shares issued or arising from Conversion will rank equally with, and will have the same rights as, 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 (or such other time as required by APRA). The holders of the Securities agree not to trade Ordinary Shares issued upon Conversion (except as permitted by the Australian Corporations Act, other applicable laws, the ASX Listing Rules or any listing rules of any applicable Recognized Exchange) until Westpac has taken such steps as are required by the Australian Corporations Act, other applicable laws, the ASX Listing Rules or any listing rules of any applicable Recognized Exchange, for the Ordinary Shares to be freely tradable without further disclosure or other action and agree to allow Westpac to impose a holding lock or to refuse to register a transfer in respect of Ordinary Shares until such time.
- (b) Westpac will use all reasonable endeavors to list the Ordinary Shares issued on Conversion of the Securities on ASX and to take all such actions necessary for the Ordinary Shares so issued to become freely tradable without further disclosure or other action as referred to in Section 3.9(a) above.

(Section 6.9 of the indenture.)

### **3.10 Conversion; Receipt of Ordinary Shares; Where the Holder of the Securities Does Not Wish to Receive Ordinary Shares; Holders' Nominee**

- (a) Where some or all of the Securities of a series (or a percentage of the Outstanding Principal Amount of a Security) are required to be Converted pursuant to the terms described in Section 2.2, a holder of the Securities or portion thereof that are subject to Conversion wishing to receive Ordinary Shares must, no later than the Trigger Event Date (or, in the case where Section 3.10(b)(vii) below applies, within 30 days of the date on which Ordinary Shares are issued upon such Conversion), have provided to Westpac or (if then appointed) the Holders' Nominee (as defined below) a notice setting out:
  - (i) its name and address (or the name and address of any person in whose name it directs the Ordinary Shares to be issued) for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares;
  - (ii) the security account details of such holder of the Securities in the Clearing House Electronic Subregister System of Australia, operated by ASX or its affiliates or successors, which we refer to as CHESS, or such other account to which the Ordinary Shares may be credited; and
  - (iii) such other information as is reasonably requested by Westpac for the purposes of enabling it to issue the Ordinary Shares to the holder of the Securities.

Westpac shall have no duty to seek or obtain from any such holder of the Securities any of the information required to be submitted as described in this Section 3.10(a).

- (b) If a Security or a portion thereof is required to be Converted and:
  - (i) the holder of the Security has notified Westpac that it does not wish to receive Ordinary Shares as a result of the Conversion (whether entirely or to the extent specified in the notice), which notice may be given at any time on or after the issue date and no less than 15 Business Days prior to the Trigger Event Date;
  - (ii) the Security is held by a Foreign Holder or an Ineligible Holder;
  - (iii) the holder of that Security is a Clearing System Holder;

- (iv) for any reason (whether or not due to the fault of the holder of the Security) Westpac has not received the information required by Section 3.10(a) above prior to the Trigger Event Date and the lack of such information would prevent Westpac from issuing the Ordinary Shares to the holder of the Security on the Trigger Event Date; or
- (v) a FATCA Withholding is required to be made in respect of the Ordinary Shares issued upon Conversion,

then, on the Trigger Event Date:

- (vi) where Sections 3.10(b)(i) or 3.10(b)(ii) above apply, Westpac shall issue the Ordinary Shares to the holder of the Security only to the extent (if at all) that:
  - (A) where Section 3.10(b)(i) above applies, the holder of the Security has subsequently notified Westpac that it wishes to receive them (provided that Westpac shall have no obligation to comply with any notification received after the Trigger Event Date); and
  - (B) where Section 3.10(b)(ii) above applies, Westpac is satisfied that the laws of both the Commonwealth of Australia and the Foreign Holder's country of residence permit the unconditional issue of Ordinary Shares to the Foreign Holder or the laws of the country in respect of which the holder would otherwise be an Ineligible Holder will be complied with in respect of the issue of Ordinary Shares to the Ineligible Holder (but as to which, in either case, Westpac is not bound to enquire and any decision is in its sole discretion),

and to the extent Westpac is not required to issue Ordinary Shares directly to the holder of the Security, Westpac will issue the balance of the Ordinary Shares to the Holders' Nominee in accordance with Section 3.10(b)(vii) below;

- (vii) otherwise, subject to applicable law, Westpac will issue the balance of Ordinary Shares in respect of the holder of the Security to a competent nominee (which may not be Westpac or any of its Related Entities), which we refer to as the "Holders' Nominee," and will promptly notify such holder of the Security of the name of and contact information for the Holders' Nominee and the number of Ordinary Shares issued to the Holders' Nominee on its behalf and, subject to applicable law and:
  - (A) subject to Section 3.10(b)(vii)(B) below, the Holders' Nominee will as soon as reasonably possible and no later than 35 days after issue of the Ordinary Shares sell those Ordinary Shares and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage fees, stamp duty and other taxes (including, without limitation, FATCA Withholding) and charges, to the holder of the Security, in each case arising in connection with the issuance or sale of such Ordinary Shares, and each Holders' Nominee shall use the proceeds from such sale to pay any such fees, duties, taxes, charges and any FATCA Withholding arising in connection with such issuance or sale; and
  - (B) where Sections 3.10(b)(iii) or 3.10(b)(iv) above apply, the Holders' Nominee will hold such Ordinary Shares and will transfer Ordinary Shares to such holder of the Securities (or, where Section 3.10(b)(iii) above applies, the person for whom the Clearing System Holder holds the Securities) promptly after such person provides the Holders' Nominee with the information required to be provided by such holder of the Securities (as if a reference to Westpac is a reference to the Holders' Nominee and a reference to the issue of Ordinary Shares is a reference to the transfer of Ordinary Shares) but only where such information is provided to the Holders' Nominee within 30 days of the date on which Ordinary Shares are issued to the

Holders' Nominee upon Conversion of such Securities and, where such holder of the Securities fails to provide the Holders' Nominee with the information required to be provided by such holder of the Securities, the Holders' Nominee will sell the Ordinary Shares and pay the proceeds to such person in accordance with Section 3.10(b)(vii)(A) above;

- (viii) nothing in this Section 3.10(b) shall affect the Conversion of the Securities of a holder of the Securities who is not a person to which any of Sections 3.10(b)(i) to 3.10(b)(v) above (inclusive) described in this Section 3.10 applies; and
  - (ix) for the purpose of this Section 3.10(b), neither Westpac nor the Holders' Nominee will owe any obligations or duties to the holders of the Securities in relation to the price at which Ordinary Shares are sold or will have any liability for any loss suffered by a holder of the Securities as a result of the sale of Ordinary Shares.
- (c) Subject to Section 2.4 if, in respect of a Conversion of the Securities where Section 3.10(b)(vii) applies, Westpac fails to issue the Conversion Number of Ordinary Shares in respect of the Securities or percentage of the relevant Outstanding Principal Amount of such Securities on the Trigger Event Date to any Holders' Nominee, a holder of the Securities has no further right or claim in respect of such Securities or the relevant portion thereof that is subject to Conversion except such holder's entitlement to the Ordinary Shares issued upon Conversion to the Holders' Nominee and to receive the Ordinary Shares or the proceeds from their sale pursuant to Section 3.10(b) above, and such holder has no remedies on account of Westpac's failure to issue Ordinary Shares other than as is provided in Section 2.5(e) above. For the avoidance of doubt, if in respect of a Conversion of the Securities where Section 3.10(b)(vii) applies, a Write-off occurs under Section 2.4, a holder of the Securities has no further right or claim in respect of such Securities or the relevant portion thereof that is subject to Conversion (including that such holder has no entitlement to Ordinary Shares nor any right to seek specific performance of Westpac's obligation to issue Ordinary Shares as is provided in Section 2.5(e) above).

(Section 6.10 of the indenture.)

### ***3.11 Conversion or Write-off if Amounts Not Paid***

Conversion or Write-off may occur even if an amount shall not have been paid to a holder of the Securities due to Westpac's inability to satisfy the Payment Conditions described in Section 1.5 above.

(Section 6.11 of the indenture.)

### ***3.12 Conversion or Write-off After Winding-Up Commences***

If an order is made by a court, or an effective resolution is passed, for a Winding-Up, and a Trigger Event occurs, then Conversion or Write-off shall occur (subject to the provisions described in Section 2.4 above) in accordance with the provisions described in Sections 2.2 and 2.3 above.

(Section 6.12 of the indenture.)

### ***3.13 Conversion or Write-off of a Percentage of Outstanding Principal Amount***

If in accordance with the provisions described in Section 2.2 above, a percentage of the Outstanding Principal Amount of each Security of a series is required to be Converted or Written-off upon the occurrence of a Trigger Event, then the provisions described in Section 3 will apply to the Conversion or Write-off as if references to the Outstanding Principal Amount of each Security were

references to the relevant percentage of the Outstanding Principal Amount of each Security to be Converted or Written-off.

(Section 6.13 of the indenture.)

### ***3.14 Amendment of Terms and Conditions Relating to Conversion for Approved Successor***

The indenture provides that:

- (a) If:
- (i) it is proposed that Westpac be replaced as the ultimate parent company of the Group by an Approved Successor, which we refer to as the Replacement; and
  - (ii) the Approved Successor agrees to expressly assume, by supplemental indenture to the indenture, Westpac's obligations in respect of the Securities for the benefit of holders of the Securities under which it agrees (among other things):
    - (A) to deliver fully paid ordinary shares in the capital of the Approved Successor, which we refer to as 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 described in this prospectus, as amended in accordance with the provisions described in this Section 3.14; and
    - (B) to use all reasonable endeavors 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 the terms and conditions described in this prospectus 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 of the Securities, give a notice, which we refer to as an Approved Replacement Notice, to holders of the Securities as described above under "—Notice" (which, if given, must be given as soon as practicable before the Replacement and in any event no later than 10 ASX Business Days before the Replacement occurs).
- (b) An Approved Replacement Notice must specify the amendments to the terms and conditions of the Securities which will be made in accordance with the provisions described in this Section 3.14, being those amendments which in Westpac's reasonable opinion are necessary, expedient or appropriate to effect the substitution of the Approved Successor as the debtor in respect of the Securities and the issuer of ordinary shares on Conversion (including such amendments as are necessary, expedient or appropriate for the purposes of complying with the provisions of Chapter 2L of the Australian Corporations Act where the Approved Successor is not an authorized deposit-taking institution under the Australian Banking Act) or which are necessary, expedient or convenient in relation to taxes where the Approved Successor is incorporated outside Australia.
  - (c) An Approved Replacement Notice, once given, will be irrevocable.
  - (d) If Westpac gives an Approved Replacement Notice to holders of the Securities in accordance with the provisions described in Section 3.14(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 in respect of the Securities with the same effect as if the Approved Successor had been the original issuer of the Securities;

- (ii) Westpac (or any corporation which has previously assumed the obligations of Westpac) will be released from its liability in respect of the Securities; and
  - (iii) references to Westpac herein will be deemed to be references to the Approved Successor and references to Ordinary Shares herein will be deemed to be references to Approved Successor Shares.
- (e) If Westpac gives an Approved Replacement Notice in accordance with the provisions described in Section 3.14(a), then each holder of the Securities by its purchase or holding of a Security will be deemed to have irrevocably consented to becoming a member of the Approved Successor in respect of Approved Successor Shares issued on Conversion and to have agreed to be bound by the constitution or other organizational documents of the Approved Successor.
- (f) Westpac will not be permitted to issue an Approved Replacement Notice unless:
- (i) APRA is satisfied that the capital position of Westpac on a “Level 1 basis” and “Level 2 basis” in accordance with the Prudential Standards will not be adversely affected by the Replacement; or
  - (ii) the Approved Successor or another entity which is not a Related Entity of Westpac (other than an entity which is a direct or indirect parent entity of Westpac) and is approved by APRA subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or takes other steps acceptable to APRA to ensure that the capital position of Westpac on a “Level 1 basis” and “Level 2 basis” in accordance with the Prudential Standards will not be adversely affected by the Replacement, including, if required by APRA or the Prudential Standards, undertaking any capital injection in relation to Westpac to replace the Securities.
- Any capital injection carried out pursuant to the provisions described in Section 3.14(f)(ii) must:
- (A) be unconditional;
  - (B) occur simultaneously with the substitution of the Approved Successor; and
  - (C) be of equal or better quality capital and at least the same amount as the Securities, unless otherwise approved by APRA in writing.

The foregoing provisions described in this Section 3.14 will not prevent Westpac from proposing, or limit, any scheme of arrangement or other similar proposal that may be put to holders of the Securities or Westpac’s members.

(Section 6.14 of the indenture.)

### ***3.15 Power of Attorney***

The indenture provides that by holding a Security, each such holder is deemed to irrevocably appoint each of Westpac, its directors or authorized signatories and any of Westpac’s liquidators or administrators (each an Attorney) severally to be the attorney of such holder of the Securities with power in the name and on behalf of such holder of the Securities 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 to give effect to, or for such holder of the Securities to observe or perform such holder’s obligations under the provisions described in Sections 2 and 3.

Such power of attorney is given for valuable consideration and to secure the performance by such holder of such holder's obligations under the provisions described in Sections 2 and 3 and is irrevocable.

(Section 6.15 of the indenture.)

### **3.16 Cancellation**

The indenture provides that all of the Securities so Converted or Written-off will forthwith be canceled and may not be re-issued or resold.

(Section 6.16 of the indenture.)

### **3.17 Calculations**

For the avoidance of doubt, any and all calculations relating to the Conversion or Write-off of the Securities and any adjustments thereto shall be performed by, or on behalf of, Westpac and the holders shall direct any questions or concerns regarding such calculations to Westpac or such other persons performing such calculations or adjustments. In no event shall the Trustee be required to perform such calculations unless otherwise agreed.

(Section 6.17 of the indenture.)

## **4. Definitions**

In this "Description of the Securities", the following expressions have the following meanings:

**"Additional Tier 1 Capital"** has the meaning given to it in the Prudential Standards.

**"Administrative Action"** has the meaning set out in "—Redemption of the Securities—Redemption for Taxation Reasons."

**"Adverse Tax Event"** has the meaning set out in "—Redemption of the Securities—Redemption for Taxation Reasons."

**"Approved Replacement Notice"** has the meaning set out in Section 3.14(a) of "—Additional Provisions Applicable to the Securities".

**"Approved Successor"** means a company that replaces, or is proposed to replace, Westpac as the ultimate parent company of the Group and that satisfies the following requirements:

- (a) the proposed successor company complies with all applicable legal requirements and obtains any necessary regulatory approvals (including, to the extent required, APRA's prior written approval);
- (b) the proposed successor company agrees to take any necessary action to give effect to an amendment to the terms of the indenture as described in Section 3.14 of "—Additional Provisions Applicable to the Securities";
- (c) the ordinary shares of the proposed successor company are to be listed on ASX or any internationally recognized stock exchange;
- (d) the proposed successor company has a place of business in New South Wales, Australia or has appointed a process agent in New South Wales, Australia to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Securities;
- (e) the proposed successor company has, in the reasonable opinion of an independent expert, the financial capacity to perform Westpac's obligations under the indenture in respect of the Securities; and

- (f) the proposed replacement of Westpac and the requirements described in paragraphs (a) to (c) of this definition would not, in the reasonable opinion of an independent expert, otherwise adversely affect the interests of holders of the Securities,

and, for the purposes of this definition, “independent expert” means a reputable investment bank operating in Australia or an investment bank of international repute acting independently of Westpac and appointed by Westpac to provide the opinions referred to in paragraphs (e) and (f) of this definition.

“**APRA**” means the Australian Prudential Regulation Authority or any authority succeeding to its powers or responsibilities.

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

“**ASX**” means the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691).

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

“**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.

“**Australian Banking Act**” means the Banking Act 1959 of Australia.

“**Australian Corporations Act**” means the Corporations Act 2001 of Australia.

“**Australian Dollars**” and “**A\$**” mean the lawful currency of Australia.

“**Australian Tax Act**” means the Income Tax Assessment Act 1936 of Australia and the Income Tax Assessment Act 1997 of Australia, or any successor acts.

“**Branch Change Notice**” has the meaning set out in “—Modification of the Indenture”.

“**Business Day**” has the meaning given to it in the applicable prospectus supplement or term sheet.

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

“**Capital Trigger Event**” has the meaning set out in Section 2.1 of “—Additional Provisions Applicable to the Securities”.

“**CHESS**” has the meaning set out in Section 3.10(a)(ii) of “—Additional Provisions Applicable to the Securities”.

“**Clearing System Holder**” means that the holder of the Securities is the operator of a clearing system or a depository, or a nominee for a depository, for a clearing system.

“**Code**” has the meaning set out in “—Payment of Additional Amounts”.

“**Common Equity Capital Ratio**” means either or both of:

- (a) in respect of the Westpac Level 1 Group, the ratio of Common Equity Tier 1 Capital to risk weighted assets of the Westpac Level 1 Group; and
- (b) in respect of the Westpac Level 2 Group, the ratio of Common Equity Tier 1 Capital to risk weighted assets of the Westpac Level 2 Group,

in each case, as prescribed by APRA from time to time.



“**Common Equity Tier 1 Capital**” has the meaning given to it in the Prudential Standards.

“**Conversion**” means the conversion of all or some of the Securities (or a percentage of the Outstanding Principal Amount of each Security) into Ordinary Shares in accordance with the terms of the indenture. “**Convert**,” “**Converting**” and “**Converted**” have corresponding meanings.

“**Conversion Date**” means the applicable:

- (a) Trigger Event Date;
- (b) Optional Conversion Date; or
- (c) Scheduled Conversion Date.

“**Conversion Number**” has the meaning set out in Section 3.1(a) of “—Additional Provisions Applicable to the Securities”.

“**Cum Value**” has the meaning set out in Section 3.2 of “—Additional Provisions Applicable to the Securities”.

“**Denomination**” has the meaning given in the applicable prospectus supplement or term sheet.

“**Dividend**” means any interim, final or special dividend payable in accordance with the Australian Corporations Act and Westpac’s Constitution in relation to Ordinary Shares.

“**Equal Ranking Instruments**” means:

- (a) in the case of a dividend, distribution or payment of interest in respect of the Securities, any securities or other instruments (including Westpac Convertible Preference Shares 2012, Westpac Capital Notes, Westpac Capital Notes 2, Westpac Capital Notes 3 and Westpac Capital Notes 4) which ranks or is expressed to rank for payment of the dividend, distribution or interest equally with the Securities; and
- (b) in the case of redemption or repayment of, reduction of capital on, cancellation of or acquisition of the Securities, any securities or other instruments (including Westpac Convertible Preference Shares 2012, Westpac Capital Notes, Westpac Capital Notes 2, Westpac Capital Notes 3 and Westpac Capital Notes 4) which ranks or is expressed to rank equally with the Securities for repayment or a return of capital if Westpac is wound up.

“**FATCA**” has the meaning set out in “—Payment of Additional Amounts”.

“**FATCA Withholding**” means any deduction or withholding made for or on account of FATCA.

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

“**Foreign Holder**” means a holder of the Securities (a) whose place of residence is outside Australia or (b) who Westpac otherwise believes may not be a resident of Australia.

“**Holders’ Nominee**” has the meaning set out in Section 3.10(b)(vii) of “—Additional Provisions Applicable to the Securities”.

“**Ineligible Holder**” means a holder of Securities that is prohibited or restricted by any applicable law or regulation in force in:

- (a) Australia (including but not limited to Chapter 6 of the Australian Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 of Australia, the Financial Sector (Shareholdings) Act 1998 of Australia and Part IV of the Competition and Consumer Act 2010 of Australia);

(b) New Zealand (including but not limited to the Overseas Investment Act 2005 of New Zealand, the Financial Markets Conduct Act 2013 of New Zealand and the Reserve Bank of New Zealand Act 1989 of New Zealand); or

(c) any other jurisdiction in which Westpac carries on business,

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 Securities, it shall only be treated as an Ineligible Holder in respect of those Securities and not in respect of the balance of its Securities).

“**Issue Date VWAP**” means the VWAP during the period of 20 ASX Business Days on which trading in Ordinary Shares took place immediately preceding but not including the issue date, as adjusted in accordance with Section 3 of “—Additional Provisions Applicable to the Securities”.

“**Level 1**” and “**Level 2**” have the meaning prescribed by APRA in the Prudential Standards.

“**Maximum Conversion Number**” has the meaning set out in Section 3.1(a) of “—Additional Provisions Applicable to the Securities”.

“**Non-Viability Trigger Event**” has the meaning set out in Section 2.1 of “—Additional Provisions Applicable to the Securities”.

“**Optional Conversion Date**” has the meaning given in the applicable prospectus supplement or term sheet.

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

“**Outstanding Principal Amount**” means in respect of any Security which is outstanding at any time, the outstanding principal amount of the Security, and for such purposes:

- (a) the principal amount of a Security issued at a discount or at par, but which has not been Converted or Written-off, is at any time to be taken to be equal to its Denomination;
- (b) if an amount is required to be determined in Australian Dollars, the Australian Dollar equivalent of the Specified Currency is to be determined on the basis of the spot rate of exchange for the sale of Australian Dollars against the purchase of such relevant Specified Currency in the Sydney foreign exchange market quoted by any leading bank selected by Westpac on the relevant calculation date. The calculation date is, at the discretion of Westpac, either the date specified in the relevant formula or the preceding day on which commercial banks and foreign exchange markets are open for business in Sydney or such other date as may be specified by Westpac in the applicable prospectus supplement; and
- (c) if the principal amount of a Security has from time to time been Converted or Written-off as described in Sections 2 and 3, the principal amount of the Security will be reduced by the principal amount so Converted or Written-off.

“**Payment Condition**” has the meaning set out in Section 1.5 of “—Additional Provisions Applicable to the Securities”.

“**Preference Share**” means a notional preference share in the capital of Westpac conferring a claim in a Winding-Up that ranks equally with the Securities and which is equal to the Outstanding Principal Amount of a Security.

“**Prudential Standards**” means the prudential standards and guidelines published by APRA and as applicable to Westpac from time to time.

“**Reclassification**” has the meaning set out in Section 3.3(a) of “—Additional Provisions Applicable to the Securities”.

“**Recognized Exchange**” means a recognized stock exchange or securities market in an Organization for Economic Cooperation and Development member state.

“**Regulatory Event**” has the meaning set out in “—Redemption of the Securities—Redemption for Regulatory Reasons”.

“**Related Entities**” means entities over which Westpac or any parent of Westpac exercises control or significant influence, as determined by APRA from time to time.

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

“**Relevant Tax Jurisdiction**” has the meaning set out in “—Payment of Additional Amounts”.

“**Relevant Transaction**” has the meaning set out in “—Redemption of the Securities—Redemption for Taxation Reasons”.

“**Replacement**” has the meaning set out in Section 3.14(a)(i) of “—Additional Provisions Applicable to the Securities”.

“**Scheduled Conversion Date**” has the meaning given in the applicable prospectus supplement or term sheet.

“**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 Instrument; 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 Securities 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 of the Securities of a series by a majority of at least 75% of the votes validly cast by holders of the Securities of such series in person or by proxy and entitled to vote on the resolution; or
- (b) the written approval of holders of the Securities of a series holding at least 75% of the Securities of such series.

“**Specified Currency**” has the meaning given in a prospectus supplement or a term sheet.

“**Tier 1 Capital**” has the meaning given to it in the Prudential Standards.

“**Trigger Event**” has the meaning set out in Section 2.1 of “—Additional Provisions Applicable to the Securities”.

“**Trigger Event Date**” means the date on which Conversion or Write-off occurred as a result of a Capital Trigger Event or a Non-Viability Trigger Event, as applicable.

“**VWAP**” means, subject to any adjustments under the provisions described in Section 3 of “—Additional Provisions Applicable to the Securities”, the average of the daily volume weighted

average sale prices (such average and each such daily average sale price being expressed in Australian Dollars and cents and rounded to the nearest full cent, with A\$0.005 being rounded upwards) 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 the period of five ASX Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Conversion Date.

“**Westpac Convertible Preference Shares 2012**” means the convertible preference shares issued by Westpac under a prospectus dated February 24, 2012.

“**Westpac Capital Notes**” means the notes issued by Westpac under a prospectus dated February 7, 2013.

“**Westpac Capital Notes 2**” means the notes issued by Westpac under a prospectus dated May 15, 2014.

“**Westpac Capital Notes 3**” means the notes issued by Westpac, acting through its London Branch, under a prospectus dated August 6, 2015.

“**Westpac Capital Notes 4**” means the notes issued by Westpac under a prospectus dated May 26, 2016.

“**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 Group**” means Westpac and each subsidiary that is recognized by APRA as part of Westpac’s Level 2 Group in accordance with the Prudential Standards.

“**Winding-Up**” means the legal procedure for the liquidation of Westpac commenced when:

- (a) a court order is made for the winding-up of Westpac; or
- (b) an effective resolution is passed or deemed to have been passed by members for the winding-up of Westpac,

other than in connection with a Solvent Reconstruction.

“**Write-off**” has the meaning set out in Section 2.4(c). “**Written-off**” has a corresponding meaning.

**ANNEX B**

**“Description of the Securities” extracted from pages S-28 to S-36 of the Prospectus Supplement**

## DESCRIPTION OF THE SECURITIES

*The following description is a summary of certain terms of the securities. This summary supplements the description of the Securities in the accompanying prospectus and, to the extent it is inconsistent, replaces the description in the accompanying prospectus. The descriptions of certain terms of the securities and the indenture do not purport to be complete, and reference is hereby made to the indenture, as supplemented by the first supplemental indenture relating to the securities, which will be filed as an exhibit to a Report on Form 6-K, and the Trust Indenture Act of 1939, as amended. You may also request copies of the indenture and the first supplemental indenture from Westpac at its address set forth under “Where You Can Find More Information.” References to “Westpac” and “its” in this description of the securities refer only to Westpac Banking Corporation and not to any of its subsidiaries.*

### **General**

Westpac, acting through its New Zealand Branch, will issue the securities under the indenture, dated September 7, 2017, between Westpac and The Bank of New York Mellon, as trustee, which is referred to herein as the base indenture, as supplemented by the first supplemental indenture, to be dated the date of issuance of the securities, between Westpac, acting through its New Zealand Branch, and the trustee. The base indenture, as supplemented by the first supplemental indenture, together are referred to herein as the indenture. The Bank of New York Mellon will act as calculation agent for the securities.

Westpac, acting through its New Zealand Branch, will initially issue US\$1,250,000,000 aggregate principal amount of the securities. The securities will be issued in minimum denominations of US\$2,000 and integral multiples of US\$1,000 in excess thereof, which shall be a “Denomination” for the purposes of the definition of “Denomination” under “Description of the Securities—Additional Provisions Applicable to the Securities—Definitions” in the accompanying prospectus. Westpac may from time to time, without the consent of the existing holders, create and issue additional securities having the same terms and conditions as the securities being offered hereby in all respects, except for Issue Date, issue price and, if applicable, the first date from which interest is scheduled to be paid and the first payment of interest thereon. Additional securities issued in this manner will be consolidated with, and will form a single series with, the previously outstanding securities unless such additional securities will not be treated as fungible with the securities being offered hereby for U.S. federal income tax purposes. The securities offered hereby and any additional securities of the same series would rank equally and ratably.

### **Acting through New Zealand Branch**

The securities will be issued by Westpac acting through its New Zealand Branch. The New Zealand Branch is not a separate legal entity and so, in insolvency proceedings relating to Westpac, creditors of Westpac acting through its New Zealand Branch would not be limited to making claims on the assets of Westpac allocated to or booked in the New Zealand Branch. Conversely, creditors of Westpac acting other than through the New Zealand Branch will have a claim on the assets of Westpac acting through its New Zealand Branch.

Further, if Westpac is unable to make payment on the securities through its New Zealand Branch it may make the payment through any other branch or through its head office and may do so from cash held anywhere in the world.

Securities issued by Westpac acting through one of its branches are nevertheless obligations of Westpac, and holders of those securities will have claims against the assets of Westpac pursuant to the terms of the securities, and are not limited to claims against the assets of the issuing branch.

## **Ranking**

The securities will be Westpac's direct, unsecured and subordinated obligations. In the event of a Winding-Up of Westpac in Australia, to the extent the securities have not previously been Converted or Written-off, the securities would (i) be subordinate to, and rank junior in right of payment to, the obligations of Westpac to Senior Creditors (including in respect of any entitlement to interest under section 563B of the Australian Corporations Act to the extent that a holder of a Preference Share would not be entitled to such interest) and all such obligations to Senior Creditors shall be entitled to be paid in full before any payment shall be paid on account of any sums payable in respect of the securities; (ii) rank equally with obligations of Westpac to the holders of other securities that have not been Converted or Written-off (or that have been partially Converted or Written-off), and the obligations of Westpac to holders of Equal Ranking Instruments; and (iii) rank prior to, and senior in right of payment to, the obligations of Westpac to holders of Ordinary Shares. See "Description of the Securities—Additional Provisions Applicable to the Securities—General—Status and Subordination of the Securities" and "Description of the Securities—Additional Provisions Applicable to the Securities—General—Ranking in a Winding-Up" in the accompanying prospectus.

Section 13A(3) of the Australian Banking Act provides that if Westpac becomes unable to meet its obligations or suspends payment, the assets of Westpac in Australia are to be made available to meet certain of Westpac's liabilities in priority to all other liabilities of Westpac (including the obligations of Westpac under the securities). However, it is unlikely a Winding-Up of Westpac will occur without a Trigger Event having occurred first and the securities being Converted or Written-off. In that event:

- if the securities have Converted into Ordinary Shares, holders will rank equally with existing holders of Ordinary Shares; and
- if the securities are Written-off, all rights in relation to the securities will be terminated, and holders will not be paid the Outstanding Principal Amount or receive any interest, or have the right to have the securities Converted into Ordinary Shares. In such an event, a holder's investment in the securities will lose all of its value and such holder will not receive any compensation.

The securities will not be protected accounts or deposit liabilities of Westpac for the purposes of the Australian Banking Act.

The securities will constitute a separate series of the Securities as described in the accompanying prospectus. Except as described in this prospectus supplement, the terms generally applicable to the Securities, as described under "Description of the Securities" in the accompanying prospectus, will be applicable to the securities.

The securities are not entitled to the benefit of any sinking fund.

The securities will be perpetual securities in respect of which there will be no stated maturity date or other fixed redemption date. Holders of securities have no right to request redemption, Conversion or purchase of the securities at any time.

## **Interest on the securities**

From and including September 21, 2017, which is referred to herein as the Issue Date, to but excluding September 21, 2027, which is referred to herein as the First Reset Date, interest will be scheduled to be paid in arrears on the Outstanding Principal Amount of the securities at an initial rate equal to 5.000% per year, which is referred to herein as the Initial Interest Rate. The First Reset Date and every fifth anniversary thereafter shall be a "Reset Date." From and including each Reset Date to but excluding the next succeeding Reset Date, interest, if any, on the securities will be scheduled to be paid on the Outstanding Principal Amount of the securities at a rate per year equal to the sum of the

then prevailing Mid-Market Swap Rate on the relevant Reset Determination Date and 2.888% per year (being the margin determined at the time of the bookbuild for the securities) (rounded to three decimal places, with 0.0005 rounded upwards). Subject to the provisions for the non-payment of interest described under “Description of the Securities—Additional Provisions Applicable to the Securities—General—Non-Payment of Interest” in the accompanying prospectus, interest, if any, on the securities will be scheduled to be paid semi-annually in arrears on September 21 and March 21 of each year, subject in each case to the Business Day convention described below, commencing on March 21, 2018 until but not including the date on which a redemption of the securities occurs. Interest on a security will be paid to the person in whose name that security was registered at the close of business on the September 6 or March 6, as the case may be, whether or not a Business Day, prior to the applicable Interest Payment Date. The amount of interest, if any, on the securities scheduled to be paid for any period less than a full interest period shall be computed on the basis of a 360-day year consisting of twelve 30-day months and the actual days elapsed in a partial month in such period. Any payment of principal or interest on the securities scheduled to be made on an Interest Payment Date that is not a Business Day will be made on the next succeeding Business Day, and no interest will accrue on that payment for the period from and after the Interest Payment Date to the date of payment on the next succeeding Business Day. Any payment of interest on the securities must be made in the form of cash.

As used herein:

- The “Mid-Market Swap Rate” means the mid-market U.S. dollar swap rate having a 5-year maturity appearing on Bloomberg page “USISDA05 Index” (or such other page as may replace such page on Bloomberg, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) at 11.00 a.m. (New York City time) on the Reset Determination Date, as determined by the calculation agent. If such swap rate does not appear on such page (or such other page or service), the Mid-Market Swap Rate shall instead be determined by the calculation agent on the basis of (a) quotations provided by the principal office of each of four major banks in the U.S. dollar swap rate market (which banks shall be selected by the calculation agent in consultation with Westpac (the “Reference Banks”)) of the rates at which swaps in U.S. dollars are offered by it at approximately 11.00 a.m. (New York City time) (or thereafter on such date, with the calculation agent acting on a best efforts basis) on the Reset Determination Date to participants in the U.S. dollar swap rate market for a five-year period and (b) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards) of such quotations. If the Mid-Market Swap Rate is not able to be determined on the relevant Reset Determination Date in accordance with the foregoing procedures, the Mid-Market Swap Rate shall be the mid-market U.S. dollar swap rate having a 5-year maturity that appeared most recently on Bloomberg “USISDA05 Index” (or such other page as may replace such page on Bloomberg, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) that was last available prior to 11.00 a.m. (New York City time) on such Reset Determination Date, as determined by the calculation agent.
- The “Reset Determination Date” shall be the second Business Day immediately preceding the relevant Reset Date.

Payments of interest, if any, on the securities will be non-cumulative as described under “Description of the Securities—Additional Provisions Applicable to the Securities—General—Non-Payment of Interest” in the accompanying prospectus. The payment of interest, if any, on the securities is subject to Westpac’s absolute discretion and satisfaction of the other Payment Conditions in respect of the securities as at the relevant Interest Payment Date as described under “Description of the Securities—Additional Provisions Applicable to the Securities—General—Non-Payment of Interest”



in the accompanying prospectus. For so long as the securities remain outstanding, if for any reason a payment of interest on the Outstanding Principal Amount of a security is not paid in full on an Interest Payment Date, Westpac will be subject to certain restrictions as described under “Description of the Securities—Additional Provisions Applicable to the Securities—General—Restrictions in the Case of Non-Payment of Interest” in the accompanying prospectus.

For purposes of the securities and the definition of “Business Day” under the “Description of the Securities—Additional Provisions Applicable to the Securities—Definitions” in the accompanying prospectus, “Business Day” means each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in New York, New York, London, United Kingdom, Auckland or Wellington, New Zealand or Sydney, Australia are authorized or obligated by law or executive order to close.

### **Payment of Additional Amounts**

The indenture provides that Westpac will pay all amounts that it is required to pay in respect of the securities without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges imposed or levied by or on behalf of a Relevant Tax Jurisdiction, unless such withholding or deduction is required by law. In that event, Westpac will pay such additional amounts as may be necessary so that the net amount received by the holder of the securities, after such withholding or deduction, will equal the amount that the holder would have received in respect of the securities without such withholding or deduction. The indenture also provides that, under certain circumstances, Westpac will not pay additional amounts. See “Description of the Securities—Payment of Additional Amounts” in the accompanying prospectus.

For purposes of the securities, in addition to the circumstances described in “Description of the Securities—Payment of Additional Amounts” in the accompanying prospectus, Westpac will also not pay additional amounts in respect of the securities for or on account of:

- any (i) New Zealand resident withholding tax (under the Income Tax Act 2007 of New Zealand); and/or (ii) New Zealand non-resident withholding tax (under the Income Tax Act 2007 of New Zealand) imposed at a resident withholding tax rate as a consequence of a holder or the beneficial owner of the securities deriving interest under such securities jointly with one or more other persons at least one of which is a resident of New Zealand for income tax purposes; or
- any tax, duty, assessment or other governmental charge that is imposed as a consequence of the application of section BG 1 of the Income Tax Act 2007 of New Zealand (or any modification thereof or provision substituted therefor) by the New Zealand Commissioner of Inland Revenue in circumstances where the holder or the beneficial owner of the securities is a party to or participated in an arrangement to avoid such tax, duty, assessment or other governmental charge which Westpac was not a party to.

### **Redemption**

Subject to certain limitations, Westpac will have the right to redeem the securities, in whole, but not in part, on the First Reset Date or any Reset Date thereafter at a redemption price equal to the Outstanding Principal Amount of the securities to be redeemed plus any unpaid interest on the Outstanding Principal Amount of the securities for the period from and including the most recent Interest Payment Date to but excluding the date of redemption, except to the extent that Westpac has determined in its absolute discretion not to pay such interest or Westpac is obliged not to pay such interest because another Payment Condition is not satisfied. See “Description of the Securities—Redemption of the Securities—General” in the accompanying prospectus.

In addition, subject to certain limitations, if an Adverse Tax Event or Regulatory Event occurs, Westpac will have the right to redeem the securities in whole, but not in part, at a redemption price equal to the Outstanding Principal Amount of the securities to be redeemed plus any unpaid interest on the Outstanding Principal Amount of the securities for the period from and including the most recent Interest Payment Date to but excluding the date of redemption, except to the extent that Westpac has determined in its absolute discretion not to pay such interest or Westpac is obliged not to pay such interest because another Payment Condition is not satisfied. See “Description of the Securities—Redemption of the Securities—Redemption for Taxation Reasons” and “Description of the Securities—Redemption of the Securities—Redemption for Regulatory Reasons” in the accompanying prospectus.

Redemption is subject to APRA’s prior written approval, which may or may not be given.

### **Conversion or Write-off Upon Trigger Event**

The securities are subject, upon the occurrence of a Trigger Event, to Conversion or possible Write-off, as more fully described in the accompanying prospectus. If any securities are Converted following a Trigger Event, it is likely that the Maximum Conversion Number will apply and limit the number of Ordinary Shares to be issued. In this case, the value of the Ordinary Shares received may (in the case of a Capital Trigger Event) and is likely to (in the case of a Non-Viability Trigger Event) be significantly less than the Outstanding Principal Amount of those securities. The Australian dollar may depreciate in value against the U.S. dollar by the time of Conversion. In that case, the Maximum Conversion Number is more likely to apply.

If Conversion of the securities (or a percentage of the Outstanding Principal Amount of the securities) does not occur for any reason (including, for example, due to applicable law, order of a court or action of any government authority, including regarding the insolvency, Winding-up or other external administration of Westpac or as a result of Westpac’s inability or failure to comply with its obligations under the terms and conditions of the securities in relation to Conversion) within five ASX Business Days after the Trigger Event Date, the securities (or a percentage of the Outstanding Principal Amount of the securities to be Converted) will be Written-off and the holders’ rights in relation to the securities (including with respect to payments of interest and Outstanding Principal Amount and, upon Conversion, the receipt of Ordinary Shares issued in respect of such securities) will be immediately and irrevocably written-off and terminated with effect on and from the Trigger Event Date, as described under “Description of the Securities—Additional Provisions Applicable to the Securities” in the accompanying prospectus.

### **Governing Law**

The indenture and the securities will be governed by, and construed in accordance with, the laws of the State of New York without regard to conflict of law principles, except that the Trigger Event, Conversion, Write-off and subordination provisions will be governed by, and construed in accordance with, the laws of the State of New South Wales, Commonwealth of Australia.

### **Securities issued as global securities**

The securities are expected to be issued in the form of global securities. See “Description of the Securities—Global Securities” in the accompanying prospectus.

### **Book-Entry System**

All interests in the securities will be subject to the operations and procedures of DTC, Euroclear Bank SA/NV, which is referred to herein as Euroclear, and Clearstream Banking, S.A., which is referred to herein as Clearstream. The descriptions of the operations and procedures of DTC,

Euroclear and Clearstream described below are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to change by them from time to time. Westpac obtained the information in this section and elsewhere in this prospectus supplement concerning DTC, Euroclear and Clearstream and their respective book-entry systems from sources that Westpac believes are reliable, but Westpac takes no responsibility for the accuracy of any of this information.

The Depository Trust Company, New York, NY, will act as securities depository for the securities. The securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each issue of the securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds US\$500 million, one certificate will be issued with respect to each US\$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, which is referred to herein as the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants, which are referred to herein as Direct Participants, deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation, which is referred to herein as DTCC. DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly, which are referred to herein as Indirect Participants. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the securities on DTC's records. The ownership interest of each actual purchaser of each security, which is referred to herein as a Beneficial Owner, is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in securities, except in the event that use of the book-entry system for the securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be

requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities; DTC's records reflect only the identity of the Direct Participants to whose accounts the securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Westpac as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Westpac or its agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, its agent or Westpac, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Westpac or its agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the securities at any time by giving reasonable notice to Westpac or its agent. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

Westpac may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

*Euroclear.* Euroclear was created in 1968 to hold securities for participants of Euroclear, which is referred to herein as Euroclear Participants, and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several markets in several countries. Euroclear is operated by Euroclear Bank SA/NV, which is referred to herein as the Euroclear Operator, under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation, which is referred to herein as the Cooperative. All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator,

not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator is regulated and examined by the Belgian Banking Commission. Distributions of principal and interest with respect to securities held through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the relevant system's rules and procedures, to the extent received by such system's depository.

*Clearstream.* Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations, which are referred to herein as Clearstream Participants, and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides Clearstream Participants with, among other things, services for safekeeping, administration, clearance and establishment of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.

Distributions with respect to securities held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures to the extent received by the U.S. depository for Clearstream.

Links have been established among DTC, Clearstream and Euroclear to facilitate the initial issuance of the securities and cross-market transfers of the securities associated with secondary market trading. DTC will be linked indirectly to Clearstream and Euroclear through the DTC accounts of their respective U.S. depositories.

*Global Clearance and Settlement Procedures.* Initial settlement for the securities will be made in immediately available funds. Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective rules and operating procedures.

Cross-market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository. However, those cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear Participants and Clearstream Participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a security from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised Westpac that cash received in Euroclear or Clearstream as a result of sales of interests in a security by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Although Westpac understands that DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the securities among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform those procedures, and those procedures may be discontinued at any time. Neither Westpac nor the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

**ANNEX C**

**“Description of Ordinary Shares” extracted from pages 46 to 47 of the Form F-3**

## DESCRIPTION OF ORDINARY SHARES

### Share Capital

As at August 31, 2017, Westpac had 3,394,364,279 Ordinary Shares on issue.

### Description of the Type and Class of Securities Admitted

The Ordinary Shares were created under Australian legislation. The Ordinary Shares are currently listed on ASX and the New Zealand Exchange, and American Depositary Shares representing Ordinary Shares are currently listed on the New York Stock Exchange. Westpac will use all reasonable endeavors to list the Ordinary Shares issued on Conversion of the Securities on ASX.

### Form and Currency of the Ordinary Shares

The Ordinary Shares are denominated in A\$. The Ordinary Shares are in uncertificated, registered form.

### Rights Attaching to the Ordinary Shares

Westpac was registered on August 23, 2002 as a public company limited by shares under the Australian Corporations Act. Westpac's constitution was most recently amended at the general meeting held on December 13, 2012. The rights attaching to Westpac's Ordinary Shares are set out in the Australian Corporations Act and its constitution, and include:

#### *Profits and Dividends*

Holders of Ordinary Shares are entitled to receive such Dividends as may be determined by Westpac's Directors from time to time. Dividends that are paid but not claimed may be invested by our Directors for the benefit of Westpac until required to be dealt with in accordance with any law relating to unclaimed monies.

Our constitution requires that Dividends be paid out of our profits. In addition, under the Australian Corporations Act, Westpac must not pay a Dividend unless our assets exceed our liabilities immediately before the Dividend is declared and the excess is sufficient for payment of the Dividend. In addition, the payment must be fair and reasonable to the Westpac's shareholders and must not materially prejudice Westpac's ability to pay its creditors.

Subject to the Australian Corporations Act, the constitution, the rights of persons (if any) entitled to shares with special rights to Dividend and any contrary terms of issue of or applying to any shares, our Directors may determine that a Dividend is payable, fix the amount and the time for payment and authorize the payment or crediting by Westpac to, or at the direction of, each shareholder entitled to that Dividend.

If any Dividends are returned unclaimed, we are generally obliged, under the Australian Banking Act, to hold those amounts as unclaimed monies for a period of three years. If at the end of that period the monies remain unclaimed by the shareholder concerned, we must submit an annual unclaimed money return to the Australian Securities and Investment Commission by March 31 each year containing the unclaimed money as at December 31 of the previous year. Upon such payment being made, we are discharged from further liability in respect of that amount.

Westpac's Directors may, before paying any Dividend, set aside out of our profits such sums as they think proper as reserves, to be applied, at the discretion of our Directors, for any purpose for which the profits may be properly applied. Westpac's Directors may carry forward so much of the profits remaining as they consider ought not to be distributed as Dividends without transferring those profits to a reserve.



The following restrictions apply to our ability to declare and/or pay Dividends:

- (a) if the payment of the Dividend would breach or cause a breach by Westpac of applicable capital adequacy or other supervisory requirements of APRA. Currently, one such requirement is that a Dividend should not be paid without APRA's prior consent if payment of that Dividend, after taking into account all other dividends (if any) paid on our shares and payments on more senior capital instruments, in the preceding 12 consecutive months to which they relate, would cause the aggregate of such dividend payments to exceed our after tax earnings for the preceding 12 consecutive months, as reflected in our relevant audited consolidated financial statements. Restrictions on the distribution of earnings, including payment of Dividends, discretionary bonuses and Additional Tier 1 Capital distributions, also apply when capital ratios fall within APRA's capital conservation buffer range;
- (b) if, under the Australian Banking Act, Westpac is directed by APRA not to pay a Dividend;
- (c) if the declaration or payment of the Dividend would result in Westpac becoming insolvent; and
- (d) if any interest payment, Dividend, redemption payment or other distribution on certain Additional Tier 1 Capital securities issued by the Group is not paid in accordance with the terms of those securities, we may be restricted from declaring and/or paying Dividends on Ordinary Shares (and dividends on certain Additional Tier 1 Capital securities). This restriction is subject to a number of exceptions.

#### ***Voting rights***

Holders of our fully paid Ordinary Shares have, at general meetings (including special general meetings), one vote on a show of hands and, upon a poll, one vote for each fully paid share held by them.

#### ***Winding-Up***

Subject to any preferential entitlement of holders of preference shares on issue at the relevant time, holders of our Ordinary Shares are entitled to share equally in any surplus assets if we are wound up.