

ASX ANNOUNCEMENT

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

19 October 2015

Retail Entitlement Offer Booklet

Attached is a copy of the retail entitlement offer booklet in connection with the retail component of Westpac's pro rata renounceable entitlement offer announced on 14 October 2015 ("Retail Entitlement Offer").

If you have any questions about the Retail Entitlement Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the Westpac Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia), 8.30am to 5.30pm (Sydney time) Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time) Monday to Friday.

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Important information

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements issued under the Entitlement Offer ("Entitlements") nor the new shares to be issued under the offer ("New Shares") have been, or will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the Entitlements may not be issued to, purchased or traded by, or taken up or exercised by, and the New Shares may not be offered or sold to persons in the United States or persons acting for the account or benefit of a person in the United States, unless such Entitlements or New Shares have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

Personal Use Only



Westpac Banking Corporation Retail Entitlement Offer Booklet

Westpac Banking Corporation
(ABN 33 007 457 141)

19 October 2015

1 for 23 pro rata renounceable entitlement offer of Ordinary Shares at an offer price of \$25.50 per New Share

Retail Entitlement Offer closes at 5.00pm (Sydney time) on Wednesday 11 November 2015

Entitlements may be valuable. You have a number of options to consider in respect of your Entitlements, which may materially affect the value (if any) that you receive for them. If you have any questions about the Retail Entitlement Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the Westpac Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia), 8.30am to 5.30pm (Sydney time), Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time), Monday to Friday, if you have any questions.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

IMPORTANT NOTICES

This Retail Entitlement Offer Booklet (**Booklet**) relates to the Retail Entitlement Offer which is part of the Entitlement Offer by Westpac of new Ordinary Shares (**New Shares**) to raise approximately \$3.5 billion. The Retail Entitlement Offer is being made in Australia pursuant to section 708AA of the Corporations Act (as modified by ASIC Class Order 08/35 and relief obtained from ASIC), which allows entitlement offers to be made to retail investors without a prospectus. The Retail Entitlement Offer is also being made to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand), allowing the Booklet to be prepared in compliance with Australian law and not requiring an investment statement, prospectus or product disclosure statement under New Zealand law.

As this offer is not being made under a prospectus, investment statement or product disclosure statement, it is important for Eligible Retail Shareholders to read carefully and understand this Booklet and the information about Westpac and the Retail Entitlement Offer that is made publicly available. In particular, please refer to the materials in this Booklet and Announcements, Westpac's interim and annual reports and other announcements made available at www.westpac.com.au/investorcentre or www.asx.com.au (including Westpac's Unaudited Preliminary Full Year 2015 Result which was released to ASX on 14 October 2015, Westpac's half year report for the six months ended 31 March 2015 and annual report for the year ended 30 September 2014) and announcements which may be made by Westpac after publication of this Booklet.

This Booklet (other than the Announcements) is dated 19 October 2015. This information is important. You should read this Booklet carefully in its entirety before deciding how to deal with your Entitlements and whether to invest in New Shares. In particular, you should consider the risk factors outlined in Sections 1.2 and 3 for a summary of certain general and specific risk factors that may affect Westpac.

Status of New Shares

The New Shares are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act or Financial Claims Scheme and are not subject to the depositor protection provisions of Australian banking legislation (including the Australian Government guarantee of certain bank deposits).

Investments in securities, such as the New Shares, are subject to risks which could affect their performance, including loss of investment and income. Except as required by law, and only to the extent so required, neither Westpac nor any other person in any way warrants or guarantees the capital value or performance of the New Shares, the future performance of Westpac or any particular rate of return on any investment made under the Retail Entitlement Offer.

No representations other than in this Booklet

No person is authorised to give any information, or to make any representations, in connection with the Entitlement Offer which is not contained in this Booklet. Any information or representations not contained in this Booklet may not be relied upon as having been authorised by Westpac in connection with the Entitlement Offer.

Future performance and forward-looking statements

This Booklet contains certain 'forward-looking statements' within the meaning of the securities laws of applicable jurisdictions. Forward-looking statements can generally be identified by the use of forward-looking words such as 'expect', 'anticipate', 'likely', 'intend', 'propose', 'should', 'could', 'may', 'predict', 'plan', 'will', 'believe', 'forecast', 'estimate', 'target', and other similar expressions and include, but are not limited to, statements regarding certain plans, strategies and objectives of management and expected financial performance and the outcome and effects of the Entitlement Offer and the use of proceeds. The forward-looking statements contained in this Booklet are based on current views, expectations and beliefs as at the date they are expressed. They involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Westpac and its officers, employees, agents or associates, including the risk factors outlined in Sections 1.2 and 3 of this Booklet. They may also involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

There can be no assurances that actual outcomes will not differ materially from these forward-looking statements. A number of factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Booklet in light of those factors.

The forward-looking statements are based on information available to Westpac as at the date of this Booklet. To the maximum extent permitted by law, Westpac (including any of its directors, officers, representatives, employees, agents or associates) disclaims any responsibility for the accuracy or completeness of any forward-looking statements. Westpac disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Westpac's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law.

None of the Joint Lead Managers or any of their respective related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Booklet and they do not take any responsibility for this Booklet or any action taken by you on the basis of the information in this Booklet.

Past performance

Investors should note that the financial information given in this Booklet is for information purposes only and is not a forecast of operating results to be expected in future periods. Past performance is not a reliable indication of future performance.

This Booklet does not provide investment advice

This Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. The information in this Booklet is not investment advice or a recommendation to acquire New Shares and has been prepared without taking into account your investment objectives, financial circumstances or particular needs (including financial and taxation considerations) as an investor. It is important that you read the entire Booklet and seek professional investment advice from your financial adviser or other professional adviser before deciding what action to take with respect to your Entitlements and whether to apply for New Shares.

Jurisdictions

The Retail Entitlement Offer is being made in Australia and New Zealand only and this Booklet, the Announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in any jurisdiction in which, or to any persons to whom, it would not be lawful to make such an offer. No action has been taken to register or to qualify the New Shares or the Entitlement Offer or to otherwise permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand. The distribution of this Booklet in jurisdictions outside Australia may be restricted by law.

This Booklet, the Announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither this Booklet, the Announcements, nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933 (the **U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be purchased, traded or taken up by persons in the United States or any persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registrations requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Retail Entitlements and the New Shares in the Retail Entitlement Offer will only be sold to Eligible Retail Shareholders in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

Defined words and expressions

Some words and expressions used in this Booklet are capitalised as they have defined meanings. The Glossary defines these words and expressions.

A reference to time in the Booklet is to Sydney time, unless otherwise stated. A reference to \$, A\$, dollars and cents is to Australian currency, unless otherwise stated.

Enquiries

If you have any questions, please consult your financial adviser or other professional adviser or call the Westpac Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia), 8.30am to 5.30pm (Sydney time), Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time), Monday to Friday.

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KEY DATES FOR THE RETAIL ENTITLEMENT OFFER

EVENT	DATE
Announcement of the Entitlement Offer	14 October 2015
Retail Entitlements commence trading on ASX on a deferred settlement basis	19 October 2015
Ordinary Shares recommence trading without the right to Retail Entitlements	19 October 2015
Record Date for eligibility for the Retail Entitlement Offer (7.00pm, Sydney time)	19 October 2015
Retail Entitlement Offer opens	23 October 2015
Booklet despatch completed and Retail Entitlements allotted	26 October 2015
Retail Entitlements commence trading on ASX on a normal settlement basis	27 October 2015
Retail Entitlements trading on ASX ends	4 November 2015
New Shares commence trading on ASX and NZX on a deferred settlement basis	5 November 2015
Ex-dividend date for 2015 final dividend for existing Ordinary Shares	11 November 2015
Retail Entitlement Offer closes ¹ (5.00pm, Sydney time)	11 November 2015
Record date for 2015 final dividend for existing Ordinary Shares	13 November 2015
Expected Retail Shortfall Bookbuild date (for renounced Retail Entitlements and Retail Entitlements of Ineligible Retail Shareholders)	16 November 2015
Settlement of the Retail Entitlement Offer	19 November 2015
Issue of New Shares under the Retail Entitlement Offer	20 November 2015
New Shares commence trading on ASX and NZX on a normal settlement basis	23 November 2015
Despatch of Holding Statements for New Shares; Payment of Retail Sale Proceeds (if any)	24 November 2015

The timetable above is indicative only and may change. Westpac, in conjunction with the Joint Lead Managers, reserves the right to amend any or all of these dates and times without notice subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Westpac reserves the right to close the Retail Entitlement Offer early, extend the closing date of the Retail Entitlement Offer, to accept late applications under the Retail Entitlement Offer (either generally or in particular cases) and to withdraw the Retail Entitlement Offer without prior notice. Any date changes may affect the issue date of New Shares. Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to pay by BPAY®² (or by direct credit for New Zealand only) or submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens to ensure their application is received by the Registrar in time.

The commencement of the quotation of Entitlements and New Shares is subject to confirmation from ASX.

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been received by the Registrar.

¹ Application Payments and completed Entitlement and Acceptance Forms (if applicable) must be received by the Registrar by this date and time. Please refer to Section 2 'Summary of options available to Eligible Retail Shareholders' for information on how to apply. Eligible Retail Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment.

² BPAY® is registered to BPAY Pty Ltd ABN 69 079 137 518.

LETTER FROM THE CHAIRMAN OF WESTPAC BANKING CORPORATION



EST. 1817

Dear Shareholder,

On 14th October 2015 Westpac announced that it would conduct a fully underwritten pro rata accelerated renounceable entitlement offer (**Entitlement Offer**) to all Eligible Shareholders. This Booklet explains the retail component of the Entitlement Offer in detail.

Under the Retail Entitlement Offer, Eligible Retail Shareholders can purchase 1 New Share for every 23 Ordinary Shares held at 7.00pm (Sydney time) on 19 October 2015 for \$25.50 per New Share.

The need for more capital follows global developments aimed at increasing the strength of banking systems, including the findings of Australia's Financial System Inquiry (**FSI**) last year. More specifically, in July 2015, APRA¹ addressed one of the recommendations from the FSI by changing how risk weighted assets will be calculated for Australian residential mortgages.

This change was significant, lifting the amount of capital we need to support our mortgage portfolio by over 50%. The capital we are raising (approximately \$3.5 billion) responds to this change.

In considering our options, we decided that a pro rata entitlement offer was both prudent and the most equitable way to raise the capital needed.

We also recognise the importance of dividends to Shareholders and while we are raising capital and increasing the number of shares on issue, we have not changed our dividend approach. For the 2015 final dividend we are planning to increase dividends to 94 cents per share fully franked. This is one cent above the 2015 interim dividend, and two cents above the 2014 final dividend.

New Shares issued from this Entitlement Offer will not be eligible for the 2015 final dividend but thereafter will be entitled to receive dividends.

The Entitlements allotted to you may be valuable and you have a number of options to consider in how you would like to realise their value. Please read this Booklet carefully before deciding what to do.

If you have any further queries, please consult your financial adviser or other professional adviser or call the Westpac Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia), 8.30am to 5.30pm (Sydney time), Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time), Monday to Friday.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Lindsay Maxsted". It is positioned above a solid horizontal line.

Lindsay Maxsted
Chairman

¹ Australian Prudential Regulation Authority.

GUIDANCE FOR RETAIL INVESTORS

ASIC Guidance for Retail Investors	ASIC has published guidance on investing in shares on its Moneysmart website which may be relevant to your decision to invest in New Shares. You can find this guidance by searching 'shares' at www.moneysmart.gov.au .
Where can I obtain further information about Westpac?	<p>Westpac is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. In particular, 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 securities, including Ordinary Shares.</p> <p>Copies of documents lodged with ASIC and ASX can be obtained from, or inspected at, an ASIC office and can also be obtained from www.asx.com.au.</p> <p>In addition, the following information can be obtained from the Investor Centre at www.westpac.com.au/investorcentre:</p> <ul style="list-style-type: none">• Westpac's half-yearly and annual financial reports;• documents lodged by Westpac with ASX under the continuous disclosure reporting requirements; and• other general information provided to investors. <p>There may be additional disclosure or announcements made by Westpac during the Retail Entitlement Offer Period that are relevant to your decision to invest in New Shares. You are encouraged to check whether any further disclosure or announcements have been made by Westpac (which can be obtained from www.asx.com.au under ASX code 'WBC') before taking up, selling or transferring your Entitlements or deciding to do nothing.</p> <p>This Booklet does not contain all of the information which may be required in order to make an informed decision to invest in New Shares. As a result, it is important that you also read and understand the information on Westpac and the Retail Entitlement Offer made publicly available, and refer to the above documents, before taking up, selling or transferring all or part of your Entitlements, or deciding to do nothing.</p>

1

OVERVIEW OF THE ENTITLEMENT OFFER

This Section sets out:

- 1.1 Overview of Westpac and the Entitlement Offer
- 1.2 What are the key risks?

SECTION 1

OVERVIEW OF THE ENTITLEMENT OFFER

The following is an overview of the Entitlement Offer and the key risks. The key risks are detailed in Section 3 of this Booklet. It is important that you read this Booklet in full before deciding to invest in New Shares. If you have any questions, you should seek advice from your financial adviser or other professional adviser.

1.1 OVERVIEW OF WESTPAC AND THE ENTITLEMENT OFFER

Topic	Summary	Further information	Page
Issuer	Westpac Banking Corporation ABN 33 007 457 141 is one of the four major banking organisations in Australia and one of the largest banking organisations in New Zealand. The Group provides a broad range of banking and financial services in these markets, including consumer, business and institutional banking and wealth management services. The Group has branches, affiliates and controlled entities throughout Australia, New Zealand and the Pacific region, and maintains branches and offices in some of the key financial centres around the world.	Further information on Westpac, Westpac's Unaudited Preliminary Full Year 2015 Result, half-yearly and annual financial reports, continuous disclosure notices released to ASX, Constitution, and other general information provided to investors is available at the Investor Centre at www.westpac.com.au/investorcentre	
Overview of the Entitlement Offer	<p>Westpac is offering Entitlements pro rata to all Eligible Shareholders to purchase new Ordinary Shares (New Shares) at an offer price of \$25.50 per New Share to raise approximately \$3.5 billion of ordinary equity.</p> <p>The Offer Price has been set at a discount of 13.1% to the dividend adjusted Theoretical Ex-Rights Price (TERP) of \$29.33 per Ordinary Share¹.</p> <p>The Entitlement Offer includes the Retail Entitlement Offer and the Institutional Entitlement Offer.</p> <p>The Retail Entitlement Offer is described in detail below. The Institutional Entitlement Offer has now closed and Eligible Institutional Shareholders have already been offered their Entitlements. They took up approximately 95% of their Entitlements with unexercised Entitlements acquired by other Institutional Investors in the Institutional Shortfall Bookbuild, which in total raised approximately \$1.6 billion.</p> <p>The Entitlement Offer is fully underwritten by the Underwriters.</p>	Section 4 'Announcements' 31 to 48	

¹ TERP is the theoretical price at which Ordinary Shares should trade immediately after the ex-date for the Entitlement Offer. TERP was calculated by reference to Westpac's closing price on 13 October 2015. TERP is adjusted by subtracting the expected 2015 final dividend of 94 cents per Ordinary Share. TERP is a theoretical calculation only and the actual price at which Ordinary Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP.

Topic	Summary	Further information	Page
Overview of the Retail Entitlement Offer	<p>In the Retail Entitlement Offer, Eligible Retail Shareholders can purchase 1 New Share for every 23 Ordinary Shares they held on the Record Date (7.00pm (Sydney time) on 19 October 2015).</p> <p>The last date to buy Ordinary Shares to be an Eligible Retail Shareholder was 13 October 2015. Therefore, any Ordinary Shares you acquired on or after 14 October 2015 will not provide you with Entitlements.</p>	Section 2 'Summary of options available to Eligible Retail Shareholders'	12 to 17
Options available to Eligible Retail Shareholders	<p>Entitlements may be valuable. You have a number of options to consider in respect of your Entitlements, which may materially affect the value (if any) that you receive for them.</p> <p>If you are an Eligible Retail Shareholder, you may:</p> <ul style="list-style-type: none"> take up all or part of your Entitlements; sell all or part of your Entitlements on ASX during the Entitlements Trading Period; transfer all or part of your Entitlements to another person or entity other than on ASX; or do nothing. Your Entitlements will be sold on your behalf in the Retail Shortfall Bookbuild and the Retail Sale Proceeds (if any) will be paid to you. <p>The following diagram summarises the four options for Eligible Retail Shareholders and where you can find further information in this Booklet. You can also undertake a combination of these options.</p>	<p>Section 2 'Summary of options available to Eligible Retail Shareholders'</p> <p>If you have any questions about the Retail Entitlement Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the Westpac Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia), 8.30am to 5.30pm (Sydney time), Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time), Monday to Friday.</p>	12 to 17

What are the options available to me?

1

Take up all or part of your Entitlements

2

Sell all or part of your Entitlements on ASX during the Entitlements Trading Period

3

Transfer all or part of your Entitlements to another person or entity other than on ASX

4

Do nothing. Your Entitlements will be sold through the Retail Shortfall Bookbuild

Section 2.2

Section 2.3

Section 2.4

Section 2.5

SECTION 1

OVERVIEW OF THE ENTITLEMENT OFFER

Topic	Summary	Further information	Page
Retail Entitlements trading	<p>If you do not wish to take up your Entitlements to purchase New Shares, you may be able to sell your Entitlements on ASX through your broker. Retail Entitlements may be traded on ASX from 19 October 2015 to 26 October 2015 (on a deferred settlement basis), and from 27 October 2015 to 4 November 2015 (on a normal settlement basis).</p> <p>You may incur brokerage costs if you sell your Entitlements on ASX. Entitlements will not be tradeable on NZX. However, Eligible Retail Shareholders from New Zealand should contact their broker if they wish to sell their Entitlements on ASX.</p>	Key dates for the Retail Entitlement Offer Section 2.3 'Sell all or part of your Entitlements on ASX during the Entitlements Trading Period'	2 16
ASX quotation of Entitlements	It is expected that Entitlements will be quoted on ASX during the Entitlements Trading Period (19 October 2015 to 4 November 2015) under code 'WBCR'.		
Purpose of the Entitlement Offer	Westpac is raising capital in response to increases in mortgage risk weights that will be applied from 1 July 2016. The net proceeds of the Entitlement Offer will be used by Westpac for general business purposes.	Section 4 'Announcements' 31 to 48	
Impact of the Entitlement Offer on Westpac	<p>Westpac's common equity Tier 1 (CET1) capital ratio is around 9.4% as at 30 September 2015.¹</p> <p>The capital raised will add approximately 100 basis points to Westpac's CET1 capital ratio and places Westpac's CET1 capital ratio within the top quartile of banks globally, with a CET1 capital ratio of over 14% on an internationally comparable basis.²</p>	Section 4 'Announcements' 31 to 48	
Impact of the Entitlement Offer on CET1 capital ratio			
Sep-15 Estimated (APRA)	9.4%	1.0%	(1.1%)
Entitlement Offer			
Mortgage RWA			
Pro forma (APRA)	9.3% ³		
Pro forma (Int'l Comp)		14.1% ²	

¹ Based on unaudited preliminary full year 2015 results. Components in the determination of regulatory capital are estimates and may change. These will be finalised in Westpac's full year 2015 results on 2 November 2015. Refer to Section 4 'Announcements' for more information.

² The basis of the internationally comparable CET1 capital ratio aligns with the APRA study titled "International capital comparison study", dated 13 July 2015. For further information about internationally comparable capital see Section 4 'Announcements'.

³ Pro forma reflects the impact of the Entitlement Offer and the impact that changes to the calculation of risk weighted assets for Australian residential mortgages would have if they had been implemented for 30 September 2015.

Topic	Summary	Further information	Page
	<p>There is no change to Westpac's dividend approach. We will seek to increase dividends per Ordinary Share within the context of a sustainable payout ratio.</p> <p>Assuming the \$3.5 billion in capital had been raised on 1 October 2014, then Westpac's pro forma ROE¹ for Full Year 2015 would have been 14.8% and pro forma EPS² would have been 239.0 cents. This does not include the impact of future Westpac Dividend Reinvestment Plan participation or changes in margin or profit.</p>		
Dividends on New Shares and ranking	<p>New Shares will be entitled to all future dividends payable on Ordinary Shares, but will not be entitled to the 2015 final dividend of 94 cents per Ordinary Share expected to be determined at the time of Westpac's final full year 2015 results scheduled to be announced on 2 November 2015.</p> <p>No particular dividend rate, nor repayment of investment, is guaranteed.</p> <p>New Shares will rank equally with other Ordinary Shares (except as discussed above in relation to the 2015 final dividend) and will rank last in a winding up of Westpac.</p>	The rights of New Shares are outlined in the Constitution, which is available from the Investor Centre at www.westpac.com.au/investorcentre	
ASX and NZX quotation of New Shares	New Shares issued under the Retail Entitlement Offer will be quoted on ASX and NZX under the same code as Ordinary Shares, which is code 'WBC'.	Section 6.1 'Issue, quotation and trading of New Shares'	57
Eligible Retail Shareholders	<p>You are an Eligible Retail Shareholder if you:</p> <ul style="list-style-type: none"> are registered as a holder of Ordinary Shares as at the Record Date, being 7.00pm (Sydney time) on Monday, 19 October 2015; have a registered address in Australia or New Zealand (as shown on Westpac's share register); are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Ordinary Shares for the account or benefit of such person in the United States); were not invited to participate under the Institutional Entitlement Offer; and are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer. 	Section 6.3 'Eligible Retail Shareholders'	57
Ineligible Retail Shareholders	If you are a Retail Shareholder that is not an Eligible Retail Shareholder, you are an Ineligible Retail Shareholder. Ineligible Retail Shareholders will have their Entitlements sold on their behalf through the Retail Shortfall Bookbuild and will receive the Retail Sale Proceeds (if any), less any applicable withholding tax.	Section 6.3 'Eligible Retail Shareholders'	57

¹ ROE is return on equity. On a cash earnings basis.

² EPS is earnings per share. On a cash earnings basis.

SECTION 1

OVERVIEW OF THE ENTITLEMENT OFFER

1.2 WHAT ARE THE KEY RISKS?

Some key risks are summarised below. However, you should read the detailed description of the key risks contained in Section 3 of this Booklet in full before deciding to invest in New Shares. The risks outlined in that Section include risks associated with Westpac's business, risks associated with participating in the Retail Entitlement Offer, and risks associated with Ordinary Shares specifically. Many of these risks are outside the control of Westpac and the Directors. You should consider these factors in light of your personal circumstances, including financial and taxation considerations, before making a decision in relation to your Entitlements.

Risk	Description	Further Information	Page
Risks associated with Westpac's business			
Compliance and regulatory change	Westpac could be adversely affected by failing to comply with existing laws and regulations, or by changes in laws and regulations and regulatory policy.	Section 3.2 'Risks associated with Westpac's business'	19 to 20
Availability and cost of funding	Adverse credit and capital market conditions, or failure to maintain Westpac's credit ratings, may significantly affect the availability and cost of Westpac's funding.	Section 3.2 'Risks associated with Westpac's business'	20 to 21
Financial market volatility	Westpac could be adversely affected by disruptions to global financial markets or other financial market volatility.	Section 3.2 'Risks associated with Westpac's business'	23
Economic conditions, asset values and credit losses	Economic disruptions or declines in asset values may cause Westpac to incur higher credit losses on lending and counterparty exposures.	Section 3.2 'Risks associated with Westpac's business'	22
Other risks	Westpac may be adversely affected by other events such as changes in competition, technology failures (including cyberattacks), fraud, supplier failures, environmental factors, reputational damage and other operational or conduct risks.	Section 3.2 'Risks associated with Westpac's business'	19 to 27
Risks associated with participating in the Retail Entitlement Offer			
Risk of selling Entitlements	If you choose to sell your Entitlements on ASX, the value received may be less than that achieved for renounced Entitlements through the Retail Shortfall Bookbuild or the price on ASX on another date.	Section 3.3 'Risks associated with participating in the Entitlement Offer'	27
Risk of doing nothing	If you do not take up or sell your Entitlements under the Entitlement Offer, there is no guarantee that any value will be received for your renounced Entitlements through the Retail Shortfall Bookbuild.	Section 3.3 'Risks associated with participating in the Entitlement Offer'	27 to 28

Risk	Description	Further Information	Page
Underwriting risk	Westpac has entered into an agreement with the Joint Lead Managers (<i>Underwriting Agreement</i>), under which the Underwriters will accept all Entitlements offered if they are not taken up by investors. If certain conditions are not satisfied or certain events occur, the Joint Lead Managers may terminate the Underwriting Agreement. If the Underwriting Agreement is terminated for any reason, then Westpac may not receive the full amount of the Entitlement Offer, its financial position may change, and it may need to take other steps to raise capital.	Section 3.3 'Risks associated with participating in the Entitlement Offer'	28
Risks associated with Ordinary Shares specifically			
Other risks	There are other risks associated with an investment in Ordinary Shares including that the market price of Ordinary Shares will fluctuate, dividends may not be paid and may fluctuate and that Westpac may issue or convert additional securities. There are also risks associated with Ordinary Shares being subordinated and unsecured and not being deposit liabilities or protected accounts of Westpac under the Banking Act or Financial Claims Scheme.	Section 3.4 'Risks associated with Ordinary Shares specifically'	28 to 30

2

SUMMARY OF OPTIONS AVAILABLE TO ELIGIBLE RETAIL SHAREHOLDERS

This Section sets out:

- 2.1 Overview
- 2.2 OPTION 1: Take up all or part of your Entitlements
- 2.3 OPTION 2: Sell all or part of your Entitlements on ASX during the Entitlements Trading Period
- 2.4 OPTION 3: Transfer all or part of your Entitlements to another person or entity other than on ASX
- 2.5 OPTION 4: Do nothing. Your Entitlements will be sold through the Retail Shortfall Bookbuild

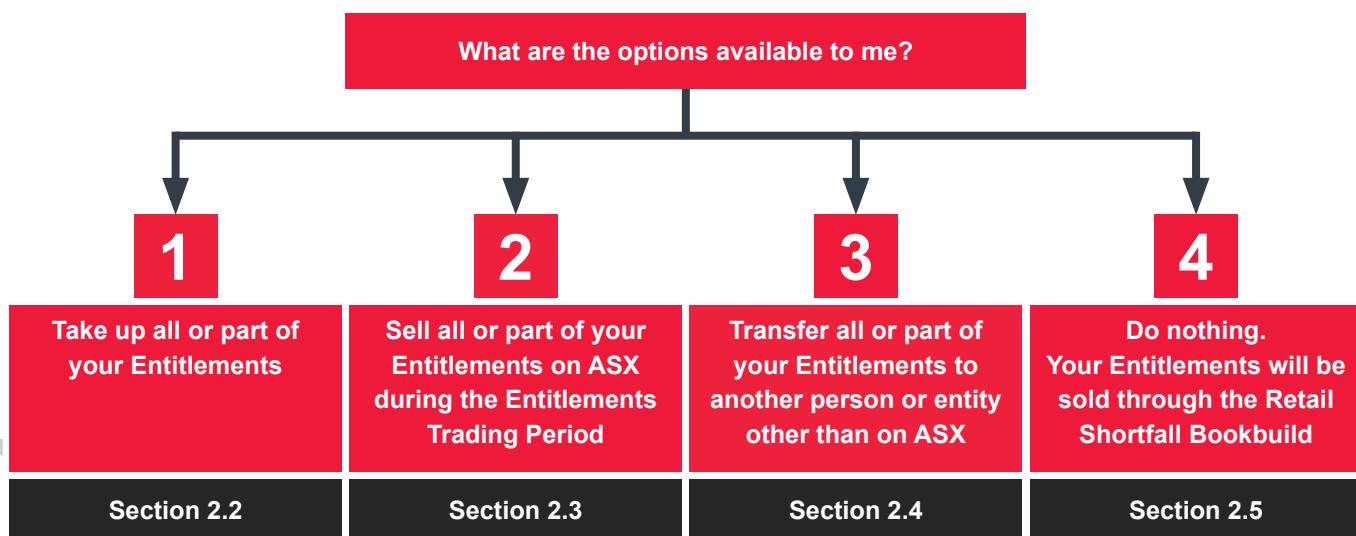
2.1 OVERVIEW

If you are an Eligible Retail Shareholder, you are entitled to purchase 1 New Share for every 23 Ordinary Shares you held on the Record Date at an Offer Price of \$25.50 per New Share. Your Entitlement is set out in the personalised Entitlement and Acceptance Form accompanying this Booklet. Your Entitlement and Acceptance Form will also be available online at the Offer Website, accessible via www.westpac.com.au/investorcentre from 26 October 2015.

If the result of your Entitlement calculation is not a whole number, your Entitlement has been rounded up to the nearest whole number of New Shares.

If you have more than one registered holding of Ordinary Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each holding. If you wish to take action in respect of your Entitlements and have multiple registered holdings of Ordinary Shares, you will need to take action for each of your separate Entitlements.

The following diagram summarises the four options for Eligible Retail Shareholders. You can also undertake a combination of these options. The decisions you make may materially affect the value (if any) that may be received in respect of your Entitlements. If you have any questions about the Retail Entitlement Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the Westpac Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia), 8.30am to 5.30pm (Sydney time), Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time), Monday to Friday.



SECTION 2

SUMMARY OF OPTIONS AVAILABLE TO ELIGIBLE RETAIL SHAREHOLDERS

2.2 OPTION 1: TAKE UP ALL OR PART OF YOUR ENTITLEMENTS

To take up all or part of your Entitlements to purchase New Shares at the Offer Price of \$25.50 per New Share, by no later than the date the Retail Entitlement Offer closes (5.00pm (Sydney time) on 11 November 2015):

Pay by BPAY® (or direct credit for New Zealand only)

- Make your Application Payment via BPAY®¹ in Australian dollars (or direct credit in New Zealand dollars if you have a registered address in New Zealand), either by:
 - following the BPAY® or direct credit instructions set out on your personalised Entitlement and Acceptance Form. **You do not need to return your personalised Entitlement and Acceptance Form if you choose this payment option;** or
 - completing the online Entitlement and Acceptance Form accessible at the Offer Website via www.westpac.com.au/investorcentre from 23 October 2015 and following the payment instructions. You will need your Holder Reference Number or your Entitlement Number.
- You should check your daily transaction limit with your financial institution to ensure your Application Payment can be paid in Australian dollars using BPAY® (or in New Zealand dollars by direct credit, if you have a registered address in New Zealand).
- You should also be aware that your financial institution may implement earlier cut-off times with regard to electronic payments, therefore you should take this into consideration when making your payment.

Apply by post

- Complete and return your personalised Entitlement and Acceptance Form to the Registrar with a cheque to the value of your Application Payment. Please use the reply paid envelope you received with this Booklet, or see mailing address details below if you have lost your reply paid envelope or want to hand deliver your Entitlement and Acceptance Form and cheque.
- If you choose to apply by post, Application Payments can only be paid by cheque(s) in Australian dollars drawn on an Australian branch of a financial institution (or, for New Zealand resident shareholders, in New Zealand dollars drawn on a New Zealand branch of a financial institution).
- Cheques should be made payable to 'WBC Entitlement Offer' and crossed 'not negotiable'. Cash payments and bank cheques will not be accepted.
- You should ensure that you post both the personalised Entitlement and Acceptance Form and cheque for the Application Payment in sufficient time so that they are received by the Registrar by the date the Retail Entitlement Offer closes at 5.00pm (Sydney time) on 11 November 2015. You may want to consider using Express Post or FastPost if you are mailing these close to the closing date.

Where to send completed Entitlement and Acceptance Forms

(a) Australian resident Shareholders

The addresses for the Registrar for Australian resident Shareholders are:

Mail address

Westpac Retail Entitlement Offer
c/- Link Market Services Limited
GPO Box 3560
Sydney NSW 2001
Australia

Hand delivery

Westpac Retail Entitlement Offer
c/- Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138
Australia

¹ BPAY® is registered to BPAY Pty Ltd ABN 69 079 137 518.

(b) New Zealand resident Shareholders

The addresses for the Registrar for New Zealand resident Shareholders are:

Mail address

Westpac Retail Entitlement Offer
c/- Link Market Services Limited
PO Box 91976
Victoria Street West
Auckland 1142
New Zealand

Hand delivery

Westpac Retail Entitlement Offer
c/- Link Market Services Limited
Level 7, Zurich House
21 Queen Street
Auckland 1010
New Zealand

Entitlement and Acceptance Forms and Application Payments will not be accepted at Westpac's registered office or at any branch of Westpac in Australia or New Zealand.

Eligible Retail Shareholders are not able to apply for New Shares in excess of their Entitlements as set out in their personalised Entitlement and Acceptance Form. If you take up only part of your Entitlements, the portion not taken up and not otherwise sold on ASX or transferred will be sold on your behalf in the Retail Shortfall Bookbuild.

Further information and instructions on how to apply are set out in your personalised Entitlement and Acceptance Form or provided when you make an online application.

If you take up all or part of your Entitlements before the date the Retail Entitlement Offer closes, it is expected that you will be issued New Shares on 20 November 2015.

Westpac's decision on the number of New Shares to be issued to you will be final. Westpac also reserves the right (in its absolute discretion) to reduce the number of New Shares issued (or any Retail Sale Proceeds paid to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders), if Westpac believes their claims to be overstated or if they or their nominees fail to provide information to substantiate their claims to Westpac's satisfaction.

Payment in New Zealand Dollars for New Zealand registered shareholders

Eligible Retail Shareholders with a registered address in New Zealand may provide payment in New Zealand dollars. The Offer Price in New Zealand dollars is NZ\$27.35 per New Share, being the Offer Price converted to New Zealand dollars at the applicable exchange rate of 1 Australian dollar equals 1.0725 New Zealand dollars. The Application Payment in New Zealand dollars is determined by multiplying the number of New Shares that you are applying for by NZ\$27.35.

SECTION 2

SUMMARY OF OPTIONS AVAILABLE TO ELIGIBLE RETAIL SHAREHOLDERS

2.3 OPTION 2: SELL ALL OR PART OF YOUR ENTITLEMENTS ON ASX DURING THE ENTITLEMENTS TRADING PERIOD

If you do not wish to take up your Entitlements, you can sell all or part of your Entitlements on ASX during the Entitlements Trading Period. You will need a broker to sell your Entitlements on ASX. If you sell only part of your Entitlements on ASX, the portion not sold on ASX and not otherwise taken up or transferred will be sold on your behalf in the Retail Shortfall Bookbuild.

Trading of Entitlements on ASX starts on a deferred settlement basis at 10.00am (Sydney time) on 19 October 2015 (ASX code: 'WBCR') and on a normal settlement basis at 10.00am (Sydney time) on 27 October 2015 and ceases at 4.00pm (Sydney time) on 4 November 2015.

Your broker will have information about how many Entitlements you can sell from 26 October 2015. Your personalised Entitlement and Acceptance Form contains details of your Entitlements, or you can also check online at the Offer Website accessible via www.westpac.com.au/investorcentre from 23 October 2015 by using your Holder Reference Number. You can also call the Westpac Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia), 8.30am to 5.30pm, (Sydney time), Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time), Monday to Friday.

Entitlements will not be tradeable on NZX. If you trade your Ordinary Shares on NZX and wish to trade your Entitlements on ASX, you will need to do so through a broker.

If you are an issuer sponsored Shareholder (issuer sponsored holdings have a Holder Reference Number starting with 'I'), you will need to set up an account with a broker before being able to sell through a broker.

You may incur brokerage costs if you choose to sell your Entitlements on ASX.

You are responsible for confirming your Entitlements before trading them to avoid the risk of selling Entitlements you do not hold. If you sell your Entitlements before you receive your Entitlement and Acceptance Form, you do so at your own risk.

2.4 OPTION 3: TRANSFER ALL OR PART OF YOUR ENTITLEMENTS TO ANOTHER PERSON OR ENTITY OTHER THAN ON ASX

If you wish to transfer all or part of your Entitlements to another person or entity other than on ASX, you should:

- if your holding is broker sponsored, contact your broker;
- if your holding is issuer sponsored, you as transferor/seller should forward to the Registrar a completed Renunciation and Transfer Form, together with the transferee's/buyer's Application Payment by cheque and the original uncompleted Entitlement and Acceptance Form related to the transferred Entitlements that the transferee wishes to take up.

You can obtain a Renunciation and Transfer Form online by downloading and printing it from the Offer Website accessible via www.westpac.com.au/investorcentre, from your broker or through the Westpac Offer Information Line.

The completed Renunciation and Transfer Form, as well as the transferee's Application Payment by cheque and the original uncompleted Entitlement and Acceptance Form related to the Entitlements transferred to them must be received by the Registrar at the mail delivery address set out in Section 2.2 by no later than 5.00pm (Sydney time) on 11 November 2015.

You are responsible for confirming your Entitlements before transferring them to avoid the risk of transferring Entitlements you do not hold. If you transfer your Entitlements before you receive your Entitlement and Acceptance Form, you do so at your own risk. If you transfer only part of your Entitlements, the portion not transferred and not otherwise taken up or sold on ASX will be sold on your behalf in the Retail Shortfall Bookbuild.

If the Registrar receives both a completed Renunciation and Transfer Form and an application from you for New Shares in respect of the same Entitlements, the transfer will take priority over your application.

You may only transfer your Entitlements to a purchaser whose address is in Australia or New Zealand and who is not in the United States and who is not acting for the account or benefit of a person in the United States. Persons that are in the United States or that are acting for the account or benefit of a person in the United States will not be eligible to purchase, trade or take up Entitlements. You should inform any transferee of these restrictions.

2.5 OPTION 4: DO NOTHING. YOUR ENTITLEMENTS WILL BE SOLD THROUGH THE RETAIL SHORTFALL BOOKBUILD

If you do not take up, sell or transfer your Entitlements or you are an Ineligible Retail Shareholder, your Entitlements will be sold on your behalf in the Retail Shortfall Bookbuild on or about 16 November 2015 and the Retail Sale.

Proceeds (if any) will be paid to you. It is expected that the Retail Sale Proceeds (if any) will be paid to you on or about 24 November 2015, less any applicable withholding tax, in the same way in which dividends on your existing Ordinary Shares have previously been paid to you, and in all other instances by a cheque in Australian dollars.

All Shareholders whose Entitlements are sold in the Retail Shortfall Bookbuild will receive the same Retail Sale Proceeds (if any) for each Entitlement sold. You cannot choose the price at which they are sold, and it is possible you will not receive any Retail Sale Proceeds if there is insufficient demand.

No brokerage will be charged for selling your Entitlements in the Retail Shortfall Bookbuild.

3

KEY RISKS

This Section sets out:

- 3.1 Introduction
- 3.2 Risks associated with Westpac's business
- 3.3 Risks associated with participating in the Entitlement Offer
- 3.4 Risks associated with Ordinary Shares specifically

3.1 INTRODUCTION

Eligible Retail Shareholders should be aware that participating in the Entitlement Offer carries certain risks, including:

- risks associated with Westpac's business (Section 3.2);
- risks associated with participating in the Entitlement Offer (Section 3.3); and
- risks associated with Ordinary Shares specifically (Section 3.4).

You should consider these risks in light of your personal circumstances, including financial and taxation considerations, and seek advice from your financial adviser or other professional adviser before making a decision in relation to your Entitlements.

The risks outlined in this Section are not an exhaustive list of the risks that could have a material adverse effect on the financial and operating performance of Westpac, or the price of Ordinary Shares. Accordingly, no assurances or guarantees of future performance, profitability, distributions, or returns of capital are given by Westpac or any other person in respect of the future financial performance and financial position of Westpac, or the price of Ordinary Shares.

3.2 RISKS ASSOCIATED WITH WESTPAC'S BUSINESS

(a) Westpac's businesses are highly regulated and it could be adversely affected by failing to comply with existing laws and regulations or by changes in laws, regulations or regulatory policy

As a financial institution, Westpac is subject to detailed laws and regulations in each of the jurisdictions in which it operates or obtains funding, including Australia, New Zealand, the United Kingdom, the United States and Asia. Westpac is also supervised by a number of different regulatory and supervisory authorities which have broad administrative powers over its businesses. In Australia, the relevant regulatory authorities include APRA, Reserve Bank of Australia (**RBA**), ASIC, ASX, Australian Competition and Consumer Commission (**ACCC**), the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) and the ATO. The Reserve Bank of New Zealand (**RBNZ**) and the Financial Markets Authority (**FMA**) have supervisory

oversight of Westpac's New Zealand operations. In the United States Westpac is subject to supervision and regulation by the US Office of the Comptroller of the Currency (**OCC**), the Board of Governors of the Federal Reserve System, the Commodity Futures Trading Commission (**CFTC**) and the US Securities and Exchange Commission (**SEC**). In the United Kingdom, Westpac is subject to supervision and regulation by the Financial Conduct Authority (**FCA**) and the Prudential Regulation Authority (**PRA**). In Asia, we are subject to supervision and regulation by local authorities, including the Monetary Authority of Singapore (**MAS**) and the Hong Kong Monetary Authority (**HKMA**). In other jurisdictions in which Westpac operates, including various Pacific countries, it is also required to comply with relevant requirements of local regulatory bodies.

Westpac is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including accounting standards) and industry codes of practice in the jurisdictions in which it operates or obtains funding, as well as meeting its ethical standards.

Compliance risk is the risk of legal or regulatory sanction, financial or reputational loss, arising from our failure to abide by compliance obligations required of us. In Australia, an example of the broad administrative power available to regulatory authorities is the power available to APRA under the Banking Act in certain circumstances to investigate Westpac's affairs and/or issue a direction to Westpac (such as a direction to comply with a prudential requirement, to conduct an audit, to remove a Director, executive officer or employee or not to undertake transactions). Other regulators also have the power to investigate, including looking into past conduct. In recent years, there have been significant increases in the nature and scale of regulatory investigations, enforcement actions and the quantum of fines issued by global regulators. The nature of these reviews can be wide ranging and, for example, currently include industry-wide investigations into potential manipulation in financial markets. From time to time, Westpac receives notices and requests for information from its regulators. Regulatory investigations, fines, penalties or restrictions or regulator imposed conditions could adversely affect Westpac's business, reputation, prospects, financial performance or financial condition.

SECTION 3 KEY RISKS

As with other financial services providers, Westpac faces increasing supervision and regulation in most of the jurisdictions in which it operates or obtains funding, particularly in the areas of funding, liquidity, capital adequacy, conduct and prudential regulation, anti-bribery and corruption, anti-money laundering and counter-terrorism financing and trade sanctions. In December 2010 the Basel Committee on Banking Supervision (**BCBS**) announced a revised global regulatory framework known as Basel III. Basel III, among other things, increases the required quality and quantity of capital held by banks and introduces new standards for the management of liquidity risk. APRA has now incorporated much of the framework into its prudential standards.

During the year ended 30 September 2015, there were also a series of other regulatory releases from authorities in the various jurisdictions in which Westpac operates or obtains funding proposing significant regulatory change for financial institutions. This includes new accounting and reporting standards which have been finalised, global ‘over the counter’ derivatives reform and the US Dodd-Frank legislation, including the Volcker Rule promulgated thereunder.

The latter is designed to reform the entire system for the supervision and regulation of financial firms that operate in or have a connection with the United States, including non-US banks like Westpac. Other areas of proposed or potential change that could impact Westpac include changes to tax legislation, including franking, regulation relating to remuneration, consumer protection and competition legislation, privacy and data protection, anti-bribery and corruption, anti-money laundering and counter-terrorism financing laws and trade sanctions. In addition, further changes may occur driven by policy, prudential or political factors. In 2013, the Australian Government commissioned a Financial System Inquiry with broad terms of reference. The Federal Treasurer released the Inquiry's Final Report to Government on 7 December 2014, which was followed by a process of consultation on the Final Report's recommendations to 31 March 2015.

Until the Government officially responds to the Inquiry's recommendations, the final impact of this Inquiry is difficult to predict but may result in substantial regulatory changes, including changes to capital requirements which could have a material impact on Westpac's business, prospects, financial performance or financial condition.

Regulation is becoming increasingly extensive and complex. Some areas of potential regulatory change involve multiple jurisdictions seeking to adopt a coordinated

approach. This may result in conflicts with specific requirements of the jurisdictions in which Westpac operates and, in addition, such changes may be inconsistently introduced across jurisdictions.

Changes may also occur in the oversight approach of regulators. It is possible that governments in jurisdictions in which Westpac operates or obtains funding might revise their application of existing regulatory policies that apply to, or impact, Westpac's business, including for reasons relating to national interest and/or systemic stability.

Regulatory changes and the timing of their introduction continue to evolve and Westpac currently manages its businesses in the context of regulatory uncertainty. The nature and impact of future changes are not predictable and are beyond Westpac's control. Regulatory compliance and the management of regulatory change is an increasingly important part of Westpac's strategic planning. Westpac expects that it will be required to continue to invest significantly in compliance and the management and implementation of regulatory change and, at the same time, significant management attention and resources will be required to update existing or implement new processes to comply with the new regulations.

Regulatory changes may also impact Westpac's operations by requiring it to have increased levels of liquidity and higher levels of, and better quality, capital as well as place restrictions on the businesses Westpac conducts (including limiting Westpac's ability to provide products and services to certain customers), require it to amend its corporate structure or require it to alter its product or service offerings. If regulatory change has any such effect, it could adversely affect one or more of Westpac's businesses, restrict Westpac's flexibility, require Westpac to incur substantial costs and impact the profitability of one or more of Westpac's business lines. Any such costs or restrictions could adversely affect Westpac's business, prospects, financial performance or financial condition.

(b) Adverse credit and capital market conditions may significantly affect Westpac's ability to meet funding and liquidity needs and may increase its cost of funding

Westpac relies on credit and capital markets to fund its business and as a source of liquidity. Westpac's liquidity and costs of obtaining funding are related to credit and capital market conditions.

Global credit and capital markets can experience periods of extreme volatility, disruption and decreased liquidity as was demonstrated during the Global Financial Crisis. While there have now been extended periods of stability in these markets, the environment has become more volatile and unpredictable. The main risks Westpac faces are damage to market confidence, changes to the access and cost of funding and a slowing in global activity or through other impacts on entities with whom Westpac does business.

As of 30 September 2015, approximately 33% of Westpac's total funding originated from domestic and international wholesale markets, of this around 61% was sourced outside Australia and New Zealand.

A shift in investment preferences of businesses and consumers away from bank deposits towards other asset or investment classes could increase Westpac's need for funding from other, potentially less stable or more expensive forms of funding.

If market conditions deteriorate due to economic, financial, political or other reasons, Westpac's funding costs may be adversely affected and its liquidity and its funding and lending activities may be constrained.

If Westpac's current sources of funding prove to be insufficient, Westpac may be forced to seek alternative financing. The availability of such alternative financing, and the terms on which it may be available, will depend on a variety of factors, including prevailing market conditions, the availability of credit, Westpac's credit ratings and credit market capacity. Even if available, the cost of these alternatives may be more expensive or on unfavourable terms, which could adversely affect Westpac's financial performance, liquidity, capital resources and financial condition. There is no assurance that Westpac will be able to obtain adequate funding and do so at acceptable prices, nor that Westpac will be able to recover any additional costs.

If Westpac is unable to source appropriate funding, Westpac may also be forced to reduce its lending or begin selling liquid securities. Such actions may adversely impact Westpac's business, prospects, liquidity, capital resources, financial performance or financial condition.

Westpac enters into collateralised derivative obligations, which may require Westpac to post additional collateral based on movements in market rates, which has the potential to adversely affect Westpac's liquidity.

(c) Sovereign risk may destabilise financial markets adversely

Sovereign risk is the risk that foreign governments will default on their debt obligations, will be unable to refinance their debts as they fall due, or will nationalise parts of their economy including assets of financial institutions such as Westpac.

Should one sovereign default, there could be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, may be similar to or worse than those experienced during the Global Financial Crisis. Such an event could destabilise global financial markets adversely affecting Westpac's liquidity, financial performance or financial condition.

(d) Failure to maintain credit ratings could adversely affect Westpac's cost of funds, liquidity, competitive position and access to capital markets

Credit ratings are independent opinions on Westpac's creditworthiness. Westpac's credit ratings affect the cost and availability of its funding from capital markets and other funding sources and they may be important to customers or counterparties when evaluating Westpac's products and services. Therefore, maintaining high quality credit ratings is important.

The credit ratings assigned to Westpac by rating agencies are based on an evaluation of a number of factors, including Westpac's financial strength, structural considerations regarding the Australian financial system and the credit rating of the Australian Government. A credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this Section 3 or by other events including changes to the methodologies used by the rating agencies to determine ratings.

Failure to maintain current credit ratings could adversely affect Westpac's cost of funds and related margins, collateral requirements, liquidity, competitive position and Westpac's access to capital markets. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change, whether Westpac's ratings differ among agencies (split ratings) and whether any ratings changes also impact Westpac's peers or the sector.

SECTION 3

KEY RISKS

(e) A systemic shock in relation to the Australian, New Zealand or other financial systems could have adverse consequences for Westpac or its customers or counterparties that would be difficult to predict and respond to

There is a risk that a major systemic shock could occur that causes an adverse impact on the Australian, New Zealand or other financial systems.

As outlined above, during the past decade the financial services industry and capital markets have been, and may continue to be, adversely affected by market volatility and the negative outlook for global economic conditions. A shock to one of the major global economies could again result in currency and interest rate fluctuations and operational disruptions that negatively impact the Group.

Any such market and economic disruptions could adversely affect financial institutions such as Westpac because consumer and business spending may decrease, unemployment may rise and demand for the products and services Westpac provides may decline, thereby reducing its earnings. These conditions may also affect the ability of Westpac's borrowers to repay their loans or its counterparties to meet their obligations, causing Westpac to incur higher credit losses. These events could also result in the undermining of confidence in the financial system, reducing liquidity, impairing Westpac's access to funding and impairing Westpac's customers and counterparties and their businesses. If this were to occur, Westpac's business, prospects, financial performance or financial condition could be adversely affected.

The nature and consequences of any such event are difficult to predict and there can be no certainty that Westpac could respond effectively to any such event.

(f) Declines in asset markets could adversely affect Westpac's operations or profitability

Declines in Australian, New Zealand or other asset markets, including equity, residential and commercial property and other asset markets, could adversely affect Westpac's operations and profitability.

Declining asset prices also impact Westpac's wealth management business. Earnings in Westpac's wealth management business are, in part, dependent on asset values because it typically receives fees based on the value of securities and/or assets held or managed. A decline in asset prices could negatively impact the earnings of this business.

Declining asset prices could also impact customers and counterparties and the value of security (including residential and commercial property) Westpac holds against loans and derivatives which may impact Westpac's ability to recover amounts owing to it if customers or counterparties were to default. It may also affect Westpac's level of provisioning which in turn impacts Westpac's profitability and financial condition.

(g) Westpac's business is substantially dependent on the Australian and New Zealand economies

Westpac's revenues and earnings are dependent on economic activity and the level of financial services Westpac's customers require. In particular, lending is dependent on various factors including economic growth, business investment, business and consumer sentiment, levels of employment, interest rates and trade flows in the countries in which Westpac operates.

Westpac conducts the majority of its business in Australia and New Zealand and, consequently, Westpac's performance is influenced by the level and cyclical nature of lending in these countries. These factors are in turn impacted by both domestic and international economic conditions, natural disasters and political events. A significant decrease in Australian and New Zealand housing valuations could adversely impact Westpac's home lending activities because borrowers with loans in excess of their property value may show a higher propensity to default and in the event of defaults Westpac's security would be eroded, causing Westpac to incur higher credit losses. The demand for Westpac's home lending products may also decline due to buyer concerns about decreases in values.

Adverse changes to the economic and business conditions in Australia and New Zealand and other countries such as China, India and Japan, could also adversely affect the Australian economy and Westpac's customers. In particular, due to the current relationship between Australia and China, particularly in the mining and resources sectors, a slowdown in China's economic growth could negatively impact the Australian economy. Changes in economic conditions could in turn result in reduced demand for Westpac's products and services and affect the ability of Westpac's borrowers to repay their loans. If this were to occur, it could negatively impact Westpac's business, prospects, financial performance or financial condition.

- (h) An increase in defaults in credit exposures could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition**
- Credit risk is the risk of financial loss where a customer or counterparty fails to meet their financial obligations to Westpac. It is a significant risk and arises primarily from Westpac's lending and derivatives activities.
- Westpac establishes provisions for credit impairment based on current information. If economic conditions deteriorate, some customers and/or counterparties could experience higher levels of financial stress and Westpac may experience a significant increase in defaults and write-offs, and be required to increase its provisioning. Such events would diminish available capital and could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition.
- Credit risk also arises from certain derivative contracts Westpac enters into and from Westpac's dealings with, and holdings of, debt securities issued by other banks, financial institutions, companies, governments, and government bodies the financial conditions of which may be affected to varying degrees by economic conditions in global financial markets.
- (i) Westpac faces intense competition in all aspects of its business**
- The financial services industry is highly competitive. Westpac competes, both domestically and internationally, with retail and commercial banks, asset managers, investment banking firms, brokerage firms, other financial service firms and businesses in other industries with emerging financial services aspirations. This includes specialist competitors that may not be subject to the same capital and regulatory requirements and therefore may be able to operate more efficiently. Digital technologies are changing consumer behaviour and the competitive environment. The use of digital channels by customers to conduct their banking continues to rise and emerging competitors are increasingly utilising new technologies and seeking to disrupt existing business models, including in relation to digital payment services. The Group faces competition from established providers of financial services as well as the threat of competition from banking businesses developed by non-financial services companies.
- If Westpac is unable to compete effectively in its various businesses and markets, Westpac's market share may decline. Increased competition may also adversely affect Westpac by diverting business to its competitors or creating pressure to lower margins.
- Increased competition for deposits could also increase Westpac's cost of funding and lead Westpac to access other types of funding or reduce lending. Westpac relies on bank deposits to fund a significant portion of its balance sheet and deposits have been a relatively stable source of funding. Westpac competes with banks and other financial services firms for such deposits. To the extent that Westpac is not able to successfully compete for deposits, Westpac would be forced to rely more heavily on other, potentially less stable or more expensive forms of funding, or reduce lending.
- Westpac is also dependent on its ability to offer products and services that match evolving customer preferences. If Westpac is not successful in developing or introducing new products and services or responding or adapting to changes in customer preferences and habits, Westpac may lose customers to its competitors. This could adversely affect Westpac's business, prospects, financial performance and financial condition.
- (j) Westpac could suffer losses due to market volatility**
- Westpac is exposed to market risk as a consequence of its trading activities in financial markets and through the asset and liability management of its financial position. This is the risk of an adverse impact on earnings resulting from changes in market factors, such as foreign exchange rates, interest rates, commodity prices and equity prices. This includes interest rate risk in the banking book, such as the risk to interest income from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities. If Westpac were to suffer substantial losses due to any market volatility, this may adversely affect Westpac's business, prospects, liquidity, capital resources, financial performance or financial condition.

SECTION 3

KEY RISKS

(k) Westpac could suffer losses due to conduct risk

Conduct risk is the risk arising from unfair or inappropriate behaviour or practices of the Group or its staff. Westpac is highly dependent on the conduct of its employees, contractors and external service providers. Westpac could, for example, be adversely affected in the event that an employee, contractor or external service provider engages in unfair or inappropriate conduct. This could include losses from a failure to meet a professional obligation to specific clients, including fiduciary and suitability requirements, or from the nature or design of a product. While Westpac has policies and processes to manage employee, contractor or external service provider misconduct, these policies and processes may not always be effective.

(l) Westpac could suffer losses due to operational risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It also includes, among other things, technology risk, model risk and outsourcing risk. While Westpac has policies and processes to manage the risk of human error these policies and processes may not always be effective.

Westpac could incur losses from incorrect or fraudulent payments and settlements, particularly real-time payments. Fraudulent conduct can also emerge from external parties seeking to access Westpac's systems and customers' accounts. If systems, procedures and protocols for managing fraud fail, or are ineffective, they could lead to loss which could adversely affect Westpac's business, prospects, reputation, financial performance or financial condition.

As a financial services organisation, Westpac is heavily reliant on the use of data and models in the conduct of its business. Westpac is therefore exposed to model risk, being the risk of loss arising because of errors or inadequacies in data or a model, or in the control and use of the model.

Westpac relies on a number of suppliers, both in Australia and overseas, to provide services to it and its customers. Failure by these suppliers to deliver services as required could disrupt services and adversely impact Westpac's operations, profitability or reputation.

Operational risks could impact on Westpac's operations or adversely affect demand for its products and services. Operational risks can directly impact Westpac's reputation and result in financial losses which would adversely affect Westpac's financial performance or financial condition.

Entities within the Group may be involved from time to time in legal proceedings arising from the conduct of their business. There is a risk that these contingent liabilities may be larger than anticipated or that additional litigation or other contingent liabilities may arise.

(m) Westpac could suffer information security risks, including cyberattacks

The proliferation of new technologies, the increasing use of the internet and telecommunications to conduct financial transactions and the growing sophistication and activities of organised crime have resulted in increased information security risks for major financial institutions such as Westpac and its external service providers.

While Westpac has systems in place to detect and respond to cyberattacks, these systems may not always be effective and there can be no assurance that Westpac will not suffer losses from cyberattacks or other information security breaches in the future.

Westpac's operations rely on the secure processing, storage and transmission of information on Westpac's computer systems and networks, and the systems and networks of external suppliers. Although Westpac implements measures to protect the security, integrity and confidentiality of its information, there is a risk that the computer systems, software and networks on which Westpac relies may be subject to security breaches, unauthorised access, malicious software, external attacks or internal breaches that could have an adverse impact on Westpac's confidential information or that of its customers and counterparties.

Major banks in other jurisdictions have suffered security breaches from sophisticated cyberattacks. Westpac's external service providers or other parties that facilitate its business activities (e.g. vendors, exchanges, clearing houses, central depositories and financial intermediaries) are also subject to the risk of cyberattacks. Any such security breach could result in the loss of customers and business opportunities, significant disruption to Westpac's operations, misappropriation of Westpac's confidential information and/or that of its customers and damage to Westpac's computers or systems and/or those of its customers. Such a security breach could also result in reputational damage, claims for compensation and regulatory investigations and penalties, which could adversely affect Westpac's business, prospects, financial performance, or financial condition.

Westpac's risk and exposure to such threats remains heightened because of the evolving nature of technology, Westpac's prominence within the financial services industry, the prominence of Westpac's customers (including government, mining and health) and Westpac's plans to continue to improve and expand its internet and mobile banking infrastructure.

Westpac continues to seek to strengthen and enhance its cybersecurity systems and investigate or remediate information security vulnerabilities, investing additional resources to endeavour to counter new and emerging threats as they continue to evolve.

(n) Westpac could suffer losses due to technology failures

The reliability and security of Westpac's information and technology infrastructure are crucial in maintaining its banking applications and processes. There is a risk that Westpac's information and technology systems might fail to operate properly or become disabled as a result of events that are wholly or partially beyond Westpac's control.

Further, Westpac's ability to develop and deliver products and services to customers is dependent upon technology that requires periodic renewal. Westpac is constantly managing technology projects including projects to consolidate technology platforms, simplify and enhance Westpac's technology and operations environment, improve productivity and provide for a better customer experience. Failure to implement these projects or manage associated change effectively could result in cost overruns, a failure to achieve anticipated productivity, operational instability or reputational damage. In turn, this could place Westpac at a competitive disadvantage and adversely affect Westpac's financial performance.

(o) Westpac could suffer losses due to failures in governance or risk management strategies

Westpac has implemented risk management strategies and internal controls involving processes and procedures intended to identify, monitor and manage the risks to which Westpac is subject, including liquidity risk, credit risk, market risk (such as interest rate, foreign exchange and equity risk), compliance risk, conduct risk and operational risk all of which may impact the Group's reputation.

However, there are inherent limitations with any risk management framework as there may exist, or emerge in the future, risks that Westpac has not anticipated or identified. If any of Westpac's governance or risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, Westpac could suffer unexpected losses and reputational damage which could adversely affect its business, prospects, financial performance or financial condition.

(p) Westpac could suffer losses due to insurance risk

Westpac has exposure to insurance risk in its life insurance, general insurance and lenders mortgage insurance businesses, which may adversely affect Westpac's business, operations and financial condition.

Insurance risk is the risk of mis-estimation of the expected cost of insured events, volatility in the number or severity of insured events, and mis-estimation of the cost of incurred claims.

In the life insurance business, insurance risk arises primarily through mortality (death) and morbidity (illness and injury) risks being greater than expected.

In the general insurance business, insurance risk arises mainly through environmental factors (including floods and bushfires) and other calamities, such as earthquakes, tsunamis and volcanic activity, as well as general variability in home and contents insurance claim amounts. Further details on environmental risk factors are discussed below.

In the lenders mortgage insurance business, insurance risk arises primarily from an unexpected downturn in economic conditions.

Westpac could also suffer losses if its reinsurance arrangements are not effective.

SECTION 3 KEY RISKS

(q) Westpac could suffer losses due to environmental factors

Westpac and its customers operate businesses and hold assets in a diverse range of geographic locations. Any significant environmental change or external event (including fire, storm, flood, earthquake, pandemic or terrorism events) in any of these locations has the potential to disrupt business activities, impact on Westpac's operations, damage property and otherwise affect the value of assets held in the affected locations and Westpac's ability to recover amounts owing to it. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets.

The risk of loss due to environmental factors is also relevant to Westpac's insurance business. The frequency and severity of external events such as natural disasters is difficult to predict and it is possible that the amounts Westpac reserves for such events may not be adequate to cover actual claims that may arise, which could adversely affect Westpac's business, prospects, financial performance or financial condition.

(r) Reputational damage could harm Westpac's business and prospects

Westpac's ability to attract and retain customers and Westpac's prospects could be adversely affected if its reputation is damaged.

Reputation risk is the risk to earnings or capital arising from negative public opinion resulting from the loss of reputation or public trust and standing. It arises where there are differences between stakeholders' current and emerging perceptions, beliefs and expectations and Westpac's current and planned activities, performance and behaviours.

There are various potential sources of reputational damage including failure to effectively manage risks in accordance with Westpac's risk management frameworks, potential conflicts of interest, pricing policies, failure to comply with legal and regulatory requirements, failure to meet our market disclosure obligations, regulatory investigations into past conduct, making inaccurate public statements, environmental, social and ethical issues, engagement and conduct of external suppliers, failure to comply with anti-money laundering and anti-bribery and corruption laws, trade sanctions and counter-terrorism finance legislation or privacy laws, litigation, failure of information security systems, improper sales and trading practices, failure to comply with personnel and supplier policies, improper conduct of companies in which Westpac holds strategic

investments, technology failures and security breaches. Westpac's reputation could also be adversely affected by the actions of the financial services industry in general or from the actions of Westpac's customers, suppliers and other counterparties.

Failure, or perceived failure, to appropriately address issues that could or do give rise to reputational risk could also impact the regulatory change agenda, give rise to additional legal risk, subject Westpac to regulatory investigations, regulatory enforcement actions, fines and penalties, class actions or remediation costs, or harm Westpac's reputation among its customers, investors and the marketplace. This could lead to loss of business which could adversely affect Westpac's business, prospects, financial performance or financial condition.

(s) Westpac could suffer losses due to impairment of capitalised software, goodwill and other intangible assets that may adversely affect its business, operations and financial condition

In certain circumstances Westpac may be exposed to a reduction in the value of intangible assets. As at 30 September 2015, Westpac carried goodwill principally related to its investments in Australia, other intangible assets principally relating to assets recognised on acquisition of subsidiaries and capitalised software balances.

Westpac is required to assess the recoverability of the goodwill balances on at least an annual basis or whenever an indicator of impairment exists. For this purpose Westpac uses a discounted cash flow calculation. Changes in methodology or the assumptions upon which the calculation is based, together with expected changes in future cash flows, could materially impact this assessment, resulting in the potential write-off of part or all of the goodwill balances.

Capitalised software and other intangible assets are assessed for indicators of impairment at least annually or on indication of impairment. In the event that an asset is no longer in use, or that the cash flows generated by the asset do not support the carrying value, an impairment will be recorded, adversely impacting the Group's financial condition. The estimates and assumptions used in assessing the useful life of an asset can be affected by a range of factors including changes in strategy and the rate of external changes in technology and regulatory requirements.

(t) Westpac could suffer losses if it fails to syndicate or sell down underwritten securities

As a financial intermediary Westpac underwrites listed and unlisted debt and equity securities. Underwriting activities include the development of solutions for corporate and institutional customers who need capital and investor customers who have an appetite for certain investment products. Westpac may guarantee the pricing and placement of these facilities. Westpac could suffer losses if it fails to syndicate or sell down its risk to other market participants. This risk is more pronounced in times of heightened market volatility.

(u) Certain strategic decisions may have adverse effects on Westpac's business

Westpac, at times, evaluates and may implement strategic decisions and objectives including diversification, innovation, divestment or business expansion initiatives, including acquisitions of businesses. The expansion or integration of a new business can be complex and costly and may require Westpac to comply with additional local or foreign regulatory requirements which may carry additional risks. These decisions may, for a variety of reasons, not deliver the anticipated positive business results and could have a negative impact on Westpac's business, prospects, engagement with regulators, financial performance or financial condition.

3.3 RISKS ASSOCIATED WITH PARTICIPATING IN THE ENTITLEMENT OFFER

(a) Risk of selling Entitlements

If you do not wish to take up your Entitlements, you can sell your Entitlements on ASX during the Entitlements Trading Period.

The price and liquidity of Entitlements on ASX may vary. You should check the price on ASX before deciding to sell on ASX.

If you sell your Entitlements during the Entitlements Trading Period, you may receive a higher or lower price than a Shareholder who sells their Entitlements at a different point in time during the Entitlements Trading Period or who renounces their Entitlements and allows them to be sold in the Retail Shortfall Bookbuild.

There is no guarantee there will be a viable market for your Entitlements during, or on any particular day in, the

Entitlements Trading Period. Eligible Retail Shareholders who wish to sell their Entitlements may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for Entitlements.

You should also note that if you do not take up all or part of your Entitlements, then your percentage security holding in Westpac will be diluted by not participating to the full extent in the Entitlement Offer.

(b) Risk of transferring Entitlements

If you do not wish to take up your Entitlements, you can transfer them to another person or entity other than on ASX before the close of the Retail Entitlement Offer.

If you choose to transfer your Entitlements to another person or entity there is no guarantee that you will receive any value for transferred Entitlements. This will depend on what, if any, price you choose to transfer them for. Prices obtainable for transferred Entitlements may rise and fall over the Retail Entitlement Offer Period and will depend on many factors, including the demand for and supply of Entitlements and the value of Ordinary Shares relative to the Offer Price.

You should also note that if you transfer all or part of your Entitlements, then your percentage security holding in Westpac will be diluted by not participating to the full extent in the Entitlement Offer.

(c) Risk of doing nothing

If you do not take up or sell your Entitlements under the Entitlement Offer, then your Entitlements will be treated as renounced and will be sold on your behalf in the Retail Shortfall Bookbuild and the Retail Sale Proceeds (if any) will be paid to you.

However, there is no guarantee that any value will be received for your renounced Entitlements through the Retail Shortfall Bookbuild.

The ability to sell Entitlements under the Retail Shortfall Bookbuild and the ability to obtain any Retail Sale Proceeds will be dependent upon various factors, including market conditions. Further, the Retail Shortfall Bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which will, if accepted, result in otherwise acceptable allocations to clear the entire book.

SECTION 3 KEY RISKS

To the maximum extent permitted by law, Westpac, the Joint Lead Managers or the respective related bodies corporate, affiliates or the directors, officers, employees or advisors of any of them, will not be liable, including for negligence, for any failure to procure any price. If there are any Retail Sale Proceeds, they may be less than, more than, or equal to any price or prices that Entitlements may be sold on ASX, transferred or any proceeds achieved in the Institutional Shortfall Bookbuild. Accordingly, it is possible that Retail Shareholders who do not take up their Entitlements will receive less value than their institutional counterparts, or no value at all.

You should also note that if you do not take up all or part of your Entitlements, then your percentage security holding in Westpac will be diluted by not participating to the full extent in the Entitlement Offer.

The tax consequences from selling Entitlements or from doing nothing may be different. Before selling Entitlements or choosing to do nothing in respect of Entitlements, you should seek independent tax advice and may wish to refer to the tax disclosure contained in Section 5 of this Booklet which will provide further information on potential taxation implications for Australian and New Zealand Shareholders.

(d) Underwriting risk

Westpac has entered into an agreement with the Joint Lead Managers (***Underwriting Agreement***), under which the Underwriters will accept all New Shares offered if they are not bought by investors. If certain conditions are not satisfied or certain events occur, the Joint Lead Managers may terminate the Underwriting Agreement. The events which may trigger termination of the Underwriting Agreement include (but are not limited to) where:

- i. Westpac ceases to be admitted to the official list of ASX or Ordinary Shares are suspended from trading or quotation;
- ii. Westpac withdraws the Entitlement Offer;
- iii. there are certain delays in the timetable for the Entitlement Offer without the Joint Lead Managers' consent;
- iv. any of the offer documents (including this Booklet, the Westpac Investor Presentation and all ASX announcements made in connection with the Entitlement Offer) omit certain material required by the Corporations Act, contain a statement which is misleading or deceptive or otherwise fail to comply with the Corporations Act unless, with the consent of the Underwriters, the statement, error or omission can be remedied by supplementary disclosure;

- v. Westpac fails to perform any of its obligations under the Underwriting Agreement;
- vi. Westpac contravenes its Constitution, the Corporations Act or the ASX Listing Rules;
- vii. Westpac's directors commit certain offences; or
- viii. there is a material adverse change in the assets, liabilities, financial position or prospects of Westpac or the Group.

The ability of the Joint Lead Managers to terminate the Underwriting Agreement in respect of some events will depend on whether the event has or is likely to have a materially adverse effect on the success of the Entitlement Offer, settlement of the Entitlement Offer, or the value of New Shares.

If the Underwriting Agreement is terminated for any reason, then Westpac may not receive the full amount of the Entitlement Offer, its financial position may change, and it may need to take other steps to raise capital.

3.4 RISKS ASSOCIATED WITH ORDINARY SHARES SPECIFICALLY

(a) Market price of Ordinary Shares will fluctuate

Ordinary Shares trade on ASX. The market price of Ordinary Shares on ASX will fluctuate due to various factors, including:

- i. Australian and international general economic conditions (including inflation rates, interest rates and currency exchange rates), changes in government policy, changes in regulatory policy, the expressed views of regulators, investor sentiment and general market movements, which may or may not have an impact on Westpac's actual operating performance;
- ii. operating results that vary from expectations of securities analysts and investors;
- iii. changes in expectations as to Westpac's future financial performance, including financial estimates by securities analysts and investors;
- iv. changes in market valuations of other financial services institutions;
- v. changes in dividends paid to Shareholders, Westpac's dividend payout policy or Westpac's ability to frank dividends;
- vi. announcement of acquisitions, strategic partnerships, joint ventures or capital commitments by Westpac or its competitors; and
- vii. future issues of Westpac debt or equity securities.

In particular, the share prices for many companies have in recent times been subject to wide fluctuations, which in many cases may reflect a diverse range of non-company specific influences such as the general state of the economy, investor uncertainty and global hostilities and tensions. Such market fluctuations may materially adversely affect the market price of Ordinary Shares.

It is possible that the price of Ordinary Shares will trade at a market price above or below the Offer Price and no assurances can be made that Westpac's market performance will not be adversely affected by any such market fluctuations or factors. None of Westpac, Westpac's directors or any other person guarantees Westpac's market performance.

(b) Liquidity risk

Shareholders who wish to sell their Ordinary Shares may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for Ordinary Shares. Westpac does not guarantee the market price of Ordinary Shares and there is a risk that you may lose some of the money you invested.

(c) Dividends may not be paid

Westpac may not pay dividends. Dividends are discretionary and do not accrue.

From 1 January 2016, restrictions on the proportion of profits that can be paid through dividends, Additional Tier 1 Capital distributions and discretionary staff bonuses will apply if Westpac's Common Equity Tier 1 Capital ratio falls into the capital conservation buffer (less than 8%), which is set at a level agreed with APRA.

(d) Dividends may fluctuate

Dividends are entirely discretionary. The rate and value of dividends may fluctuate. There is a risk that dividends may become less attractive compared to returns on comparable securities or investments.

None of Westpac, Westpac's directors or any other person guarantees any particular rate of return on Ordinary Shares.

(e) Taxation

Any change to the current rate of company income tax in jurisdictions where Westpac operates may impact on Shareholder returns. Any changes to the current rates of income tax applying to individuals and trusts may similarly impact on Shareholder returns.

(f) Shareholders are subordinated and unsecured investors

In a winding up of Westpac, Shareholders' claims will rank after the claims of creditors preferred by law, secured creditors and general creditors.

Shareholders' claims will rank equally with claims of holders of all other Ordinary Shares.

If Westpac were to be wound up and, after the claims of creditors preferred by law, secured creditors, general creditors and holders of subordinated instruments (including holders of hybrid securities) are satisfied, there are insufficient assets remaining, you may lose some or all of the money you invested in Ordinary Shares.

(g) Investments in Ordinary Shares are not deposit liabilities or protected accounts under the Banking Act

Investments in Ordinary Shares are an investment in Westpac and will be affected by the ongoing performance, financial position and solvency of Westpac. They are not deposit liabilities or protected accounts under the Banking Act. Therefore, Ordinary Shares are not guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.

(h) Foreign Accounting Tax Compliance Act (FATCA) withholding and reporting

In order to comply with FATCA, Westpac (or, if Ordinary Shares are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the United States or under applicable law including pursuant to the terms of an applicable intergovernmental agreement entered into between the United States and any other jurisdiction) (i) to request certain information from holders or beneficial owners of Ordinary Shares, which information may be provided to the US Internal Revenue Service (**IRS**), and (ii) to withhold tax on some portion of payments made after 31 December 2016 with respect to Ordinary Shares if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the United States (and are not otherwise required to comply with the FATCA regime under applicable law including pursuant to the terms of an applicable intergovernmental agreement entered into between the United States and any other jurisdiction).

SECTION 3

KEY RISKS

If Westpac or any other person is required to withhold amounts under or in connection with FATCA from any payments made with respect to Ordinary Shares, holders and beneficial owners of Ordinary Shares will not be entitled to receive any gross up or additional amounts to compensate them for such withholdings.

This information is based on guidance issued by the IRS or other relevant tax authority as at the date of this document. Future guidance may affect the application of FATCA to Westpac, Shareholders or beneficial owners of Ordinary Shares.

(i) Future issues of debt or other securities by Westpac

Westpac and members of the Group may, at their absolute discretion, issue additional securities in the future that may rank ahead of, equally with or behind Ordinary Shares, whether or not secured. Additionally, certain convertible securities currently on issue or which may be issued by Westpac and members of the Group in the future may be converted from debt to equity securities. Any issue or conversion of other securities may dilute the relative value of existing Ordinary Shares and affect your ability to recover any value in a winding up.

There are no restrictions on Westpac raising more debt or issuing other securities (subject to restrictions imposed under the ASX Listing Rules), requiring Westpac to refrain from certain business changes, or requiring Westpac to operate within certain ratio limits.

An investment in Ordinary Shares carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by any member of the Group other than future pro rata issues similar to the Entitlement Offer.

No prediction can be made as to the effect, if any, such future issues of debt or other issues of securities by an entity in the Group may have on the market price or liquidity of Ordinary Shares.

(j) Force majeure events may occur

Acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters may cause an adverse change in investor sentiment with respect to Westpac specifically or the share market more generally, which could have a negative impact on the value of an investment in Ordinary Shares.

4

ANNOUNCEMENTS

This Section sets out:

- 4.1 Extract from Westpac Investor Presentation dated 14 October 2015
- 4.2 Offer Launch Announcement dated 14 October 2015

4.1 EXTRACT FROM WESTPAC INVESTOR PRESENTATION DATED 14 OCTOBER 2015

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WESTPAC BANKING CORPORATION
ABN 33 007 457 141

Entitlement Offer and
Unaudited Preliminary
Full Year 2015 Result

OCTOBER 2015

All financial information for Full Year 2015
is on an unaudited preliminary basis
(unless otherwise stated)

Westpac GROUP
EST. 1877

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This presentation has been prepared and authorised by Westpac Banking Corporation (ABN 33 007 457 141) (Westpac) in connection with a proposed capital raising by Westpac by way of a pro rata accelerated renounceable entitlement offer (with retail rights trading) of new fully paid ordinary shares in Westpac (New Shares) to existing Westpac shareholders (the *Entitlement Offer*).
NOT AN OFFER
This presentation is not a prospectus, product disclosure statement or other disclosure document under Australian law (and will not be lodged with ASIC) or any other law. This presentation is for information purposes only and is not an offer or an invitation to acquire the New Shares or any other financial products in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or invitation. Any decision to purchase New Shares under the retail component of the Entitlement Offer (*Retail Entitlement Offer*) must be made on the basis of the information to be contained in a separate offer document which will be available following its lodgement with ASX (*Offer Document*). Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the *Offer Document* in deciding to apply under that offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the *Offer Document* and the personalised entitlement and acceptance form. This presentation does not constitute investment or financial advice (nor tax, accounting or legal advice) or any recommendation to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares.
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By accepting this presentation you represent and warrant that you are entitled to receive such presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein. The distribution of this document may be restricted by law in certain other countries. You should read the important information set out in the section entitled 'Entitlement Offer selling restrictions' in Appendix 2. Failure to comply with these restrictions may constitute a violation of applicable securities laws.
Each recipient of this presentation should make their own enquiries and investigations regarding all information included in this presentation including the assumptions, uncertainties and contingencies which may affect Westpac's future operations and the values and the impact that future outcomes may have on the Westpac Group.
NOT FINANCIAL PRODUCT ADVICE
This presentation is for information purposes only and is not financial product advice or investment advice, nor a recommendation to acquire New Shares, will not form part of any contract for the acquisition of New Shares and has been prepared without taking into account the objectives, financial situation and needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. Cooling off rights do not apply to an investment in the New Shares.
PAST PERFORMANCE
Past performance and pro forma historical financial information in this presentation is given for illustrative purposes only and should not be relied upon and is not an indication of future performance, including future share price information. Other than FY15 historical financial information, historical information in this presentation relating to the Westpac Group is information that has previously been released to the market. For further details on that historical information, please see past announcements released to the ASX.
KEY RISKS
An investment in Westpac is subject to investment risks including possible loss of income and principal invested. Westpac does not guarantee any particular rate of return or the performance of Westpac. Recipients should read the 'Key Risks' section of this presentation in Appendix 1 for a non-exhaustive summary of the key risks that may affect the Westpac Group and its financial and operating performance.
FORWARD LOOKING STATEMENTS
The information in this presentation is subject to change without notice and Westpac is not obliged to update or correct it. This presentation contains statements that constitute "forward-looking statements" within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934. The forward looking statements include statements regarding our intent, belief or current expectations with respect to our business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions, indicative drivers, forecasted economic indicators and performance metric outcomes. We use words such as 'will', 'may', 'expect', 'indicative', 'intend', 'seek', 'would', 'should', 'could', 'continue', 'plan', 'probability', 'risk', 'forecast', 'likely', 'estimate', 'anticipate' or 'believe', or similar words to identify forward-looking statements. These forward-looking statements reflect our current views with respect to future events, are subject to change without notice and are vulnerable to certain risks, uncertainties and assumptions which are, in many instances, beyond the control of Westpac, its officers, employees, agents and advisers and have been based upon management's expectations and beliefs concerning future developments and their potential effect upon us. Recipients should read the Key Risks section in Appendix 1 for a non-exhaustive summary of the key risks that may affect Westpac and New Shares.

2 | Entitlement Offer and Unaudited Preliminary Full Year 2015 Result

Westpac GROUP

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Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material. Investors should not place undue reliance on forward-looking statements. To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise is disclaimed. Westpac disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Westpac's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law.

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While the information in this presentation has been prepared in good faith and with reasonable care, no representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any statements, estimate, opinions or other information contained in the presentation.

Neither the Joint Lead Managers of the Entitlement Offer (*Joint Lead Managers*), nor any of the *Joint Lead Managers'* or Westpac's respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents, have authorised, permitted or caused the issue, submission, dispatch or provision of this presentation and none of them makes or purports to make any statement in this presentation and there is no statement in this presentation which is based on any statement by any of them.

To the maximum extent permitted by law, Westpac, the *Joint Lead Managers* and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents (JLM Parties) make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this presentation and take no responsibility for any part of this presentation.

The *Joint Lead Managers* and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents (JLM Parties) take no responsibility for the Entitlement Offer and make no recommendations as to whether any person should participate in the Entitlement Offer nor do they make any representations or warranties concerning the Entitlement Offer, and they disclaim (and by accepting this presentation you disclaim) any fiduciary relationship between them and the recipients of this presentation, or any duty to the recipients of this presentation or participants in the Entitlement Offer. Determination of eligibility of investors for the purposes of the Entitlement Offer is determined by reference to a number of matters, including at discretion of Westpac or the *Joint Lead Managers*. Westpac and the JLM Parties disclaim any liability in respect of the exercise of that discretion, to the maximum extent permitted by law.

The New Shares are not deposit liabilities of Westpac, nor protected accounts for the purposes of the Banking Act or the Financial Claims Scheme and are not guaranteed or insured by any government agency, by any member of the Westpac Group or any other person.

FINANCIAL INFORMATION AND REFERENCES TO WESTPAC

In this presentation, unless otherwise stated or the context requires otherwise, references to 'dollar amounts', '\$', 'AUD' or '\$A' are to Australian dollars.

Statutory net profit has been prepared in accordance with Westpac Banking Corporation's accounting policies, these are available in the 2014 Annual Report available at www.westpac.com.au/investorcentre.

Certain financial information in this presentation is presented on a cash earnings basis. Cash earnings is a non-IFRS measure. Refer to Appendix 3 for more details of the basis of preparation of cash earnings.

All comparisons are with Full Year 2014 unless otherwise stated. All results relating to Full Year 2015 are on an unaudited preliminary basis. Components in the determination of regulatory capital are estimates and may change. These will be finalised in Westpac's Full Year 2015 results on 2 November 2015.

The pro forma historical financial information included in this presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

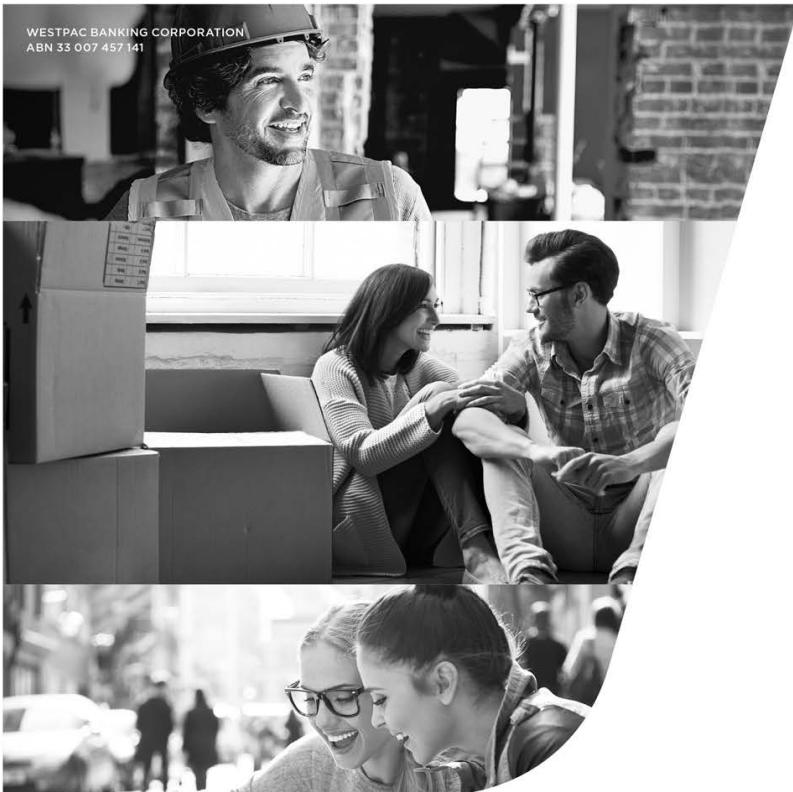
Investors should also be aware that certain financial data included in the information are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. These measures include "cash basis" profit, "cash EPS", and "ROE". The disclosure of such non-GAAP financial measures in the manner included in the presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although Westpac believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in the presentation.

In this presentation references to 'Westpac', 'WBC', 'Westpac Group', 'the Group', 'we', 'us' and 'our' are to Westpac Banking Corporation and its controlled subsidiaries.

3 | Entitlement Offer and Unaudited Preliminary Full Year 2015 Result

Westpac GROUP

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Westpac

st.george

bankSA

Bank of Melbourne

RAMS

BT Financial Group

4.1 EXTRACT FROM WESTPAC INVESTOR PRESENTATION DATED 14 OCTOBER 2015 (CONTINUED)

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Executive summary

Unaudited preliminary Full Year 2015 result compared to Full Year 2014	<ul style="list-style-type: none">Statutory net profit of \$8.0 billion, up 6%Cash earnings¹ of \$7.8 billion, up 3%APRA common equity Tier 1 (CET1) capital ratio of around 9.4%, up from 9.0%Expect to determine a final 2015 dividend of 94 cents per share, up 2 cents per share on final 2014 dividend
Entitlement Offer	<ul style="list-style-type: none">Fully underwritten, pro rata accelerated renounceable entitlement offer (with retail rights trading) of Westpac ordinary shares to raise approximately \$3.5 billionEligible shareholders can purchase 1 New Share for every 23 ordinary shares heldOffer price of \$25.50 per New Share, implies a 13.1% discount to the final 2015 dividend adjusted Theoretical Ex-Rights Price (TERP)^{2,3} of \$29.33New Shares issued are not entitled to the final 2015 dividend
Impact of Entitlement Offer	<ul style="list-style-type: none">Responds to increases in mortgage risk weights effective from 1 July 2016Strengthens Westpac's regulatory capital position<ul style="list-style-type: none">Adds approximately 100bps to Westpac's CET1 capital ratioInternationally comparable⁴ pro forma CET1 capital ratio of approximately 14.1% placing Westpac within the top quartile of international peers
Key dates	<ul style="list-style-type: none">Institutional Entitlement Offer 14 – 15 October 2015Record date for entitlements - 19 October 2015Retail entitlements trading 19 October – 4 November 2015Retail Entitlement Offer 23 October – 11 November 2015

1 Cash earnings is not a measure of cash flow or net profit determined on a cash accounting basis, as it includes non-cash items in net profit determined in accordance with Australian Accounting Standards. Refer slide 40 for further details. 2 TERP is the theoretical price at which Westpac shares should trade immediately after the ex-date for the Entitlement Offer. For further details refer slide 42. 3 TERP is \$29.33 and is adjusted by subtracting the expected final 2015 dividend of 94 cents per share. 4 The basis of the internationally comparable CET1 capital ratio aligns with the APRA study titled "International capital comparison study", dated 13 July 2015. For more details on adjustments made refer slide 19.

5 | Entitlement Offer and Unaudited Preliminary Full Year 2015 Result



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Unaudited preliminary Full Year 2015 result highlights¹

- Statutory net profit of \$8,012 million, up 6%
- Cash earnings of \$7,820 million, up 3%
 - Cash earnings in 2H15 \$4,042 million, up 7% on 1H15
- Cash earnings per share of 249.5 cents, up 2%
- Cash return on equity (ROE) of 15.8%, down 57bps
- Asset quality continued to improve
 - Stressed exposures to total committed exposures (TCE) 0.99% down 25bps
 - Group mortgage +90 days delinquencies 0.42%, down 3bps
 - Impairment charges higher, largely from lower benefits from stress reduction
- Strong capital position, with APRA CET1 capital ratio around 9.4%, which will be further strengthened following completion of this Entitlement Offer
- Expect to determine a final 2015 dividend of 94 cents per share

1 All comparisons are with FY14 unless otherwise stated. All results relating to Full Year 2015 are on an unaudited preliminary basis. Components in the determination of regulatory capital are estimates and may change. These will be finalised in Westpac's FY5 results on 2 November 2015.

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Unaudited preliminary Full Year 2015 cash earnings¹

	FY14 \$m	FY15 \$m	Change FY15-FY14	Comments
Net interest income	13,496	14,239	6%	Average-interest earning assets up 6%, net interest margin flat at 2.08%
Non-interest income	6,324	6,301	0%	Sound growth in wealth and insurance combined with a positive impact from hedging offshore earnings were offset by higher insurance claims from severe weather events, the partial sale of BTIM in 2H15, lower performance fees and lower trading income including from the impact of derivative adjustments ² in 1H15
Net operating income	19,820	20,540	4%	
Operating expenses	(8,246)	(8,635)	5%	Increase mostly driven by investment in initiatives supporting growth including in wealth, SME ³ and digital
Core earnings	11,574	11,905	3%	
Impairment charges	(650)	(753)	16%	Asset quality improved over the year. However, impairment charges were higher as benefits from stress reduction were lower. Direct write-offs were also higher
Tax and non-controlling interests	(3,296)	(3,332)	1%	Effective tax rate of 29.4%, broadly in line with FY14 (29.6%). Non-controlling interests were 12% lower following the partial sale of BTIM
Cash earnings	7,628	7,820	3%	

1 On cash earnings basis unless otherwise stated. 2 In 1H15 changes were made to derivative valuation methodologies, which included the first time adoption of funding valuation adjustment (FVA) to the fair value of derivatives. The impact of these changes resulted in a \$122m (pre-tax) charge which reduced non-interest income. 3 Small to medium enterprise.

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Cash earnings and statutory net profit reconciliation¹

Statutory net profit			Statutory net profit and cash earnings ⁴ adjustments	Cash earnings ⁴
	FY14 \$m	FY15 \$m		FY15 \$m
Net interest income	13,542	14,267	5%	8,012
Non-interest income	6,395	7,375	15%	(665)
Operating income	19,937	21,642	9%	354
Operating expenses	(8,547)	(9,473)	11%	149
Core earnings ²	11,390	12,169	7%	66
Impairment charges	(650)	(753)	16%	Lloyds tax adjustments (64)
Profit before income tax	10,740	11,416	6%	Fair value (gain)/loss on economic hedges (33)
Income tax and NCIs ³	(3,179)	(3,404)	7%	Ineffective hedges 1
Net profit after tax	7,561	8,012	6%	Treasury shares 1
				Buyback of government guaranteed debt (1)
				Cash earnings 7,820

1 All financial information for FY15 is on an unaudited preliminary basis. 2 Core earnings is net profit before impairment charges and income tax expense. 3 Non-controlling interests. 4 Cash earnings is not a measure of cash flow or net profit determined on a cash accounting basis, as it includes non-cash items reflected in net profit determined in accordance with AAS (Australian Accounting Standards). The specific adjustments outlined include both cash and non-cash items. Cash earnings is reported net profit adjusted for material items to ensure they appropriately reflect profits available to ordinary shareholders. All adjustments shown are after tax. Refer slide 41 for further details of adjustments.

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4.1 EXTRACT FROM WESTPAC INVESTOR PRESENTATION DATED 14 OCTOBER 2015 (CONTINUED)

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FY15 financial snapshot

	FY14	FY15	Change FY15-FY14		FY14	FY15	Change FY15-FY14
Earnings¹							
EPS ²	245.4c	249.5c	2%	Total assets	\$770.8bn	\$812.2bn	5%
Cash earnings	\$7,628m	\$7,820m	3%	Loans	\$580.3bn	\$623.3bn	7%
Return on equity	16.4%	15.8%	(57bps)	Customer deposits	\$409.2bn	\$427.1bn	4%
Dividend per share (expected to determine final 2015 dividend of 94 cents)	182c	187c	3%	Customer deposit to loan ratio	70.5%	68.5%	(199bps)
Dividend payout ratio	74.2%	75.4%	121bps	Stable funding ratio	83.2%	83.8%	68bps
Expense to income ratio	41.6%	42.0%	44bps	NTA ³ per share	\$11.57	\$13.08	13%
Net interest margin	2.08%	2.08%	0bps	Total committed exposures	\$880.2bn	\$937.1bn	6%
Net interest margin ex Treasury and Markets	2.01%	2.03%	2bps	Funds under management ⁴	\$55.1bn	\$60.1bn	9%
Impairment charges to average loans	12bps	12bps	0bps	Funds under administration	\$114.2bn	\$123.7bn	8%
Effective tax rate	29.6%	29.4%	(21bps)	Life insurance in-force premiums ⁵	\$792m	\$892m	13%
				General insurance gross written premiums ⁵	\$462m	\$492m	6%

1 All measures on an unaudited preliminary cash earnings basis. 2 EPS is earnings per share. 3 NTA is net tangible assets. 4 Funds under management for FY14 has been restated to exclude BTIM. 5 Data is for BTIG Australia only.

9 | Entitlement Offer and Unaudited Preliminary Full Year 2015 Result



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Divisional performance¹

FY15 divisional cash earnings (\$m) ²	Change FY15-FY14	
Westpac Retail & Business Banking	2,788	8%
		Cash earnings up 8% supported by a 6% increase in revenue. Disciplined balance sheet growth with loans up 6% and deposits up 7%. Net interest margins increased 7bps due to improved deposit spreads. Non-interest income largely flat. Expenses up 4%, mostly from increased investment in digital and self-service options and costs of rolling out Westpac Live (new online platform). Expense to income ratio down 91bps to 43.3%. Asset quality improved, although impairment charges were 8% higher as benefits from stress reduction were lower. Write-offs also increased, largely due to portfolio growth
St.George Banking Group	1,688	7%
		Cash earnings up 7% supported by a 7% increase in revenue. Net interest income up 7% from 8% growth in lending and a 3% rise in deposits, with margins flat over the year. Non-interest income rose 8% from higher line fees and income associated with the Lloyds acquisition. Expenses increased 4% with most of the growth due to higher investment. Asset quality improved, although impairment charges were up 19% mostly as benefits from stress reduction were lower
BT Financial Group	904	0%
		Sound operating performance with FUM (excluding BTIM) ³ up 7% and FUA up 8%. Life in-force premiums up 13% and general insurance gross written premiums up 6%. Growth was offset by higher severe weather insurance claims, lower performance fees and the partial sale of BTIM
Westpac Institutional Bank	1,286	(12%)
		Cash earnings down 12%. Revenue down 1% due to methodology changes to derivative valuations ⁴ and the impact of significant global liquidity which contributed to a 15bp reduction in margins. This was partially offset by higher financial markets income. Expenses up 10% due to higher investment, including Asia. Impairment benefit was \$96m lower as benefits from stress reduction were lower
Westpac NZ (in A\$)	851	8%
		6% increase in cash earnings in NZ\$. In NZ\$ revenue up 7%, supported by a 7% growth in lending, deposits up 5% and a 4bp rise in margins. Expenses were up 6% from investment to support the launch of Westpac One (new online platform) and costs associated with the launch of the new reward credit card. Asset quality improved, however, impairment charges were NZ\$21m higher as benefits from stress reduction were lower
Other ⁵	303	(3%)
		Cash earnings 3% lower, largely from a reduction in Treasury income

1 On 10 June 2015, Westpac announced a new organisational structure. Results will be aligned to the new structure in FY16. FY15 results are based on the prior structure. 2 Unaudited preliminary cash earnings. 3 Funds under management for FY14 restated to exclude BTIM. 4 In 1H15 changes were made to derivative valuation methodologies, including the first time adoption of funding valuation adjustment to the fair value of derivatives. The impact of these changes resulted in a \$122m (pre-tax) charge reducing non-interest income. 5 Other includes Group Businesses (including Treasury) and Westpac Pacific.

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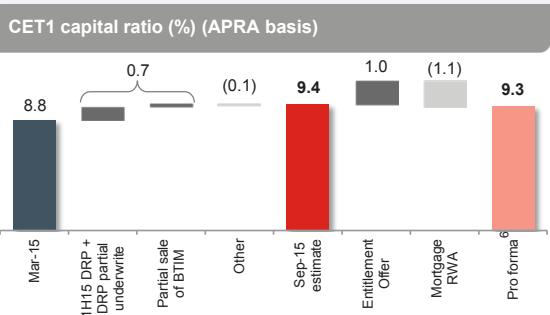


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Capital materially strengthened¹

Capital developments

- After allowing for the Entitlement Offer and the impact of changes to mortgage RWA (effective 1 July 2016), Westpac's CET1 capital ratio is above the Group's preferred CET1 capital ratio range of 8.75% - 9.25%
- Westpac is seeking to boost capital by \$6.0bn in 2015
 - \$2.0bn from 1H15 DRP² and partial DRP underwrite (complete)
 - \$0.5bn from the partial sale of BTIM (complete)
 - \$3.5bn from this Entitlement Offer
- The \$6.0bn of capital adds around 170bps to CET1 capital ratio
- Increase in mortgage RWA, if applied at 30 September 2015, would add approximately \$4.2bn to RWA and reduce the CET1 capital ratio by approximately 110bps
- Preferred CET1 capital ratio range remains at 8.75% - 9.25%
 - Maintains appropriate buffer above top of CCB³ (8%)
 - Known changes in regulatory requirements are largely increasing RWA
- Internationally comparable⁴ CET1 capital ratio of around 14.1% (pro forma) places Westpac within top quartile of international peers
- DRP for the final 2015 dividend will be satisfied by issuing shares at no discount. DRP will not be underwritten
- No change to dividend approach. Seek to increase dividends per share within the context of a sustainable payout ratio
- Assuming the \$3.5bn in capital had been raised on 1 October 2014, then Westpac's pro forma ROE⁵ for Full Year 2015 would have been 14.8% and pro forma EPS⁶ would have been 239.0 cents. Does not include impact of future DRP participation or changes in margin or profit



Regulatory capital (%)

	Jun-14	Mar-15	Sep-15 est.	Pro forma ⁵
CET1 capital ratio	8.3	8.8	9.4	9.3
Additional Tier 1 capital	1.7	1.5	1.9	1.7
Tier 1 capital ratio	10.0	10.3	11.3	11.0
Tier 2 capital	1.7	1.8	1.9	1.7
Total regulatory capital ratio	11.7	12.1	13.2	12.7
Internationally comparable CET1 capital ratio	11.7	12.2	13.1	14.1

1 Components in the determination of regulatory capital are estimates and may change. Will be finalised in FY15 results on 2 Nov 2015. 2 Dividend reinvestment plan. 3 Capital conservation buffer. 4 The internationally comparable CET1 capital ratio aligns with the APRA study titled "International capital comparison study", of 13 July 2015. For more details on adjustments refer slide 19. 5 On a cash earnings basis. 6 Pro forma reflects the impact of the Entitlement Offer and changes to the calculation of RWA for Australian residential mortgages, if they had been in force on 30 Sep 15.

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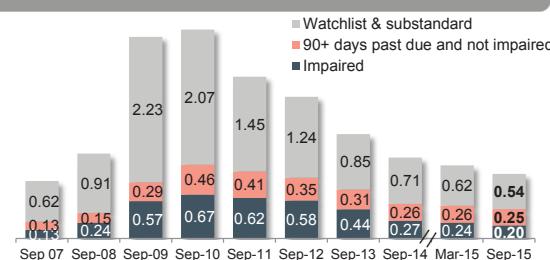


Asset quality improved

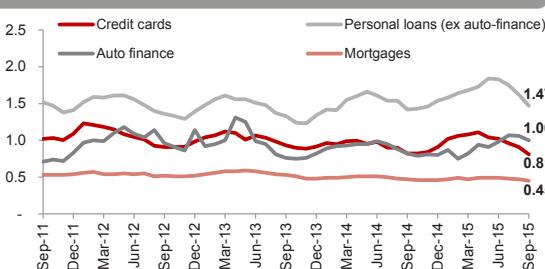
Key asset quality metrics

- Stressed assets down \$1.6bn (15%) to \$9.2bn
- Australian mortgage 90+ days delinquencies down 2bps to 0.45%, with a drop in delinquency rates in NSW partially offset by higher rates in other states, particularly WA and SA
- Australian credit card 90+ days delinquencies down 1bp to 81bps
- Auto finance 90+ days delinquencies are higher
- High quality New Zealand consumer portfolio maintained
 - 90+ days mortgage delinquencies down 7bps to 0.14%
 - 90+ days credit card delinquencies down 18bps to 0.48%
- Strong provisions and coverage. Coverage slightly lower consistent with reduction in stress
- Total economic overlay was little changed over the year

Stressed exposures as a % of TCE



Australian 90+ days delinquencies (%)



Provisions

	Sep-14	Mar-15	Sep-15
Total provisions (\$m)	3,481	3,505	3,332
Collectively assessed provisions to performing non-housing loans	129bps	128bps	123bps
Impairment provisions to impaired assets	45%	48%	46%
Total provisions to gross loans	60bps	58bps	53bps

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4.1 EXTRACT FROM WESTPAC INVESTOR PRESENTATION DATED 14 OCTOBER 2015 (CONTINUED)

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A well diversified portfolio across industries

Exposures at default¹ by sector² (\$bn)

Sector	Exposure (\$bn)
Finance & insurance	~95
Property	~70
Government admin. & defence	~45
Wholesale & retail trade	~35
Manufacturing	~30
Services	~25
Property & business services	~20
Agriculture, forestry & fishing	~20
Transport & storage	~15
Utilities	~15
Mining	~15
Construction	~10
Accommodation, cafes & restaurants	~10
Other	~5

¹ Includes impaired exposures. Estimated September 2015 exposures. ² All residential mortgages are now reported under the retail lending classification to align with our treatment of other consumer portfolios.

³ Finance and insurance includes banks, non-banks, insurance companies and other firms providing services to the finance and insurance sectors. ⁴ Property includes both residential and non-residential property investors and developers, and excludes real estate agents. ⁵ Construction includes building and non-building construction, and industries serving the construction sector.

Mining portfolio

- Westpac's direct exposure to mining (category includes energy and resources sector) 1.5% of TCE at 30 September 2015
- Increase in exposure partly due to reclassification of certain conglomerate customers to mining
- A high quality portfolio
 - Diversified by commodity, customer and region
 - Focused on quality operators with efficient, lower cost operating models
 - Well rated, with <1% of exposures in default
- Underwriting includes sensitivity to movements in commodity prices
- Economic overlay provisions also exist for the sector and were increased over the year

Mining portfolio by sector at 30 September 2015¹ (%)

Sector	Percentage
Oil and gas	48%
Iron ore	14%
Other metal ore	10%
Coal	18%
Mining services	4%
Other	6%

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Strong funding and liquidity position

- Liquidity coverage ratio (LCR) is at least 115% as at 30 September 2015
- Hold \$136bn of unencumbered liquid assets (includes liquids not qualifying for LCR and some liquids subject to haircut when included in LCR) as at 30 September 2015
- Stable funding ratio 83.8%
 - Customer deposits 59.3% of total funding
 - \$31.3bn of term wholesale funding raised in FY15
 - Weighted average term to maturity of 4.9 years¹
 - More than halved the proportion of short term funding since GFC, including offshore

Stable funding ratio (%)

Category	Sep-08	Sep-14	Sep-15
Wholesale Onshore <1yr	16.5	7.1	6.2
Wholesale Offshore <1yr	19.7	9.7	10.0
Wholesale Onshore >1yr	3.8	4.9	4.9
Wholesale Offshore >1yr	10.2	7.1	10.5
Securitisation	4.7	1.7	7.4
Equity	1.3	1.7	1.7
Customer deposits	43.8	60.2	59.3

FY15 new term issuance composition (%)

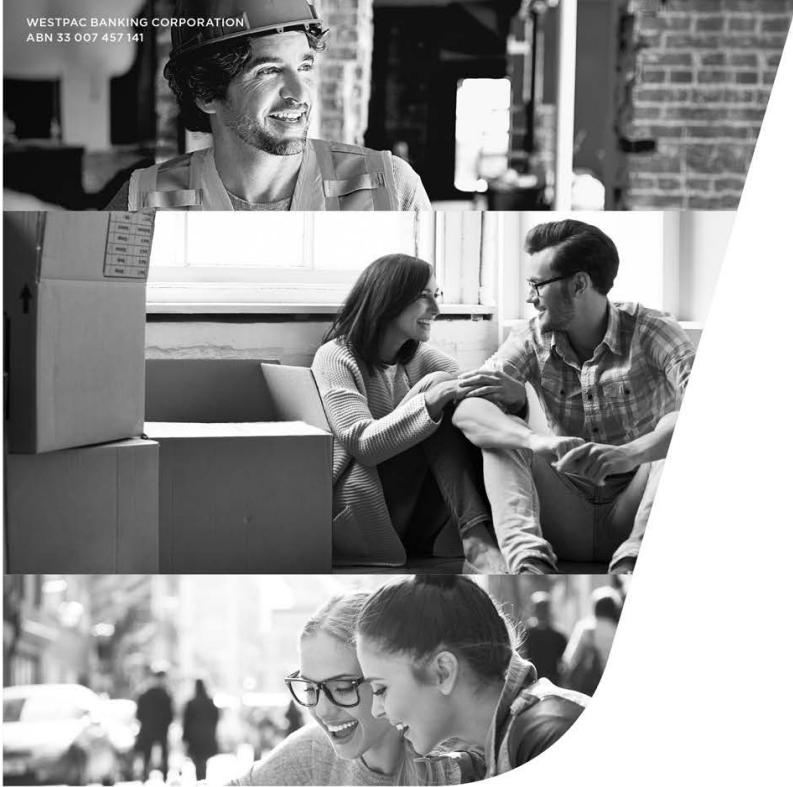
By Product	Value
Senior unsecured	53
RMBS	24
Subordinated debt	14
Covered bond	2
ABS	3
Hybrid	4

By Tenor ^{1,2}	Value
1 year	30
2 years	40
3 years	25
4 years	1
5 years	4
>5 years	0

¹ Excludes RMBS and ABS. ² Contractual maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure. ³ Includes long term wholesale funding with a residual maturity less than 1 year.

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WESTPAC BANKING CORPORATION
ABN 33 007 457 141

Entitlement Offer and
Unaudited Preliminary
Full Year 2015 Result

Other Information

All financial information for Full Year 2015 is on an unaudited preliminary basis (unless otherwise stated)








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The Entitlement Offer¹

Structure	<ul style="list-style-type: none"> • Fully underwritten, pro rata accelerated renounceable entitlement offer (with retail rights trading) • Comprises institutional entitlement offer and Retail Entitlement Offer • Eligible shareholders can purchase 1 New Share for every 23 ordinary shares they hold on the Record date²
Size	<ul style="list-style-type: none"> • To raise approximately \$3.5 billion of capital • Approximately 138.4 million new Westpac ordinary shares (New Shares) to be issued (c.4% of shares on issue)
Offer Price	<ul style="list-style-type: none"> • \$25.50 per New Share, representing <ul style="list-style-type: none"> – 13.1% discount to the final 2015 dividend adjusted TERP^{3,4} of \$29.33 per share; – 13.6% discount to the final 2015 dividend adjusted last closing price^{4,5} of \$29.50 per share
Institutional Offer	<ul style="list-style-type: none"> • Institutional Entitlement Offer 14 – 15 October 2015 • Institutional entitlements not taken up and entitlements of ineligible institutional shareholders will be sold under the institutional shortfall bookbuild on 16 October 2015
Retail Offer	<ul style="list-style-type: none"> • Open to eligible retail shareholders in Australia and New Zealand • Can be taken up between 23 October – 11 November 2015 • Retail entitlements can be traded on ASX from 19 October – 4 November 2015 • Retail entitlements not taken up and entitlements of ineligible retail shareholders will be sold under the retail shortfall bookbuild on or around 16 November 2015
Ranking & Dividend	<ul style="list-style-type: none"> • New Shares will not be entitled to receive the final 2015 dividend but will otherwise rank equally with existing shares
Record Date	<ul style="list-style-type: none"> • 7.00pm (Sydney time) on 19 October 2015

1 Dates and times are indicative only and are subject to change. 2 Fractional entitlements will be rounded up to the nearest whole number of New Shares. 3 TERP is the theoretical price at which Westpac shares should trade immediately after the ex-date for the Entitlement Offer. For further information on TERP refer slide 42. 4 Both the last closing price and TERP are adjusted by subtracting the expected final 2015 dividend of 94 cents per share. 5 As at close on 13 October 2015.

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Westpac GROUP

4.1 EXTRACT FROM WESTPAC INVESTOR PRESENTATION DATED 14 OCTOBER 2015 (CONTINUED)

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Key dates¹

Event	Date
Announcement of the Entitlement Offer	Wednesday, 14 October 2015
Institutional Entitlement Offer	Wednesday - Thursday, 14 -15 October 2015
Institutional shortfall bookbuild	Friday, 16 October 2015
Existing shares recommence trading	Monday, 19 October 2015
Retail entitlements commence trading on ASX on a deferred settlement basis	Monday, 19 October 2015
Record date for the Entitlement Offer (7.00pm, Sydney time)	Monday, 19 October 2015
Retail Entitlement Offer opens	Friday, 23 October 2015
Despatch of Retail Entitlement Offer booklet completed	Monday, 26 October 2015
Retail entitlements commence trading on ASX on a normal settlement basis	Tuesday, 27 October 2015
Settlement of institutional Entitlement Offer	Wednesday, 28 October 2015
Issue of New Shares under the Institutional Entitlement Offer New Shares will trade under a separate ASX code ('WBCN') until the ex-dividend date for the final 2015 dividend	Thursday, 29 October 2015
Westpac's Full Year 2015 final result announced	Monday, 2 November 2015
Retail entitlements trading on ASX ends	Wednesday, 4 November 2015
Retail Entitlement Offer closes (5.00pm, Sydney time)	Wednesday, 11 November 2015
Ex-dividend date for final 2015 dividend for existing ordinary shares	Wednesday, 11 November 2015
Expected retail shortfall bookbuild date	Monday, 16 November 2015
Settlement of the Retail Entitlement Offer	Thursday, 19 November 2015
Issue of New Shares under the Retail Entitlement Offer	Friday, 20 November 2015
New Shares under the Retail Entitlement Offer commence normal settlement trading	Monday, 23 November 2015

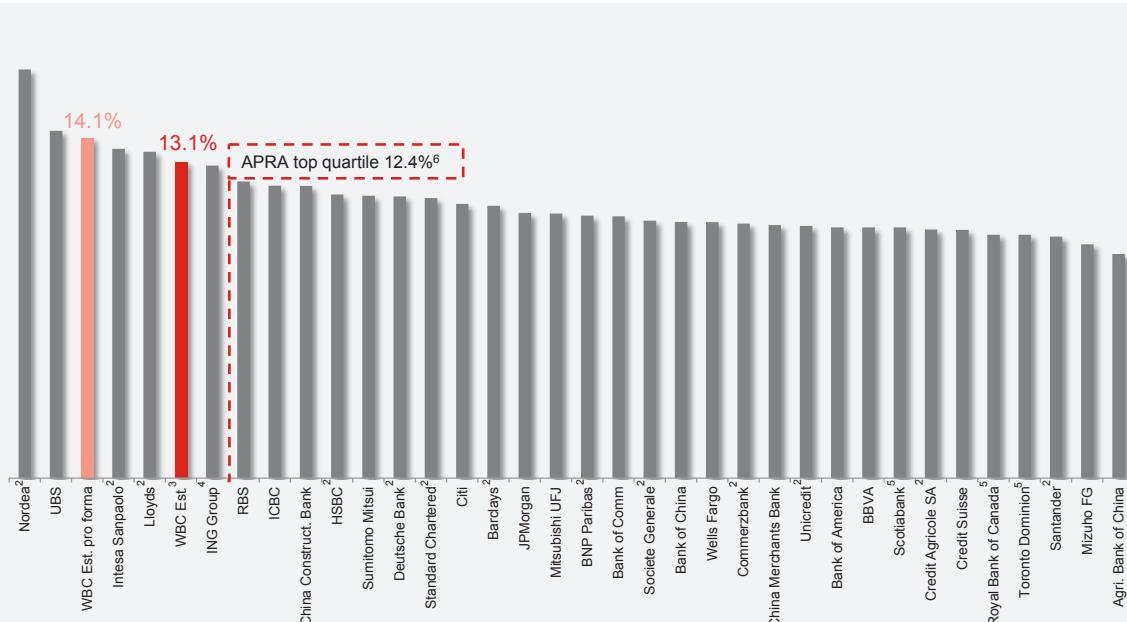
1 The above timetable is indicative only and subject to change. Westpac, in conjunction with the Joint Lead Managers, reserves the right to withdraw the institutional Entitlement Offer and/or Retail Entitlement Offer before their respective settlement dates.

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Basel III CET1 capital ratios global comparison¹



1 Based on CET1 ratios as at 30 June 2015 unless otherwise stated, assuming Basel III capital reforms fully implemented. 2 Deduction for accrued expected future dividends added back for comparability. 3 As at 30 September 2015. 4 Interim profit not included in CET1 capital has been added back. 5 As at 31 July 2015. 6 Figure 2, APRA study titled, "International capital comparison study", dated 13 July 2015.

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Internationally comparable capital ratio

The following table provides details on the differences, as at 30 September 2015, between the APRA Basel III capital requirements and internationally comparable capital ratios¹. It also provides details on the differences from the PricewaterhouseCoopers (PwC) methodology published by the Australian Banking Association in August 2014².

	APRA Study ¹ %	PwC methodology ² %
Westpac's pro forma estimated CET1 capital ratio (APRA basis)³	9.3	9.3
Equity investments	0.6	0.6
Deferred tax assets	0.4	0.4
Interest rate risk in the banking book (IRRBB)	0.1	0.1
Residential mortgages – LGD floor	0.6	0.6
Residential mortgages – correlation factor	1.1	1.1
Other retail standardised exposures	0.0	0.0
Unsecured non-retail exposures	0.5	0.6
Non-retail undrawn commitments	0.4	0.4
Specialised lending	0.5	0.9
Currency conversion threshold	0.2	0.2
Capitalised expenses	0.4	0.4
Standardised mortgages and margin lending exposures	n/a	0.1
Internationally comparable CET1 capital ratio	14.1	14.7

1 Analysis aligns with the APRA study titled "International capital comparison study", dated 13 July 2015. 2 PricewaterhouseCoopers report titled "Australian Bankers Association: International comparability of capital ratios of Australia's major banks", issued in August 2014. 3 Pro forma reflects the impact of the Entitlement Offer and the impact that APRA's changes to the calculation of RWA for Australian residential mortgage would have, if they had been in force on 30 Sep 2015. The pro forma capital ratios do not reflect any impact of DRP on the final 2015 dividend.

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Internationally comparable capital ratio

The APRA Basel III capital requirements are more conservative than those of the Basel Committee on Banking Supervision (BCBS), leading to lower reported capital ratios. In July 2015, APRA published a study that compared the major banks' capital ratios against a set of international peers¹. The following provides details of the adjustments applied to the APRA Basel III capital requirements, which are aligned to this study

Equity investments	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements
Deferred tax assets	Balances below prescribed threshold are risk weighted, compared to a 100% CET1 deduction under APRA's requirements
Interest rate risk in the banking book (IRRBB)	APRA requires capital to be held for IRRBB. The BCBS does not have a Pillar 1 capital requirement for IRRBB
Residential mortgages – LGD floor	Loss given default (LGD) of 15%, compared to the 20% LGD floor under APRA's requirements
Residential mortgages – correlation factor ²	From 1 July 2016, APRA will require banks that use the internal ratings based (IRB) approach to credit risk to use a correlation factor of 25% to determine RWA for their Australian residential mortgages. The BCBS correlation factor is 15%.
Other retail standardised exposures	Risk weighting of 75%, rather than 100% under APRA's requirements
Unsecured non-retail exposures	LGD of 45%, compared to the 60% or higher LGD under APRA's requirements
Non-retail undrawn commitments	Credit conversion factor of 75%, compared to 100% under APRA's requirements
Specialised lending	Use of IRB probabilities of default (PD) and LGDs for income producing real estate and project finance exposures, reduced by application of a scaling factor of 1.06. APRA applies higher risk weights under a supervisory slotting approach, but does not require the application of the scaling factors
Currency conversion threshold	Increase in the A\$ equivalent concessional threshold level for small business retail and small to medium enterprise corporate exposures

1 APRA study titled "International capital comparison study", dated 13 July 2015. 2 This adjustment is also mentioned in a speech by the APRA Chairman "In search of ... unquestionably strong" dated 15 September 2015.

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4.1 EXTRACT FROM WESTPAC INVESTOR PRESENTATION DATED 14 OCTOBER 2015 (CONTINUED)

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WESTPAC BANKING CORPORATION
ABN 33 007 457 141

Entitlement Offer and
Unaudited Preliminary
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Appendices

Westpac **st.george** **bankSA** **Bank of Melbourne** **RAMS** **BT** Financial Group

Appendix 3: Cash earnings policy and adjustments

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Cash earnings policy

- Westpac Group uses a measure of performance referred to as cash earnings to assess financial performance at both a Group and divisional level
- This measure has been used in the Australian banking market for over a decade and management believes it is the most effective way to assess performance for the current period against prior periods and to compare performance across divisions and across peer companies
- To calculate cash earnings, reported net profit is adjusted for
 - Material items that key decision makers at the Westpac Group believe do not reflect ongoing operations (both positive and negative)
 - Items that are not considered when dividends are recommended, such as the amortisation of intangibles, impact of Treasury shares and economic hedging impacts
 - Accounting reclassifications between individual line items that do not impact reported results

Cash earnings

Cash earnings is not a measure of cash flow or net profit determined on a cash accounting basis, as it includes non-cash items reflected in net profit determined in accordance with AAS (Australian Accounting Standards). The specific adjustments outlined include both cash and non-cash items. Cash earnings is reported net profit adjusted for material items to ensure they appropriately reflect profits available to ordinary shareholders. All adjustments shown are after tax.

Reconciliation between reported profit and cash earnings	FY14 \$m	FY15 \$m
Reported net profit	7,561	8,012
Total cash earning adjustments	67	(192)
Cash earnings	7,628	7,820

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Appendix 3: Cash earnings policy and adjustments

Cash earnings adjustment	FY14 \$m	FY15 \$m	Description
Partial sale of BTIM	0	(665)	During Second Half 2015 the Group recognised a significant gain following the partial sale and deconsolidation of the Group's shareholding in BT Investment Management. This gain has been treated as a cash earnings adjustment given its size and that it does not reflect ongoing operations
Capitalised technology cost balances	0	354	Following changes to the Group's technology and digital strategy, rapid changes in technology and evolving regulatory requirements a number of accounting changes have been introduced, including moving to an accelerated amortisation methodology for most existing assets with a useful life of greater than three years,写ting off the capitalised cost of regulatory program assets where the regulatory requirements have changed and directly expensing more project costs. The expense recognised this year to reduce the carrying value of impacted assets has been treated as a cash earnings adjustment given its size and that it does not reflect ongoing operations
Amortisation of intangible assets	147	149	The merger with St.George, the acquisition of JOHCM ¹ and acquisition of Lloyds resulted in the recognition of identifiable intangible assets. The commencement of equity accounting for BTIM also resulted in the recognition of notional identifiable intangible assets within the investments in associates carrying value. The intangible assets recognised relate to core deposits, customer relationships, management contracts and distribution relationships. These intangible items are amortised over their useful lives, ranging between four and twenty years. The amortisation of these intangible assets (excluding capitalised software) is a cash earnings adjustment because it is a non-cash flow item and does not affect cash distributions available to shareholders
Acquisition transaction and integration expenses	51	66	Costs associated with the acquisition of Lloyds have been treated as a cash earnings adjustment as they do not reflect the earnings expected from the acquired businesses following the integration period
Lloyds tax adjustments	0	(64)	Tax adjustments arising from the acquisition of Lloyds have been treated as a cash earnings adjustment as they are not reflective of ongoing operations
Fair value (gain)/loss on economic hedges	(105)	(33)	Unrealised profit/losses on economic hedges: FX hedges on future NZ earnings, FX hedges on fees payable on Government-guaranteed debt, accrual accounted term funding transactions and credit spread movements on certain long term debt issuances are reversed as they may create a material timing difference on reported earnings in the current period, which does not affect cash earnings over the life of the hedge
Ineffective hedges	46	1	The (gain)/loss on ineffective hedges is reversed in deriving cash earnings for the period because the gain or loss arising from the fair value movement in these hedges reverses over time and does not affect the Group's profits over time
Treasury shares	7	1	Under AAS, Westpac shares held by the Group in the managed funds and life businesses are deemed to be Treasury shares and the results of holding these shares are not permitted to be recognised as income in the reported results. In deriving cash earnings, these results are included to ensure there is no asymmetrical impact on the Group's profits because the Treasury shares support policyholder liabilities and equity derivative transactions which are re-valued in determining income
Buyback of government guaranteed debt	(42)	(1)	The Group has bought back certain Government guaranteed debt issues which reduced the Government guarantee fees (70bps) paid. In undertaking the buybacks, a cost was incurred reflecting the difference between current interest rates and the rate at which the debt was initially issued. In the reported result, the cost incurred was recognised at the time of the buyback. In cash earnings, the cost incurred was being amortised over the original term of the debt that was bought back, consistent with a 70bp saving being effectively spread over the remaining life of the issue. The cash earnings adjustment gives effect to the timing difference between reported results and cash earnings
Fair value amortisation of financial instruments	17	0	The unwinding of the merger accounting adjustments associated with the fair valuing of St.George retail bank loans, deposits, wholesale funding and associated hedges. Given these are not considered in determining dividends they are treated as cash earnings adjustments
Bell Litigation provision	(54)	0	During 2012, the Group recognised additional provisions in respect of the long running Bell litigation. This was treated as a cash earnings adjustment at the time due to its size, historical nature and because it did not reflect ongoing operations. In 2014 the Bell litigation has been settled and the release of provisions no longer required has also been treated as a cash earnings adjustment
Westpac Bicentennial Foundation grant	70	0	During 2014, the Group provided a grant to establish the Westpac Bicentennial Foundation. The grant has been treated as a cash earnings adjustment due to its size and because it does not reflect ongoing operations
Prior period tax provisions	(70)	0	During 2011, the Group raised provisions in respect of certain tax positions for transactions previously undertaken by the Group. A number of these matters have now been resolved, resulting in a release of the provisions which are no longer required. As the provisions raised were treated as a cash earnings adjustment, the release has been treated in a consistent manner
Total	67	(192)	

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Appendix 4: Definitions

Entitlement Offer

TERP
Theoretical Ex-Rights Price (TERP) is the theoretical price at which Westpac shares should trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Westpac shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Westpac's closing price on 13 October 2015.
TERP is \$29.33 and is adjusted by subtracting the expected final 2015 dividend of 94 cents per share

Financial performance

Cash earnings
Is a measure of the level of profit that is generated by ongoing operations and is therefore available for distribution to shareholders. Three categories of adjustments are made to reported results to determine cash earnings: material items that key decision makers at Westpac believe do not reflect ongoing operations; items that are not considered when dividends are recommended; and accounting reclassifications that do not impact reported results. For details of these adjustments refer to slide 41

Core earnings Net operating income less operating expenses

AIEA Average interest-earning assets

Net interest margin Net interest income divided by average interest-earning assets

NCI Non-controlling interests

Capital and liquidity

Risk Weighted Assets or RWA
Assets (both on and off-balance sheet) are risk weighted according to each asset's inherent potential for default and what the likely losses would be in case of default. In the case of non asset based risks (ie market and operational risk), RWA is determined by multiplying the capital requirements for those risks by 12.5

Capital ratios As defined by APRA (unless stated otherwise)

Pro forma capital ratios
For the purpose of this document pro forma capital ratios reflect the impact of the Entitlement Offer and the impact that changes to the calculation of RWA for Australian residential mortgages would have if they had been implemented for 30 September 2015. APRA's change to mortgage RWA are not due to come into force until 1 July 2016

Internationally comparable
Internationally comparable regulatory capital ratios are Westpac's estimated ratios after adjusting the capital ratios determined under APRA Basel III regulations for various items as identified in slide 19. Analysis aligns with the APRA study titled "International capital comparison study" dated 13 July 2015

Liquidity coverage ratio (LCR)
The level of high quality liquid assets (as defined by APRA) over total cash outflows in a 30-day defined stressed scenario.

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4.1 EXTRACT FROM WESTPAC INVESTOR PRESENTATION DATED 14 OCTOBER 2015 (CONTINUED)

Appendix 4: Definitions (continued)

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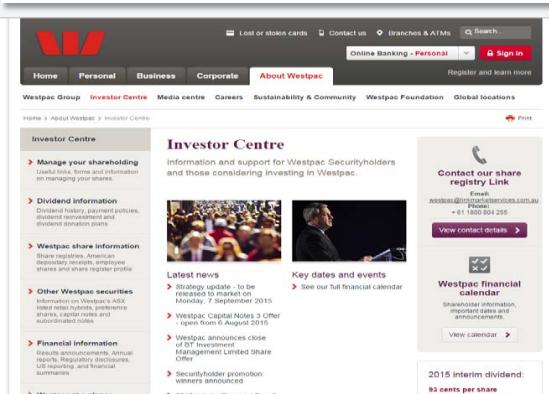
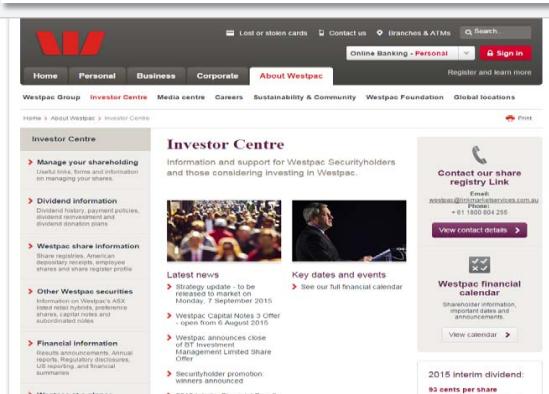
Westpac's business units		Asset quality
Westpac RBB or WRBB	Westpac Retail & Business Banking is responsible for sales and service to consumer, SME, commercial and agribusiness customers (with turnover of up to \$100 million) in Australia under the Westpac brand	TCE Total committed exposures
St.George Banking Group or St.George or SGB	St.George Banking Group provides sales and service to consumer, SME and corporate customers (businesses with facilities typically up to \$150 million) in Australia under the St.George, BankSA, Bank of Melbourne and RAMS brands	Stressed loans Stressed loans are the total of watchlist and substandard, 90 days past due well secured and impaired assets
BTFG	BT Financial Group (Australia) is the Group's wealth management business, including operations under the Advance Asset Management, Ascalon, Asgard, Licensee Select, and Securitor brands. Also included are the advice, private banking, and insurance operations of Bank of Melbourne, BankSA, St.George and Westpac. BTFG designs, manufactures and distributes financial products that are designed to help customers achieve their financial goals by administering, managing and protecting their assets	Impaired assets Impaired assets can be classified as <ol style="list-style-type: none"> 1. Non-accrual assets: Exposures with individually assessed impairment provisions held against them, excluding restructured loans 2. Restructured assets: exposures where the original contractual terms have been formally modified to provide concessions of interest or principal for reasons related to the financial difficulties of the customer 3. 90 days past due (and not well secured): exposures where contractual payments are 90 days or more in arrears and not well secured 4. other assets acquired through security enforcement 5. any other assets where the full collection of interest and principal is in doubt
WIB	Westpac Institutional Bank provides a broad range of financial services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand. Operates in Australia, New Zealand, UK, US and Asia	90 days past due and not impaired A loan facility where payments of interest and/or principal are 90 or more calendar days past due and the value of the security is sufficient to cover the repayment of all principal and interest amounts due, and interest is being taken to profit on an accrual basis
Westpac NZ	Westpac New Zealand provides a full range of retail and commercial banking and wealth management and insurance products and services to consumer, business, and institutional customers throughout New Zealand. New Zealand operates under the Westpac New Zealand, Westpac Institutional Bank, Westpac Life and BT brands in NZ	Watchlist and substandard Loan facilities where customers are experiencing operating weakness and financial difficulty but are not expected to incur loss of interest or principal
Westpac Pacific	Westpac Pacific provides banking services for retail and business in Fiji, Papua New Guinea, Vanuatu and Solomon Islands	Individually assessed provisions or IAPs Provisions raised for losses that have already been incurred on loans that are known to be impaired and are individually significant. The estimated losses on these impaired loans is based on expected future cash flows discounted to their present value and as this discount unwinds, interest will be recognised in the statement of financial performance
Group Businesses or GBU	Group Businesses provides centralised Group functions, including Treasury and Finance	Collectively assessed provisions or CAPs Loans not found to be individually impaired or significant will be collectively assessed in pools of similar assets with similar risk characteristics. The size of the provision is an estimate of the losses already incurred and will be estimated on the basis of historical loss experience of assets with credit characteristics similar to those in the collective pool. The historical loss experience will be adjusted based on current observable data

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Key contacts

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4.2 OFFER LAUNCH ANNOUNCEMENT DATED 14 OCTOBER 2015



EST. 1817

ASX ANNOUNCEMENT

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14 October 2015

Westpac announces a \$3.5 billion Share Entitlement Offer and Preliminary Full Year 2015 Result

Westpac Banking Corporation ("Westpac") today announced it was undertaking a fully underwritten, pro rata accelerated renounceable entitlement offer ("Entitlement Offer") to raise approximately \$3.5 billion of ordinary equity. The price of the offer has been set at \$25.50 which is a discount of 13.1% on the dividend adjusted Theoretical Ex-Rights Price ("TERP")^{1,2}. Compared to the 13 October 2015 dividend adjusted closing price of \$29.50, the discount is 13.6%².

Westpac's shares have been placed in a trading halt to enable the institutional component of the Entitlement Offer to be completed, with trading expected to recommence on 19 October 2015.

The equity raised will add approximately 100 basis points to Westpac's Common equity tier 1 ("CET1") capital ratio and places Westpac's CET1 capital ratio within the top quartile of banks globally, with a CET1 capital ratio of over 14% on an internationally comparable basis³.

Capital raised responds to changes in mortgage risk weights that will increase the amount of capital required to be held against mortgages by more than 50%, with the increased regulatory requirement to be applied from 1 July 2016. As a result, Westpac has also announced an increase in its variable home loan (owner occupied) and residential investment property loan rates by 20 basis points. The new rates take effect from 20 November 2015.

Preliminary Full Year 2015 Result Highlights⁴

To support the offer, Westpac also announced its unaudited preliminary Full Year 2015 Result. Highlights of the unaudited preliminary result for Full Year 2015 compared to Full Year 2014 include:

- Statutory net profit of \$8,012 million, up 6%
- Cash earnings⁵ of \$7,820 million, up 3%
- Cash earnings per share of 249.5 cents, up 2%
- Cash return on equity of 15.8%, down 57 basis points

Westpac also expects to determine a 2015 final, fully franked dividend of 94 cents per share, up 2 cents on the 2014 Final Dividend. New shares issued under the Entitlement Offer are not entitled to the 2015 Final Dividend. The Dividend Reinvestment Plan ("DRP") will continue to operate for the 2015 Final Dividend, with shares issued at no discount. The DRP will not be underwritten.

Westpac Chief Executive Officer, Brian Hartzer, said the result was driven by a solid operating performance, supported by strong gains in customer numbers.

¹ TERP is the theoretical price at which Westpac shares should trade immediately after the ex-date for the Entitlement Offer. TERP is calculated by reference to Westpac's closing price on 13 October 2015.

² TERP and the last closing price is adjusted by subtracting the expected 2015 Final Dividend of 94 cents per share.

³ The basis of the internationally comparable CET1 capital ratio aligns with the APRA study titled "International capital comparison study" dated 13 July 2015.

⁴ All results relating to Full Year 2015 are on an unaudited preliminary basis. Components in the determination of regulatory capital are estimates and may change. These will be finalised in Westpac's Full Year 2015 results on 2 November 2015.

⁵ For an explanation of cash earnings and reconciliation to statutory net profit refer to slide 8 of the Entitlement Offer and Unaudited Preliminary Full Year 2015 Result Presentation.

WESTPAC BANKING CORPORATION ABN 33 007 457 141



4.2 OFFER LAUNCH ANNOUNCEMENT DATED 14 OCTOBER 2015 (CONTINUED)



EST. 1817

Australian banking, including Westpac and St.George, increased cash earnings by 8%.

The New Zealand division reported a 6% increase in cash earnings (in NZ\$).

BT Financial Group's cash earnings were flat, with good operating performance offset by higher insurance claims, the partial sale of BT Investment Management (BTIM), and lower performance fees.

Westpac Institutional Bank's cash earnings were 12% lower, reflecting the \$122 million impact of a change in the methodology for calculating derivative valuation adjustments booked in the First Half of 2015, lower margins, and a reduction in provision write-backs.

Lending for the Group was up 7% and customer deposits rose 4%, with the result also supported by good margin management. Net interest margin of 2.08% was unchanged over the year.

Non-interest income was little changed over the year, with growth in FUM, FUA and insurance premiums offset by lower trading income, mostly due to a change in accounting for derivative valuation adjustments of \$122 million, higher insurance claims from severe weather events, the partial sale of shares in BTIM, and lower performance fees.

Expenses increased 5% over the year. The Group's expense to income ratio was 42.0%.

Asset quality continues to be a strength, with stressed assets declining and Australian mortgage 90+ day delinquencies remaining at the low levels of 0.45%.

Westpac is scheduled to announce its Full Year 2015 Result on 2 November 2015.

Details of the Entitlement Offer

Westpac will offer entitlements to purchase Westpac ordinary shares to all eligible shareholders.

The record date for the entitlements is 19 October 2015.

The entitlements can be exercised to buy 1 new share for every 23 Westpac ordinary shares held, at an Offer Price of \$25.50 per new share.

The Entitlement Offer comprises:

- **An Institutional Entitlement Offer:** Eligible institutional shareholders will be invited to purchase a pro rata number of new shares. Institutional entitlements not exercised, along with entitlements of ineligible institutional shareholders, will be sold under the institutional shortfall bookbuild to be conducted on 16 October 2015 and the proceeds, if any, will be paid to relevant shareholders.
- **A Retail Entitlement Offer:** Eligible retail shareholders will be invited to purchase a pro rata number of new shares. Eligible retail shareholders may also sell their entitlements on the ASX, with trading to commence on 19 October 2015 and conclude on 4 November 2015. Entitlements not taken up, along with entitlements of ineligible retail shareholders, will be sold under the retail shortfall bookbuild to be conducted on or about 16 November 2015 and the proceeds, if any, will be paid to relevant shareholders.

Retail shareholders will be notified by either email or by a postcard of the Retail Entitlement Offer. In addition, eligible retail shareholders will receive a detailed information booklet and a personalised entitlement and acceptance form. The booklet and any other relevant information related to the Entitlement Offer (including this release and a presentation) will be available on the Offer Website which can be accessed via www.westpac.com.au/investorcentre.



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Westpac ADR Holders

Holders of Westpac American Depository Receipts ("ADRs") are not eligible to participate in the Entitlement Offer, but may be entitled to a cash distribution from the sale of the entitlements relating to the ordinary shares underlying the ADRs. Westpac expects that the ADR depositary will notify holders of the record date for any such distribution in due course. The ADR program will be closed to issuance and deposits, until such record date.

Key Dates

Trading halt and Announcement of the Entitlement Offer	14 October 2015
Institutional Entitlement Offer	14 - 15 October 2015
Institutional Shortfall Bookbuild	16 October 2015
Existing shares recommence trading on ASX	19 October 2015
Retail Entitlements commence trading on ASX on deferred settlement basis	19 October 2015
Record Date for the Entitlement Offer (7.00pm, Sydney time)	19 October 2015
Retail Entitlement Offer opens	23 October 2015
Retail Entitlement Offer Booklet despatched and Retail Entitlements allotted	26 October 2015
Retail Entitlements commence trading on ASX on normal settlement basis	27 October 2015
Settlement of the Institutional Entitlement Offer	28 October 2015
Issue and quotation of New Shares under the Institutional Entitlement Offer New Shares will trade under a separate ASX code ('WBCN') until the ex-dividend date for the 2015 Final Dividend	29 October 2015
Retail Entitlements trading on ASX ends	4 November 2015
Retail Entitlement Offer closes (5.00pm, Sydney time)	11 November 2015
Ex-dividend date for 2015 Final Dividend	11 November 2015
Expected Retail Shortfall Bookbuild date	16 November 2015
Settlement of the Retail Entitlement Offer	19 November 2015
Issue of New Shares under the Retail Entitlement Offer	20 November 2015
New Shares under the Retail Entitlement Offer commence trading on ASX and NZX on a normal settlement basis	23 November 2015
Despatch of Holding Statements for New Shares under the Retail Entitlement Offer and payment of Retail Sale Proceeds (if any)	24 November 2015

These dates are indicative only and may change without notice.

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This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to persons acting for the account or benefit of persons in the United States. Neither the entitlements nor the new shares have been, or will be, registered under the U.S. Securities Act of 1933 (the "Securities Act"), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements and the new shares may not be offered or sold to persons in the United States or to persons who are acting for the account or benefit of persons in the United States, unless they have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

4.2 OFFER LAUNCH ANNOUNCEMENT DATED 14 OCTOBER 2015 (CONTINUED)



EST. 1817

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5

TAXATION CONSIDERATIONS

This Section sets out:

- 5.1 Summary of Australian tax consequences for Shareholders
- 5.2 Summary of New Zealand tax consequences for Shareholders

5.1 SUMMARY OF AUSTRALIAN TAX CONSEQUENCES FOR SHAREHOLDERS

(a) Introduction

The following is a summary of the Australian tax consequences for certain Australian resident and non-Australian resident Shareholders in relation to the Retail Entitlement Offer.

This summary does not address all tax consequences of participating in the Retail Entitlement Offer and, in particular, does not consider the consequences for Shareholders who:

- hold existing Ordinary Shares, New Shares or Entitlements in the course of a business of trading or investing in securities, such as share traders, investment companies, banks or insurance companies, or who otherwise hold their existing Ordinary Shares, New Shares or Entitlements on revenue account or as trading stock;
- are subject to the 'taxation of financial arrangements' rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to their holding of New Shares or Entitlements;
- acquired their existing Ordinary Shares in respect of which the Entitlements are issued under an employee share scheme;
- acquire Entitlements otherwise than under the Retail Entitlement Offer (e.g. where Entitlements are acquired on ASX or from a sale or transfer to a third person); and/or
- in relation to a non-Australian resident Shareholder, hold their existing Ordinary Shares, New Shares or Entitlements through a permanent establishment in Australia.

The actual tax consequences of your participation in the Retail Entitlement Offer may differ depending upon your individual circumstances. **You should consult your own professional tax adviser regarding the consequences of your participation in the Retail Entitlement Offer in light of your particular circumstances.**

This summary is based on Australian tax laws and regulations and the current administrative practice of the Australian Taxation Office (**ATO**) as at the date of this Booklet.

(b) Income tax consequences of Entitlements

(i) Australian resident Shareholders

(A) Issue of Entitlements

The issue of Entitlements should not in itself, result in any amount being included in a Shareholder's assessable income. (The effect in Australia of the High Court decision in *Commissioner of Taxation v McNeil* was reversed by a later statutory amendment).

(B) Take up of Entitlements

Taking up Entitlements should not in itself, result in any amount being included in a Shareholder's assessable income.

The amount paid to take up Entitlements (i.e. the Offer Price) will form part of the cost base of the New Shares acquired through the take up of Entitlements.

(C) Sale on ASX, or transfer, of Entitlements

Entitlements may be sold on ASX, or through a sale or transfer to a third person. Any gains on disposal should be taxable under the capital gains tax (**CGT**) provisions.

Shareholders will have no cost base for their Entitlements. Therefore, any capital gains made by Shareholders on disposal will be equal to the sale price (or deemed market value capital proceeds if Entitlements are transferred in a dealing which is not considered at arm's length, for other than market value consideration) less certain incidental costs of disposal.

Any capital gain made by a Shareholder will be aggregated with other capital gains and capital losses of the Shareholder in the relevant income year to determine whether the Shareholder has a net capital gain or net capital loss. A net capital gain, if any, will be included in the Shareholder's assessable income and subject to income tax, although the 'CGT Discount' may be available to reduce the taxable gain for the Shareholder, as described below. A net capital loss may not be deducted against other assessable income, but may be carried forward to be offset against net capital gains realised in later income years.

SECTION 5

TAXATION CONSIDERATIONS

Shareholders will be treated as having acquired their Entitlements on the same date they acquired the existing Ordinary Shares which gave rise to the Entitlements. This means that, if a Shareholder is an individual, complying superannuation entity or a trust, and held their existing Ordinary Shares for 12 months or more before the disposal of their Entitlements, the Shareholder should be entitled to a 'CGT Discount' for any capital gain made on the disposal of their Entitlements.

The CGT Discount provisions may entitle Shareholders to reduce their capital gain on the disposal of their Entitlements (after deducting available capital losses) by half, in the case of individuals and trusts, or by one-third, in the case of complying superannuation entities. Trustees should seek specific advice regarding the tax consequences of making distributions attributable to discounted capital gains.

The 'CGT Discount' is not available to companies, nor can it apply to Entitlements disposed of by Shareholders under an agreement entered into within 12 months of the deemed acquisition of the Entitlements by those Shareholders. Shareholders should seek independent advice to determine if their Entitlements have been held for the requisite period.

(D) Sale of Entitlements through Retail Shortfall Bookbuild

Shareholders who do not take up, sell or transfer their Entitlements will have their Entitlements sold on their behalf in the Retail Shortfall Bookbuild and any Retail Sale Proceeds will be paid to them.

Any gain or loss realised on disposal should be taxable under the CGT provisions in the manner set out in Section 5.1(b)(i)(C). However, in January 2012, the Commissioner of Taxation (the *Commissioner*) issued taxation ruling TR 2012/1 where he ruled that a 'retail premium' payable in respect of a lapsed share right in certain circumstances would be assessable either as an unfranked dividend or ordinary income (rather than as a capital gain that is assessable under the CGT rules). However, TR 2012/1 acknowledges that it does not apply to entitlements which are assignable by, tradeable by, or given to a nominee for disposal on behalf of, Shareholders entitled to them.

Having regard to the facts that the Entitlements are tradeable on ASX and Entitlements which are

not taken up by Eligible Retail Shareholders will be sold on their behalf in the Retail Shortfall Bookbuild, TR 2012/1 should not apply to Entitlements and Eligible Retail Shareholders whose Entitlements are sold on their behalf in the Retail Shortfall Bookbuild should derive a capital gain that should be taxable under the CGT provisions as set out in Section 5.1(b)(i)(C).

The Commissioner has not issued any public ruling or guidance on the tax treatment of amounts received in the particular circumstances of the Retail Shortfall Bookbuild. Shareholders should be aware that the Commissioner may seek to treat an amount received through the Retail Shortfall Bookbuild as assessable either as an unfranked dividend or as ordinary income and not as a capital gain (i.e. to apply the tax treatment set out in TR 2012/1 to Entitlements sold in the Retail Shortfall Bookbuild). In light of this uncertainty, Shareholders should seek their own professional tax advice about the tax consequences of participating in the Retail Shortfall Bookbuild.

(ii) Non-Australian resident Shareholders

Any capital gain made by a non-Australian resident Shareholder from the disposal of their Entitlements should generally not be taxable on the basis that Entitlements are not likely to be 'taxable Australian property' at the time of sale, unless the Entitlements were used by the non-resident in carrying on business through a permanent establishment in Australia.

Any non-Australian resident Shareholders who held their Entitlements in the course of carrying on a business through a permanent establishment in Australia should obtain specific advice in respect of the potential consequences of a disposal of their Entitlements in their particular circumstances.

As noted above, the Commissioner has ruled in TR 2012/1 that in certain situations amounts received by Shareholders under a 'retail bookbuild' should be treated as unfranked dividends rather than as capital gains that are assessable under the CGT rules. If the Commissioner were to treat amounts received by Shareholders through the Retail Shortfall Bookbuild as unfranked dividends (by applying the reasoning in TR 2012/1), then dividend withholding tax would be payable on those amounts at the rate of 30% (unless reduced under a relevant double tax treaty). However, for the reasons discussed above, TR 2012/1 should not apply

to Entitlements and amounts received through the Retail Shortfall Bookbuild should be treated as giving rise to a non-taxable capital gain (rather than a dividend).

(c) Income tax consequences of New Shares

As New Shares are Ordinary Shares, the income tax consequences of holding New Shares (on the receipt of dividends and on disposal) will be the same as for holding existing Ordinary Shares.

(i) Australian resident Shareholders

(A) Dividends on New Shares

Dividends on New Shares will generally be frankable.

Shareholders will be required to include the amounts of any dividends in their assessable income.

Any franking credits attached to those dividends should also be included in Shareholders' assessable income and tax offsets should generally be available, equal to the amounts of the franking credits, subject to the requirements that the New Shares be held 'at risk' for the requisite periods (see below regarding the 'holding period rule').

Where Shareholders who are individuals or complying superannuation entities are entitled to tax offsets, those offsets will either reduce any tax payable by the Shareholders, or give rise to tax refunds to the extent that the tax offsets exceed the tax that is otherwise payable by the Shareholders.

To the extent that any dividends are unfranked, those unfranked amounts will also be included in Shareholders' assessable income, without any tax offsets.

Shareholders that are companies are not entitled to refunds of excess tax offsets, but will be entitled to a credit in their franking account equal to the amount of the franking credits attached to a dividend, subject to the qualification mentioned above and discussed further below.

'Holding period rule'

A Shareholder will not be entitled to tax offsets in respect of franking credits on a franked dividend unless the Shareholder is a 'qualified person' in relation to the dividend.

To be a 'qualified person' in relation to a dividend, a Shareholder must have held their New Shares 'at risk' for a continuous period of at least 45 days (excluding the days of acquisition and disposal) during:

- the 'primary qualification period', which is the period beginning on the day after the day on which the New Shares are acquired by a Shareholder and ending on the 45th day after the day that the New Shares became ex-dividend; or
- if a Shareholder, or an associate, is under an obligation to make 'related payments' (which have the effect of passing on the benefit of the dividend to other entities) in respect of the dividend, the 'secondary qualification period', which is the period beginning on the 45th day before, and ending on the 45th day after, the day that the New Shares became ex-dividend.

To be held 'at risk', the Shareholder must effectively retain 30% or more of the risks and benefits associated with holding the New Shares. Whether or not the New Shares are held 'at risk' by a Shareholder during the relevant periods will depend upon whether the Shareholder has financial positions or undertakes risk management strategies (e.g. using limited recourse loans, options or forward sale contracts) in relation to the New Shares. On the basis that Shareholders will continue to hold the New Shares for at least the 'primary qualification period', will not have any financial positions or enter into any relevant risk management strategies in relation to the New Shares, and will not be under an obligation to make 'related payments' to other entities, Shareholders should be 'qualified persons' in relation to dividends on the New Shares.

A Shareholder who is an individual and who will not claim tax offsets in any one year in excess of \$5,000, will automatically be taken to be a 'qualified person' in relation to all dividends that they receive (provided that they are not under an obligation to make a 'related payment' as described above).

The application of the franking rules to Shareholders will depend upon the particular circumstances of each Shareholder. Accordingly, each Shareholder should seek independent advice as to whether they will be treated as a 'qualified person' in relation to dividends received on the New Shares.

SECTION 5

TAXATION CONSIDERATIONS

(B) Disposal of New Shares

Any gain or loss realised on disposal of New Shares should be taxable under the CGT provisions.

A disposal of a New Share will be a CGT event. Shareholders may make a capital gain or a capital loss, depending upon whether their capital proceeds from the disposal are more than the cost base of their New Shares, or whether the capital proceeds are less than the reduced cost base of their New Shares (which is the same as the cost base, subject to certain adjustments in certain circumstances), respectively.

The first element of the cost base for New Shares will be the amount paid for them (i.e. the Offer Price). Other amounts associated with the acquisition or disposal of the New Shares, such as broker fees, may be added to the cost base.

The New Shares will be taken to have been acquired by a Shareholder at the date of settlement of the Retail Entitlement Offer, including for the purpose of calculating the 12 month ownership period required for the 'CGT discount' (see Section 5.1(b)(i)(C) above).

(ii) Non-Australian resident Shareholders

To the extent that dividends paid to non-Australian resident Shareholders, who do not hold their New Shares through a permanent establishment in Australia, are franked, those dividends will not be subject to Australian dividend withholding tax.

Where dividends are not fully franked, the unfranked portion will be subject to dividend withholding tax at the rate of 30%. This rate may be reduced if the non-Australian resident is resident in a country that has a double tax treaty with Australia.

In relation to the tax consequences on disposal of New Shares, non-Australian resident Shareholders who have not held their New Shares in carrying on a business through a permanent establishment in Australia should generally not be taxable on any gain realised on disposal of their New Shares (as the New Shares should generally not be 'taxable Australian property').

(d) Provision of TFN and/or ABN

Westpac is required to deduct withholding tax from payments of dividends that are not 100% franked, at the rate specified in the *Taxation Administration Regulations*

1976 (currently 49%), and remit such amounts to the ATO, unless a TFN or an ABN has been quoted by the Shareholder, or a relevant exemption applies (and has been notified to Westpac). You are able to provide your TFN, ABN or relevant exemption online with Westpac's Registrar at www.linkmarketservices.com.au. When providing your details online, you will be required to enter your SRN/HIN as shown on your Issuer Sponsored/CHESS statements and other personal details such as your postcode.

(e) GST

No GST should be payable by a Shareholder on the issue, receipt, taking up, sale, transfer or disposal of Entitlements or New Shares, other than in respect of brokerage or similar fees. No GST should be payable on the payment of dividends by Westpac.

(f) Stamp duty

No stamp duty should be payable by a Shareholder on the issue, receipt, taking up, sale, transfer or disposal of Entitlements or New Shares.

5.2 SUMMARY OF NEW ZEALAND TAX CONSEQUENCES FOR SHAREHOLDERS

(a) Introduction

The following is a summary of the New Zealand tax consequences for New Zealand resident Shareholders in relation to the Retail Entitlement Offer.

This summary is not exhaustive and you should seek advice from your tax adviser or other professional adviser before participating in the Retail Entitlement Offer. This summary does not consider the consequences for Shareholders who:

- acquire New Shares or Entitlements otherwise than under the Retail Entitlement Offer; and/or
- hold New Shares or Entitlements in the course of a business of share trading or otherwise dealing in securities, have acquired their existing Ordinary Shares for the purpose of sale or disposal, or otherwise hold their existing Ordinary Shares, New Shares or Entitlements on revenue account or as trading stock.

This summary is not intended to be, nor should it be construed as being, investment, legal or tax advice to any particular Shareholder.

This summary is based on New Zealand tax laws and regulations, interpretations of such laws and regulations, and administrative practice as at the date of this Booklet.

(b) Income tax consequences of Entitlements

The acquisition of Entitlements does not constitute a dividend for New Zealand income tax purposes due to an express exclusion contained in the *Income Tax Act 2007* (NZ).

The acquisition of Entitlements should not otherwise be treated as income for New Zealand tax purposes as the acquisition of Entitlements should be characterised as flowing from the capital rights of the Ordinary Shares held at the Record Date and should therefore be on capital account for New Zealand income tax purposes. There is a risk that the acquisition of Entitlements could be taxable income in New Zealand as income under ordinary concepts as a result of the decision of the High Court of Australia in *Commissioner of Taxation v McNeil*. Although decisions of the Australian High Court are not binding on New Zealand courts, they can be influential in New Zealand.

(i) Take up of Entitlements

No tax liability should arise for Eligible Retail Shareholders in relation to the taking up of Entitlements.

(ii) Sale of Entitlements on ASX, transfer of Entitlements, or sale through Retail Shortfall Bookbuild

No tax liability should arise for Eligible Retail Shareholders on any sale of Entitlements, whether that sale occurs on ASX, otherwise than on ASX, or in the Retail Shortfall Bookbuild.

(c) Income tax consequences of New Shares

As New Shares are Ordinary Shares, the New Zealand income tax consequences of holding New Shares (on receipt of dividends and on disposal) will be the same as for holding existing Ordinary Shares.

(d) GST and stamp duty

GST and stamp duty are not payable in New Zealand on the issue, receipt, take up, sale, transfer or disposal of New Shares or Entitlements.

6

IMPORTANT INFORMATION

This Section sets out:

- 6.1 Issue, quotation and trading of New Shares
- 6.2 Liability for trading Entitlements or New Shares
- 6.3 Eligible Retail Shareholders
- 6.4 Retail Shortfall Bookbuild
- 6.5 Reconciliation and the rights of Westpac and the Underwriters
- 6.6 Receipt of excess Retail Sale Proceeds
- 6.7 Notice to nominees and custodians
- 6.8 Stamping fees and other broker fees
- 6.9 Information availability
- 6.10 Foreign jurisdictions
- 6.11 Underwriting of the Entitlement Offer
- 6.12 Sale of Entitlements
- 6.13 2015 Final Dividend
- 6.14 Participation of Directors
- 6.15 ASIC modifications and ASX waivers
- 6.16 Representations by acceptance
- 6.17 Representations by acquirers of Retail Entitlements
- 6.18 Privacy
- 6.19 Governing law
- 6.20 Withdrawal of Entitlement Offer

6.1 ISSUE, QUOTATION AND TRADING OF NEW SHARES

Westpac has applied to ASX for official quotation of the New Shares in accordance with the ASX Listing Rules. A separate application for quotation to NZX is not required by the NZX Listing Rules and will not be made. If ASX does not grant quotation of the New Shares, Westpac will repay all Application Payments (without interest).

New Shares issued under the Retail Entitlement Offer will be quoted on ASX and NZX under the same code as Ordinary Shares, which is code 'WBC'.

It is expected that trading on ASX and NZX of New Shares to be issued under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on Thursday, 5 November 2015 on a deferred settlement basis until 4.00pm (Sydney time) on Friday, 20 November 2015 (the date New Shares are expected to be issued). Subject to approval being granted, it is expected that normal trading of New Shares issued under the Retail Entitlement Offer will commence at 10.00am (Sydney time) on Monday, 23 November 2015.

Westpac has applied for New Shares to participate in CHESS and, if accepted, no certificates will be issued. Instead, a Holding Statement will be mailed to Shareholders.

6.2 LIABILITY FOR TRADING ENTITLEMENTS OR NEW SHARES

Westpac and the Joint Lead Managers will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade Entitlements before they receive their personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by Westpac or the Registrar or otherwise, or who otherwise trade or purport to trade Entitlements in error or which they do not hold or are not entitled to.

Westpac and the Joint Lead Managers will have no responsibility and disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their Holding Statements, whether on the basis of confirmation of the allocation provided by Westpac or the Registrar or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt as to these matters, you should first consult with your financial adviser or other professional adviser.

6.3 ELIGIBLE RETAIL SHAREHOLDERS

Eligible Retail Shareholders are those Shareholders who:

- are registered as a holder of Ordinary Shares as at the Record Date, being 7.00pm (Sydney time) on Monday, 19 October 2015;
- have a registered address in Australia or New Zealand (as shown on Westpac's share register);
- are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Ordinary Shares for the account or benefit of such person in the United States);
- were not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Westpac may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional Shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

Retail Shareholders who are not Eligible Retail Shareholders are Ineligible Retail Shareholders. Westpac reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder. If you are an Ineligible Retail Shareholder you do not need to do anything. Your Entitlements will be sold on your behalf in the Retail Shortfall Bookbuild and any Retail Sale Proceeds will be paid to you.

Westpac has decided that it is unreasonable to make offers under the Retail Entitlement Offer to Shareholders who have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places. Westpac may (in its absolute discretion) extend the Retail Entitlement Offer to Shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable law.

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IMPORTANT INFORMATION

Westpac will notify Ineligible Retail Shareholders of their ineligibility in a separate letter, which will also be lodged with ASX and NZX.

6.4 RETAIL SHORTFALL BOOKBUILD

The Underwriters may request that bidders in the Retail Shortfall Bookbuild declare whether they have a net short position of Ordinary Shares. Allocation criteria in the Retail Shortfall Bookbuild may include consideration, among other criteria, of whether bidders have a net short position of Ordinary Shares or have provided the requested declaration in time.

6.5 RECONCILIATION AND THE RIGHTS OF WESTPAC AND THE UNDERWRITERS

The Entitlement Offer is a complex process and, in some instances, investors may believe that they will own more Ordinary Shares than they ultimately did as at the Record Date or are otherwise entitled to more New Shares than initially offered to them. These matters may result in a need for reconciliation. If reconciliation is required, it is possible that Westpac may need to issue additional New Shares to ensure that the relevant investors receive their appropriate allocation of New Shares.

Westpac also reserves the right to reduce the size of an Entitlement or number of New Shares or the amount of the Institutional Sale Proceeds or Retail Sale Proceeds allocated to Eligible Institutional Shareholders or Eligible Retail Shareholders, or persons claiming to be Eligible Institutional Shareholders or Eligible Retail Shareholders or other applicable investors, if Westpac believes in its absolute discretion that their claims are overstated or if they or their nominees fail to provide information requested to substantiate their claims. In that case, Westpac may, at its discretion, require the relevant Shareholder to transfer excess New Shares to the Underwriters at the Offer Price per New Share. If necessary, the relevant Shareholder may need to transfer existing Ordinary Shares held by them or to purchase additional Ordinary Shares on-market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of their Entitlements and any actions they are required to take in this regard.

Investors who sell Entitlements to which they are not entitled, or who do not hold sufficient Entitlements at the time required to deliver those Entitlements, may be required by Westpac to otherwise acquire Entitlements or Ordinary Shares to satisfy these obligations.

By applying under the Entitlement Offer, including pursuant to acquisitions of Entitlements, those doing so irrevocably acknowledge and agree to do the above as required by Westpac in its absolute discretion. Those applying acknowledge that there is no time limit on the ability of Westpac or the Underwriters to require any of the actions set out above.

6.6 RECEIPT OF EXCESS RETAIL SALE PROCEEDS

If you receive a Retail Sale Proceeds payment in excess of the Retail Sale Proceeds payment to which you were actually entitled based on that part of your Entitlements under the Retail Entitlement Offer which remains held by you as at close of the Retail Entitlement Offer at 5.00pm (Sydney time) on Wednesday, 11 November 2015 then, in the absolute discretion of Westpac, you may be required to repay Westpac the excess Retail Sale Proceeds.

By taking up or transferring your Entitlements, or accepting the payment to you of Retail Sale Proceeds, you irrevocably acknowledge and agree to repay any excess payment of Retail Sale Proceeds as set out above as required by Westpac in its absolute discretion. In this case, the amount required to be repaid will be net of applicable withholding tax. You also acknowledge that there is no time limit on the ability of Westpac to require repayment as set out above and that where Westpac exercises its rights to correct your Entitlements, you are treated as continuing to have taken up, transferred or not taken up any remaining part of your Entitlements.

6.7 NOTICE TO NOMINEES AND CUSTODIANS

If Westpac believes you hold Ordinary Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to, and they must not sell or transfer Entitlements in respect of or purport to accept the Retail Entitlement Offer in respect of, Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlements or not) and institutional Shareholders who were treated as Ineligible Institutional Shareholders under the Institutional Entitlement Offer.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any

person in the United States. Persons in the United States and persons acting for the account or benefit of persons in the United States will not be able to purchase or trade Retail Entitlements on ASX or otherwise, or take up Retail Entitlements purchased on ASX or otherwise and may receive no value for any such Entitlements held, which will be sold in the Retail Shortfall Bookbuild.

Westpac is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Ordinary Shares or Entitlements. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary, will need to assess whether indirect participation in the Entitlement Offer by the beneficiary, including following acquisition of Entitlements on ASX or otherwise, complies with applicable foreign laws. Westpac is not able to advise on foreign laws. Eligible Retail Shareholders who are nominees or custodians are therefore advised to seek independent advice as to how to proceed.

6.8 STAMPING FEES AND OTHER BROKER FEES

A stamping fee of 0.75% (inclusive of GST) of the total amount payable by an Eligible Retail Shareholder in respect of a valid application will be paid to brokers who submit valid applications bearing their broker's stamp, with a maximum amount of \$250 per valid application.

The total amount of stamping fees payable by Westpac will not exceed \$2 million (inclusive of GST) (**Stamping Fee Cap**), which amount may be increased by Westpac in its absolute discretion. If Westpac receives valid applications from Retail Shareholders bearing a broker's stamp which would, in aggregate, require Westpac to pay stamping fees in excess of the Stamping Fee Cap, the amount of the stamping fee payable to brokers by Westpac will be adjusted pro rata by Westpac.

Broker stamping fees will only be paid by Westpac where a Broker Stamping Fee Claim Form and schedule is submitted to the Registrar no later than 5.00pm (Sydney time) on 27 November 2015. The Broker Stamping Fee Claim Form and schedule can be obtained from the Registrar by emailing capitalmarkets@linkmarketservices.com.au or by calling the Westpac Offer Information Line.

Westpac will also pay to each person appointed by Westpac as a broker a fee of \$50,000 (inclusive of GST) as consideration for services performed.

6.9 INFORMATION AVAILABILITY

If you are in Australia or New Zealand, you can obtain a copy of this Booklet during the Entitlement Offer on the Offer Website accessible at www.westpac.com.au/investorcentre or you can call the Westpac Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia) between 8.30am and 5.30pm (Sydney time), Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time), Monday to Friday.

You can download your personalised Entitlement and Acceptance Form from the Offer Website. You will need your Holder Reference Number to do this. Alternatively, a replacement Entitlement and Acceptance Form can also be requested by calling the Westpac Offer Information Line.

If you access the electronic version of this Booklet, you should ensure that you download and read the entire Booklet.

6.10 FOREIGN JURISDICTIONS

This Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. To the extent that you hold Ordinary Shares or Entitlements on behalf of another person resident outside Australia or New Zealand, it is your responsibility to ensure that any participation (including for your own account or when you hold Ordinary Shares or Entitlements beneficially for another person) complies with all applicable foreign laws and that each beneficial owner on whose behalf you are submitting the personalised Entitlement and Acceptance Form or trading Entitlements is not in the United States and that you are not acting for the account or benefit of a person in the United States.

This Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Booklet (including an electronic copy) outside Australia or New Zealand may be restricted by law. If you come into possession of this Booklet, you should observe such restrictions and should seek your own advice on such restrictions. In particular, this document or any copy of it must not be taken into or distributed in the United States. See the foreign selling restrictions set out

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IMPORTANT INFORMATION

in the 'Entitlement Offer selling restrictions' section of the Westpac Investor Presentation for more information.

Any failure to comply with these restrictions may constitute a violation of applicable securities laws.

(a) New Zealand

The New Shares being offered under the Retail Entitlement Offer are being offered to Eligible Retail Shareholders with registered addresses in New Zealand in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). This Booklet has been prepared in compliance with Australian law and is not an investment statement, prospectus or product disclosure statement under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the New Zealand *Securities Act 1978*, New Zealand *Financial Markets Conduct Act 2013* or any other relevant law in New Zealand. It may not contain all the information that an investment statement, prospectus or product disclosure statement under New Zealand law is required to contain. It is a term of this offer that the offer of securities to the public in New Zealand is made in compliance with the laws of Australia and any code, rules and requirements relating to the offer that apply in Australia.

(b) United States

The Entitlements and New Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States. Retail Entitlements may not be purchased, traded or taken up by persons in the United States or by persons who are acting for the account or benefit of persons in the United States. Neither the Entitlements nor the New Shares may be offered to or sold to persons in the United States or to persons who are acting for the account or benefit of persons in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The Retail Entitlements and the New Shares in the Retail Entitlement Offer will be sold only in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act. Because of these legal restrictions, you must not distribute, release or send copies of this Booklet or any other material relating to the Retail Entitlement Offer to any person in the United States.

6.11 UNDERWRITING OF THE ENTITLEMENT OFFER

Westpac has entered into an agreement (*Underwriting Agreement*) under which the Joint Lead Managers have agreed to act as joint lead managers of, and the Underwriters have agreed to act as bookrunners and fully underwrite, the Entitlement Offer. As is customary with these types of arrangements:

- Westpac has agreed, subject to certain carve-outs, to indemnify the Joint Lead Managers, their affiliates and related bodies corporate, and each of their directors, officers and employees against any losses they may suffer or incur in connection with the Entitlement Offer;
- Westpac and the Joint Lead Managers have given certain representations, warranties and undertakings in connection with (among other things) the Entitlement Offer; and
- the Joint Lead Managers may, in certain circumstances, terminate the Underwriting Agreement and be released from their obligations under it. A summary of these events is contained in Section 3.3(d) of this Booklet. The ability of the Joint Lead Managers to terminate the Underwriting Agreement in respect of some events will depend on whether the event has or is likely to have a materially adverse effect on the success of the Entitlement Offer, settlement of the Entitlement Offer, or the value of New Shares.

Westpac has agreed to pay an underwriting fee of 1.00% (excluding GST) to the Underwriters, an offer management and arranging fee of 0.25% (excluding GST) to the Joint Lead Managers, and an incentive fee of 0.10% (excluding GST) to any or all of the Joint Lead Managers (payable at Westpac's discretion) of the Entitlement Offer proceeds. These fees are for providing the services described above. The Joint Lead Managers will also be reimbursed for certain expenses.

It is the final and absolute responsibility of Westpac to ensure, and Westpac has undertaken to ensure, that this Booklet and certain other materials related to the Entitlement Offer comply in all respects with the relevant provisions of applicable laws, notwithstanding that the Joint Lead Managers have assisted Westpac in their preparation.

6.12 SALE OF ENTITLEMENTS

Westpac will arrange for Entitlements which are not taken up by the close of the Retail Entitlement Offer to be sold to eligible Institutional Investors. Westpac has engaged the Joint Lead Managers to assist in selling Entitlements to subscribe for New Shares (including Entitlements that would have been issued to Ineligible Retail Shareholders had they been eligible to participate in the Retail Entitlement Offer), through the Retail Shortfall Bookbuild. However, it is important to note that the Joint Lead Managers will be acting for and provide services to Westpac in this process and will not be acting for or providing services to Shareholders or any other investor. The engagement of the Joint Lead Managers by Westpac is not intended to create any agency, fiduciary or other relationship between the Joint Lead Managers and the Shareholders or any other investor.

6.13 2015 FINAL DIVIDEND

The New Shares will not be eligible to receive the 2015 final dividend of 94 cents per Ordinary Share expected to be determined at the time of Westpac's final full year 2015 results scheduled to be announced on 2 November 2015.

6.14 PARTICIPATION OF DIRECTORS

The Directors (and their respective associates) may acquire New Shares under the Retail Entitlement Offer to the extent they are Eligible Retail Shareholders. Holdings of Ordinary Shares are subject to the ASX Listing Rules. Details of the Directors' holdings of Ordinary Shares and other securities of Westpac are disclosed to, and available from, ASX at www.asx.com.au.

6.15 ASIC MODIFICATIONS AND ASX WAIVERS

In order to conduct the Entitlement Offer in accordance with section 708AA of the Corporations Act, ASIC has granted Westpac modification from certain provisions of the Corporations Act to:

- permit terms of the offers to Shareholders to differ in so far as Retail Entitlements can be taken up in whole or in part, or traded on ASX (or transferred directly to another person or entity) in whole or in part, while Institutional Entitlements were able to be taken up in whole or in part (but not traded on ASX);
- permit Eligible Retail Shareholders with a registered address in New Zealand to pay for New Shares in New Zealand dollars; and

- enable Westpac to lodge a cleansing notice in connection with the Entitlement Offer.

ASX has provided certain waivers and confirmations in relation to the timetable for the Entitlement Offer.

6.16 REPRESENTATIONS BY ACCEPTANCE

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY®¹ or direct credit, you will be deemed to have represented to Westpac that you are an Eligible Retail Shareholder and:

- acknowledge that you have read and understand this Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Booklet, and Westpac's Constitution;
- authorise Westpac to register you as the holder(s) of New Shares allotted to you;
- declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- acknowledge that once Westpac receives your personalised Entitlement and Acceptance Form or any Application Payment via BPAY® (or direct credit in New Zealand dollars if you have a registered address in New Zealand), you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted an Application Payment via BPAY® or direct credit, at the Offer Price per New Share;
- authorise Westpac, the Joint Lead Managers, the Registrar and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Registrar upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- declare that you were the registered holder(s) at the Record Date of the Ordinary Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;

¹ BPAY® is registered to BPAY Pty Ltd ABN 69 079 137 518.

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- acknowledge that the information contained in this Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
 - acknowledge that this Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Westpac and is given in the context of Westpac's past and ongoing continuous disclosure announcements to ASX;
 - acknowledge the statement of risks in Sections 1.2 and 3 of this Booklet, and that investments in Westpac are subject to risk;
 - acknowledge that none of Westpac, the Joint Lead Managers, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers guarantees the performance of Westpac, nor do they guarantee the repayment of capital;
 - agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Ordinary Shares on the Record Date;
 - authorise Westpac to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
 - represent and warrant (for the benefit of Westpac, the Joint Lead Managers and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, are not an Ineligible Retail Shareholder and are otherwise eligible to participate in the Retail Entitlement Offer;
 - represent and warrant that the law of any place does not prohibit you from being given this Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Retail Entitlement Offer;
 - represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
 - you understand and acknowledge that neither the Entitlements nor New Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States. The Entitlements may not be purchased, traded or taken up by persons in the United States or by persons who are acting for the account or benefit of a person in the United States. Neither the Entitlements nor the New Shares may be offered, sold or resold, either directly or indirectly, to persons in the United States or to persons acting for the account or benefit of a person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;
 - you are subscribing for or purchasing Entitlements or New Shares in an 'offshore transaction' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act;
 - you have not and will not send this Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia and New Zealand;
 - if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person; and
 - you agree that if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in regular transactions on the ASX or NZX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States.

6.17 REPRESENTATIONS BY ACQUIRERS OF RETAIL ENTITLEMENTS

Investors who acquire Retail Entitlements on ASX or otherwise will, by acquiring those Retail Entitlements, and by applying to take up all or part of those Retail Entitlements, be deemed to agree to make and be subject to the representations, declarations, warranties and agreements in Section 6.16 above, excluding the representations in respect of holding Ordinary Shares as at the Record Date and not receiving an invitation for the Institutional Entitlement Offer (with references to the personalised Entitlement and Acceptance Form to be read

as including any other form provided or required to be provided to Westpac, the Registrar or the person's broker).

The Retail Entitlements may not be purchased, traded or taken up by persons in the United States or by persons who are acting for the account or benefit of persons in the United States.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for taking up Entitlements. If holders of Entitlements after the end of the Entitlements Trading Period do not meet the eligibility criteria, they will not be able to take up the Entitlements. In the event that holders are not able to take up their Entitlements, those Entitlements will be sold into the Retail Shortfall Bookbuild and holders may receive no value for them.

6.18 PRIVACY

Westpac is required to collect certain information about Shareholders under company and tax law. As a Shareholder, Westpac and the Registrar have already collected certain personal information from you. If you apply for New Shares, Westpac (directly or via its agents, including the Registrar) may update that personal information or collect additional personal information.

You acknowledge that the personal information submitted as part of the application for New Shares and otherwise provided to Westpac (directly or via its agents, including the Registrar) will be collected, used and disclosed by Westpac (and its agents, including the Registrar) in order to process your application, service your needs as a Shareholder, provide facilities and services that you request, carry out appropriate administration, send you information about the products and services of members of the Group, including future offers of securities and as otherwise required by law (including, without limitation, any law relating to taxation, money laundering or counter-terrorism).

Such disclosure may include disclosure to third parties, including other members of the Group and to Westpac's agents, service providers, auditors and advisors. Such disclosure may also include disclosure to domestic and overseas regulators or other government agencies (including ASIC and the ATO), stock exchanges, and the public by way of public registers maintained by regulators or other bodies. Some of these recipients may be located outside Australia. You acknowledge that if you do not provide the personal information required to apply for New Shares, it might not be possible to process your application, administer your securityholding and/or send you information

about the products and services of members of the Group, including future offers of securities.

If you do not wish to receive information about the products and services of members of the Group, please contact the Westpac Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia), 8.30am to 5.30pm (Sydney time), Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time), Monday to Friday and request that we do not send you marketing material.

Westpac's privacy policy is available on Westpac's website (www.westpac.com.au) and contains information about how you may access and seek correction of the personal information that Westpac holds about you, how you may complain about a breach of the *Privacy Act 1988* (Cth) by Westpac and how Westpac will deal with such a complaint.

6.19 GOVERNING LAW

This Booklet, the Retail Entitlement Offer and the contracts formed on acceptance by Westpac of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

6.20 WITHDRAWAL OF ENTITLEMENT OFFER

Westpac reserves the right to withdraw all or part of the Entitlement Offer and this Booklet at any time, subject to applicable laws, in which case Westpac will refund Application Payments in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest. In circumstances where allotment under the Institutional Entitlement Offer has occurred, Westpac may only be able to withdraw the Entitlement Offer with respect to New Shares to be issued under the Retail Entitlement Offer.

To the fullest extent permitted by law, you agree that any Application Payment paid by you to Westpac will not entitle you to receive any interest.

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GLOSSARY

GLOSSARY

In this Booklet (excluding the Announcements), the following terms have the following meanings:

\$ or A\$ or dollars	means Australian dollars.
ABN	means Australian Business Number.
Announcements	means the Offer Launch Announcement and the Westpac Investor Presentation.
Application Payment	means the amount payable to take up all or part of the Entitlements, being the Offer Price multiplied by the number of New Shares applied for.
APRA	means Australian Prudential Regulation Authority.
ASIC	means Australian Securities and Investments Commission.
ASX	means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as the context requires.
ASX Listing Rules	means the official listing rules of ASX from time to time as waived or modified by any waivers required to enable Westpac to make the Entitlement Offer.
ATO	means Australian Taxation Office.
Banking Act	means the <i>Banking Act 1959</i> (Cth).
Booklet or Retail Entitlement Offer Booklet	means this booklet dated 19 October 2015, including the Announcements and the Entitlement and Acceptance Form.
BPAY®	means the payment facility provided by BPAY Pty Ltd ABN 69 079 137 518.
Broker Stamping Fee Claim Form	means the form required to be completed by brokers in order to be paid the broker stamping fees by Westpac, obtained from the Registrar.
CGT	means capital gains tax.
Commissioner	means Commissioner of Taxation.
Constitution	means the constitution of Westpac as amended from time to time.
Corporations Act	means <i>Corporations Act 2001</i> (Cth), as modified by any ASIC class order or instrument applicable to Westpac or the Entitlement Offer.
Directors	means the board of directors of Westpac.
Eligible Institutional Shareholder	means an institutional Shareholder to whom the Joint Lead Managers made an offer on behalf of Westpac under the Institutional Entitlement Offer (and who, for the avoidance of doubt, is not an excluded institutional shareholder under the Underwriting Agreement).
Eligible Retail Shareholder	means a Shareholder who:
	a. is registered as a holder of Ordinary Shares as at the Record Date, being 7.00pm (Sydney time) on Monday, 19 October 2015;
	b. has a registered address in Australia or New Zealand (as shown on Westpac's share register);
	c. is not in the United States and is not acting for the account or benefit of a person in the United States (to the extent such person holds Ordinary Shares for the account or benefit of such person in the United States);
	d. was not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and was not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer; and
	e. is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

GLOSSARY

Eligible Shareholder	means a person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder.
Entitlement	means the entitlement of an Eligible Shareholder to purchase 1 New Share for every 23 Ordinary Shares held on the Record Date, which entitlement is subject to the right of Westpac to withdraw the Entitlement Offer at any time.
Entitlement and Acceptance Form	means the personalised entitlement and acceptance form to subscribe for New Shares accompanying this Booklet.
Entitlement Number	means the reference number allocated to an Eligible Retail Shareholder's Entitlement.
Entitlement Offer	means the pro rata accelerated renounceable entitlement offer of New Shares with retail rights trading to Eligible Shareholders to raise approximately \$3.5 billion at the Offer Price on the basis of 1 New Share for every 23 Ordinary Shares held on the Record Date, and comprised of the Institutional Entitlement Offer and the Retail Entitlement Offer, which offer is subject to the right of Westpac to withdraw the offer at any time.
Entitlements Trading Period	means the period within which Eligible Retail Shareholders may trade their Entitlements on ASX. The Entitlements Trading Period begins on 19 October 2015 and concludes on 4 November 2015.
Financial Claims Scheme	means the financial claims scheme established under the Banking Act.
Group	means Westpac and all its related companies.
GST	means Goods and Services Tax.
Holder Reference Number	means your holder identification number (HIN), securityholder reference number (SRN), common shareholder number (CSN) or holder number, as applicable.
Holding Statements	means a statement issued to Shareholders by the Registrar which sets out details of New Shares issued to them under the Retail Entitlement Offer.
Ineligible Institutional Shareholder	means an institutional Shareholder that is not an Eligible Institutional Shareholder.
Ineligible Retail Shareholder	means a retail Shareholder that is not an Eligible Retail Shareholder.
Institutional Entitlement	means an Entitlement under the Institutional Entitlement Offer.
Institutional Entitlement Offer	means the pro rata renounceable entitlement offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer.
Institutional Investor	means an investor to whom offers of securities can be made without the need for a prospectus (or other formality, other than a formality which Westpac is willing to comply with), including in Australia persons to whom offers of securities can be made without the need for a lodged prospectus under Chapter 6D of the Corporations Act.
Institutional Sale Proceeds	means the price at which Entitlements are sold in the Institutional Shortfall Bookbuild, less any applicable withholding tax.
Institutional Shortfall Bookbuild	means a bookbuild for the Institutional Entitlement Offer, through which Institutional Entitlements not taken up and Entitlements of Ineligible Institutional Shareholders were sold on Friday, 16 October 2015.
Investor Centre	means the Westpac investor centre website accessed through www.westpac.com.au/investorcentre .
Joint Lead Managers	means Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), UBS AG, Australia Branch (ABN 47 088 129 613) and Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162).

New Share	means an Ordinary Share offered under the Entitlement Offer.
NZX	means the NZX Limited or the New Zealand Stock Exchange, as the context requires.
NZX Listing Rules	means the NZX Main Board Listing Rules.
NZ\$	means New Zealand dollars.
Offer Launch Announcement	means the announcement released to ASX and NZX on Wednesday, 14 October 2015 in connection with the Entitlement Offer and included in this Booklet.
Offer Price	means \$25.50 per New Share.
Offer Website	means the Westpac website dedicated to the Entitlement Offer accessible via www.westpac.com.au/investorcentre .
Ordinary Share	means ordinary shares in Westpac.
Record Date	means the date and time for determining which Shareholders are registered as a holder of Ordinary Shares, being 7.00pm (Sydney time) on Monday, 19 October 2015.
Registrar	means Link Market Services Limited (ABN 54 083 214 537).
Regulation S	means Regulation S promulgated under the U.S. Securities Act.
Renunciation and Transfer Form	means the renunciation and transfer form available through the Offer Website and the Westpac Offer Information Line, which must be completed if you wish to transfer all or part of your Entitlements to another person or entity other than on ASX.
Retail Entitlement	means an Entitlement under the Retail Entitlement Offer.
Retail Entitlement Offer	means the pro rata renounceable entitlement offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer.
Retail Entitlement Offer Period	means the period within which the Retail Entitlements may be taken up. The Retail Entitlement Offer Period begins on Friday, 23 October 2015 and concludes on Wednesday, 11 November 2015.
Retail Sale Proceeds	means the price at which Entitlements are sold in the Retail Shortfall Bookbuild, less any applicable withholding tax.
Retail Shareholder	means a Shareholder who is not an Institutional Investor.
Retail Shortfall Bookbuild	means a bookbuild for the Retail Entitlement Offer, through which Retail Entitlements which are not taken up by the close of the Retail Entitlement Offer, and Retail Entitlements of Ineligible Retail Shareholders, will be sold on or around Monday, 16 November 2015.
Section	means a section of this Booklet.
Shareholder	means the registered holder of an Ordinary Share.
Stamping Fee Cap	means the total amount of stamping fees payable by Westpac, which is \$2 million (including GST).
TFN	means tax file number.
Underwriters	means Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795) and UBS AG, Australia Branch (ABN 47 088 129 613).
Underwriting Agreement	means the underwriting agreement dated 14 October 2015 between Westpac and the Joint Lead Managers, as described in Section 6.11.
US or United States	means United States of America, its territories and possessions, any state of the United States and the District of Columbia.

GLOSSARY

U.S. Securities Act	means <i>U.S. Securities Act of 1933</i> , as amended.
Westpac or Westpac Banking Corporation	means Westpac Banking Corporation (ABN 33 007 457 141).
Westpac Investor Presentation	means Westpac's Entitlement Offer and Unaudited Preliminary Full Year 2015 Result presentation dated 14 October 2015 relating to the Entitlement Offer, extracts of which are included in Section 4 of this Booklet.
Westpac Offer Information Line	means the information line set up by Westpac to answer questions in relation to the Entitlement Offer, available on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time), Monday to Friday.

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Sydney NSW 2000

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HOW TO CONTACT WESTPAC

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+61 1300 365 790 (outside Australia)
Open between 8.30am and 5.30pm (Sydney time),
Monday to Friday

0800 767 556 (within New Zealand)
Open between 8.30am and 5.30pm (New Zealand time),
Monday to Friday

Offer Website accessible via:
www.westpac.com.au/investorcentre

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