



WESTPAC

SUBORDINATED NOTES OFFER

July 2012



Disclaimer

THIS PRESENTATION IS NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR ADDRESS IN THE UNITED STATES.

General disclaimer

This presentation has been prepared and authorised by Westpac Banking Corporation (ABN 33 007 457 141, AFSL 233714) in connection with a proposed offer of Westpac Subordinated Notes ("Offer"). The Offer is made under the Information Memorandum which was lodged with the Australian Securities Exchange ("ASX") on 16 July 2012 and a replacement Information Memorandum, which will contain the Margin and Application Forms, expected to be lodged with ASX on or around 23 July 2012.

Westpac Banking Corporation (Westpac Institutional Bank), ANZ Securities Limited (ABN 16 004 997 111), Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162), J.P. Morgan Australia Limited (ABN 52 002 888 011) and UBS AG, Australia Branch (ABN 47 088 129 613) are the Joint Lead Managers to the Offer ("Joint Lead Managers"). The information in this presentation is an overview and does not contain all information necessary to make an investment decision in relation to Westpac Subordinated Notes. It is intended to constitute a summary of certain information relating to Westpac and does not purport to be a complete description of Westpac or the Offer. This presentation also includes information derived from publicly available sources that have not been independently verified.

The information in this presentation is subject to change without notice and Westpac is not obliged to update or correct it. Certain statements contained in this presentation may constitute statements about "future matters" for the purposes of section 728(2) of the Corporations Act 2001 (Cth). 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, financial support to certain borrowers, indicative drivers, forecasted economic indicators and performance metric outcomes. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance. This presentation is not intended as an offer, invitation, solicitation or recommendation with respect to the purchase or sale of any security. Prospective investors should make their own independent evaluation of an investment in Westpac Subordinated Notes. If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest in Westpac Subordinated Notes.

Nothing in this presentation constitutes investment, legal, tax, financial product or other advice. The information in this presentation does not take into account your investment objectives, financial situation or particular needs and so you should consider its appropriateness having regard to these factors before acting upon it.

No representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any statements, estimates or opinions or other information contained in this presentation. To the maximum extent permitted by law, Westpac, the Joint Lead Managers and their related bodies corporate, affiliates and each of their respective directors, officers, employees and agents disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence on the part of Westpac, the Joint Lead Managers and their related bodies corporate, affiliates and each of their respective directors, officers, employees and agents) for any direct or indirect loss or damage which may be suffered by any recipient through use of or reliance on anything contained in or omitted from this presentation. In making an investment decision, investors must rely on their own examination of Westpac including the merits and risks involved. Investors should consult with their own legal, tax, business and/or financial advisors in connection with any acquisition of securities.

Westpac Subordinated Notes 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.

You should consider and read the Information Memorandum in full before deciding whether to acquire Westpac Subordinated Notes. A copy of the Information Memorandum is available at www.westpac.com.au/investorcentre. Applications for Westpac Subordinated Notes can only be made in the relevant Application Form accompanying the Information Memorandum which is expected to be lodged with ASX on or around 23 July 2012.

The distribution of this presentation or the Information Memorandum in jurisdictions outside of Australia may be restricted by law. Any person who comes into possession of this presentation or the Information Memorandum should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may constitute a violation of applicable securities laws. In particular, Westpac Subordinated Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended, ("US Securities Act") and may not be offered, sold, delivered or transferred within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act).

All amounts are in Australian dollars unless otherwise indicated.

Capitalised terms used in this presentation but not otherwise defined have the meanings given in the Information Memorandum.

Westpac Subordinated Notes summary

Issuer	<ul style="list-style-type: none"> Westpac Banking Corporation (“Westpac”)
Issue Size	<ul style="list-style-type: none"> A\$500 million with the ability to raise more or less
Westpac Subordinated Notes	<ul style="list-style-type: none"> Fully paid, registered, unsecured, subordinated debt obligations of Westpac with a Face Value of A\$100 each Pay interest quarterly in arrear at the Interest Rate Must be redeemed by Westpac on the Maturity Date, unless Westpac is not, or will not be, Solvent (unless redeemed earlier by Westpac) Are subordinated to claims of Senior Creditors of Westpac
Purpose	<ul style="list-style-type: none"> Proceeds of the Issue will be used by Westpac for general funding purposes
Maturity Date	<ul style="list-style-type: none"> Westpac Subordinated Notes have a ten year term (Maturity Date is 23 August 2022¹) On the Maturity Date, Holders will receive the Face Value plus any accrued and unpaid interest, provided the Solvency Condition is satisfied
Early Redemption	<ul style="list-style-type: none"> Westpac may redeem Westpac Subordinated Notes earlier: <ul style="list-style-type: none"> All or some on 23 August 2017 or any Interest Payment Date after that date All (but not some) before the Maturity Date for certain tax or regulatory reasons Any early redemption is subject to APRA’s prior written consent² Holdings have no right to request an early redemption

¹ This date assumes the Issue Date will be 23 August 2012. ² There can be no certainty that APRA would provide its consent in respect of early redemption.

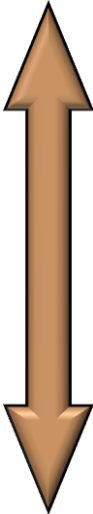
Westpac Subordinated Notes summary (cont.)

Interest Rate	<ul style="list-style-type: none"> Floating Interest Rate (Interest Rate = 90 day Bank Bill Rate + Margin) Fixed Margin to be determined under the Bookbuild and expected to be in the range of 2.75% and 2.95% p.a. The 90 day Bank Bill Rate is set on the first Business Day of each Interest Period
Interest Payment	<ul style="list-style-type: none"> Pay interest quarterly in cash, in arrear Interest is payable on 23 February, 23 May, 23 August and 23 November of each year, commencing on 23 November 2012¹ Payments are not deferrable or discretionary (unless Westpac is not Solvent before or would not be Solvent after payment) Interest continues to accrue on any interest or other unpaid amount
Regulatory Treatment	<ul style="list-style-type: none"> APRA has confirmed that the Westpac Subordinated Notes are eligible for inclusion as Tier 2 Capital and are expected to be eligible for transitional treatment as Tier 2 Capital when APRA's prudential standards are updated as a result of its implementation of the Basel III reforms
Listing	<ul style="list-style-type: none"> Westpac has applied for quotation of Westpac Subordinated Notes on ASX under code WBCHA Quotation of Westpac Subordinated Notes is not guaranteed
Who can apply	<ul style="list-style-type: none"> Securityholder Offer – an offer to Eligible Securityholders, being registered holders of Ordinary Shares, Westpac TPS, Westpac SPS, Westpac SPS II and/or Westpac CPS at 7.00pm (Sydney time) on 9 July 2012 and shown on the Register as having an address in Australia Broker Firm Offer – an offer to retail clients of a Syndicate Broker (subject to certain foreign selling restrictions) Institutional Offer – an offer to certain Institutional Investors invited by the Joint Lead Managers
Applications	<ul style="list-style-type: none"> There is no general public offer of Westpac Subordinated Notes Applications may be scaled back by Westpac Applications must be for a minimum of 50 Westpac Subordinated Notes (\$5,000)

¹ Each date assumes an Issue Date of 23 August 2012.

Subordination and ranking of Westpac Subordinated Notes

- In a Winding-Up of Westpac, Westpac Subordinated Notes rank for payment:
 - Before Ordinary Shares and any other shares of Westpac;
 - Before the Westpac Hybrids (Westpac TPS 2003, Westpac TPS 2004, Westpac TPS, Westpac SPS, Westpac SPS II, and Westpac CPS);
 - Before undated Subordinated Indebtedness of Westpac having no fixed maturity;
 - At least equally with other unsecured Subordinated Indebtedness of Westpac having a fixed maturity date; and
 - After any Senior Creditors (including depositors with, and holders of senior unsubordinated notes and bonds issued by, Westpac)

Higher ranking	Illustrative examples ¹	
	Preferred and secured debt	Liabilities in Australia in relation to protected accounts (generally, savings accounts and term deposits) and other liabilities preferred by law including employee entitlements and secured creditors
	Unsubordinated unsecured debt	Trade and general creditors, bonds, notes and debentures (including covered bonds) and other unsubordinated unsecured debt obligations
	Subordinated unsecured debt	Westpac Subordinated Notes and other subordinated bonds, notes and debentures and other subordinated unsecured debt obligations with a fixed maturity date
	Subordinated perpetual debt	Subordinated perpetual floating rate notes issued in 1986
	Preference securities	Westpac Hybrids (Westpac TPS 2003, Westpac TPS 2004, Westpac TPS, Westpac SPS, Westpac SPS II, and Westpac CPS)
	Ordinary shares	Westpac Ordinary Shares
Lower ranking		

¹ This diagram and the descriptions are simplified and illustrative only, and do not include every type of security or obligation that may be issued or entered into by Westpac, or every potential claim against Westpac in a Winding-Up. Westpac will from time to time issue additional securities or incur other obligations that rank ahead of, equally with, or subordinated to, Westpac Subordinated Notes.

How Westpac Subordinated Notes differ from term deposits and Westpac CPS

Features	Term deposits	Westpac Subordinated Notes	Westpac CPS
ASX code	Not quoted on ASX	WBCHA	WBCPC
Legal form	Deposit	Unsecured subordinated debt obligation	Preference share
Protection under the Australian Government Financial Claims Scheme	Yes ¹	No	No
Term	One month to five years	10 years ²	Perpetual, subject to scheduled conversion into Westpac Ordinary Shares
Issuer early redemption option	Yes, subject to conditions	Yes, on 23 August 2017 and each Interest Payment Date after that date, subject to APRA's prior written consent	Yes, on 31 March 2018, and each dividend payment date after that date, subject to APRA's prior written consent
Interest rate/dividend rate	Fixed	Floating	Floating
Interest/dividend payment	Cumulative, unfranked	Cumulative, unfranked	Non-cumulative, franked
Payment deferral	No	No (unless Westpac is not Solvent immediately before or would not be Solvent immediately after payment in which case interest will continue to accrue on any interest or other amount not paid)	Yes (dividends on the Westpac CPS are discretionary and subject to a dividend payment test)
Interest/dividend payment dates	End of term (or per annum)	Quarterly	Semi-annually
Transferable	No	Yes – quoted on ASX	Yes – quoted on ASX
Investor's ability to withdraw or redeem	Yes, subject to conditions	No	No
Ranking	Senior to Westpac Subordinated Notes	Senior to Westpac CPS (and other Westpac Hybrids)	Senior to Westpac Ordinary Shares
Conversion into Ordinary Shares	No	No	Yes, following a scheduled conversion, capital trigger event and in certain limited circumstances

¹ For deposits made from 1 February 2012 up to an amount per account-holder of \$250,000. ² Subject to possible early redemption by Westpac in certain circumstances, subject to APRA's prior written consent.

Key dates for the Offer

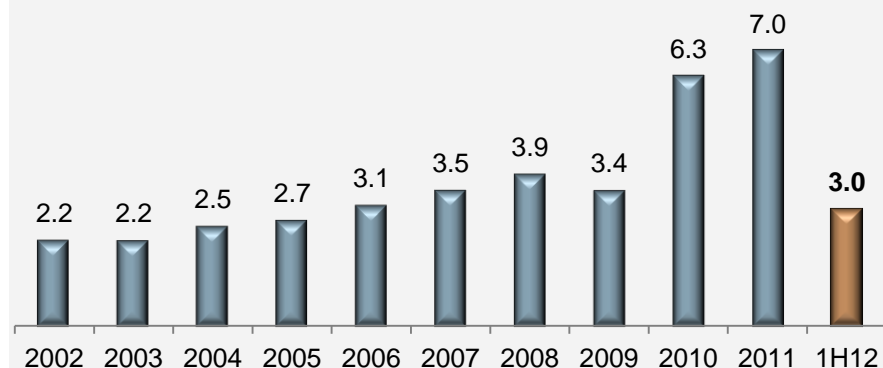
Key dates for the Offer ¹ and Westpac Subordinated Notes	
Record date for determining Eligible Securityholders (7.00pm Sydney time)	9 July 2012
Announcement of Offer and issue of Information Memorandum	16 July 2012
Bookbuild	20 July 2012
Announcement of Margin and issue of replacement Information Memorandum	23 July 2012
Opening Date for the Offer	23 July 2012
Closing Date for the Securityholder Offer (5.00pm Sydney time)	16 August 2012
Closing Date for the Broker Firm Offer (10.00am Sydney time)	22 August 2012
Issue Date	23 August 2012
Commencement of trading on a deferred settlement basis	24 August 2012
Holding Statements despatched by	30 August 2012
Commencement of trading on a normal settlement basis	31 August 2012
Record Date for first interest payment	15 November 2012
First Interest Payment Date ²	23 November 2012
First optional Redemption Date ^{3, 4}	23 August 2017
Maturity Date ⁴	23 August 2022

¹ Dates are indicative only and are subject to change. ² Interest in respect of a Westpac Subordinated Note is payable quarterly in arrear on 23 February, 23 May, 23 August, and 23 November of each year, commencing on 23 November 2012 to and including the Maturity Date or any earlier redemption date. If any of these scheduled dates are not Business Days, then the payment will occur on the following Business Day. ³ The first optional Redemption Date will be 23 August 2017, subject to APRA's prior written consent. There can be no certainty that APRA will provide its consent in respect of any early redemption. ⁴ This date assumes the Issue Date will be 23 August 2012.

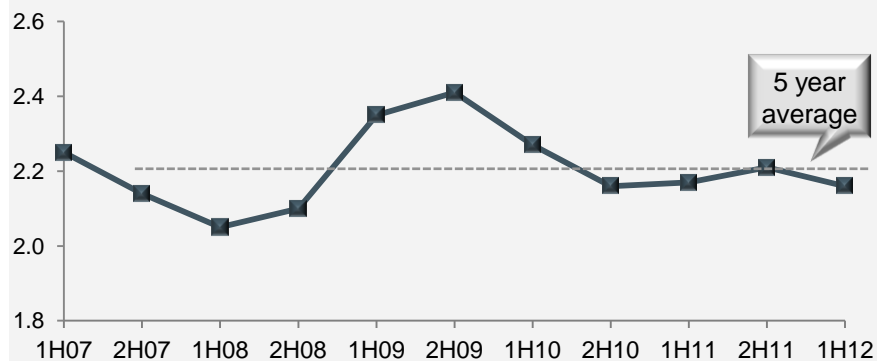
1H12 Financial snapshot

Reported Earnings	1H12	2H11	change 2H11 – 1H12
Net profit after tax (\$m)	2,967	3,030	(2%)
Earnings per share (cents)	98	101	(3%)
Profit before impairments and tax (\$m)	4,936	4,813	3%
Return on equity (%)	14.0	15.1	(110bps)
Expense to income ratio (%)	44.1	43.8	(30bps)
Net interest margin (%)	2.16	2.21	(5bps)
Impairment charges to average loans annualised (bps)	24	22	2bps

Earnings profile¹ (net profit after tax, A\$m)

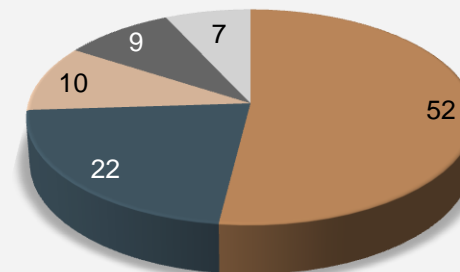


Net interest margin² (NIM) (%)



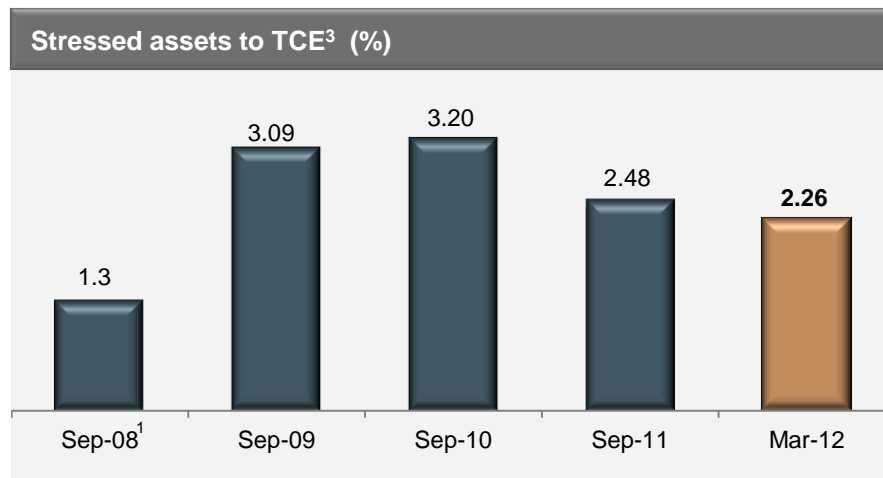
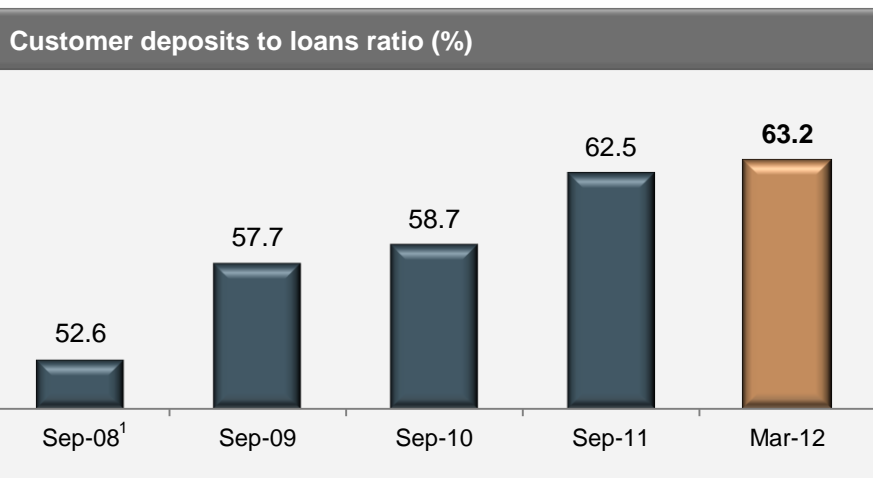
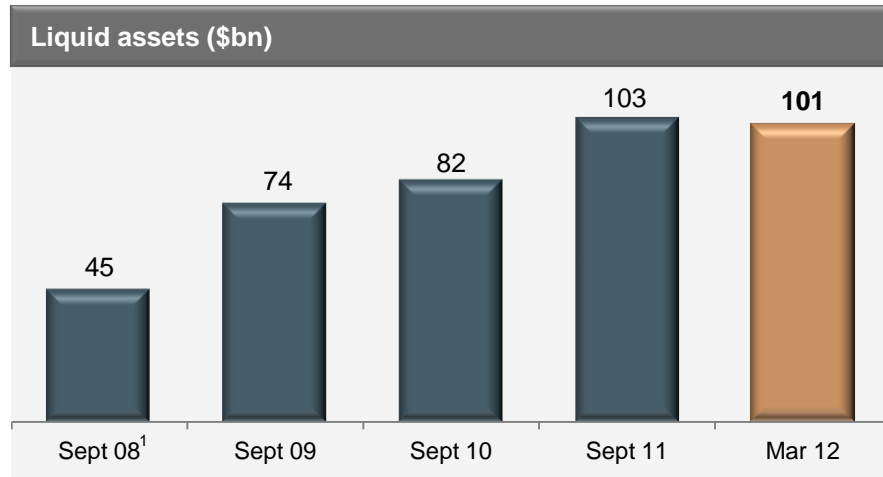
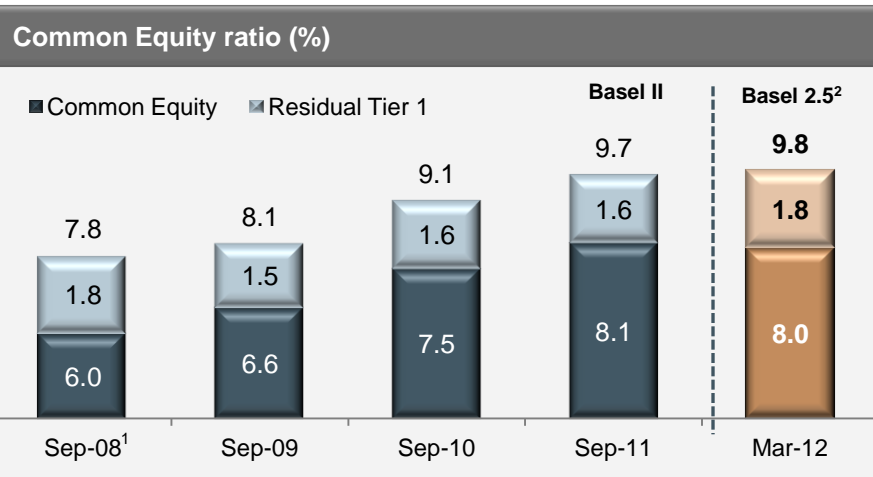
Contributions to net profit after tax (%)

- Retail Banking (Westpac, St.George)
- Westpac Institutional Bank
- Wealth (BT Financial Group)
- New Zealand
- Other (Group Business unit and Pacific)



¹ Net profit attributable to equity holders. Figures for 2002 – 2004 are on AGAAP basis; figures for 2005 – 1H12 are presented on an AIFRS basis, so they are not directly comparable. ² Prior to 2008 does not include St.George. 2008 and 2009 are pro-forma with 1H09 ASX Profit Announcement providing details of pro-forma adjustments.

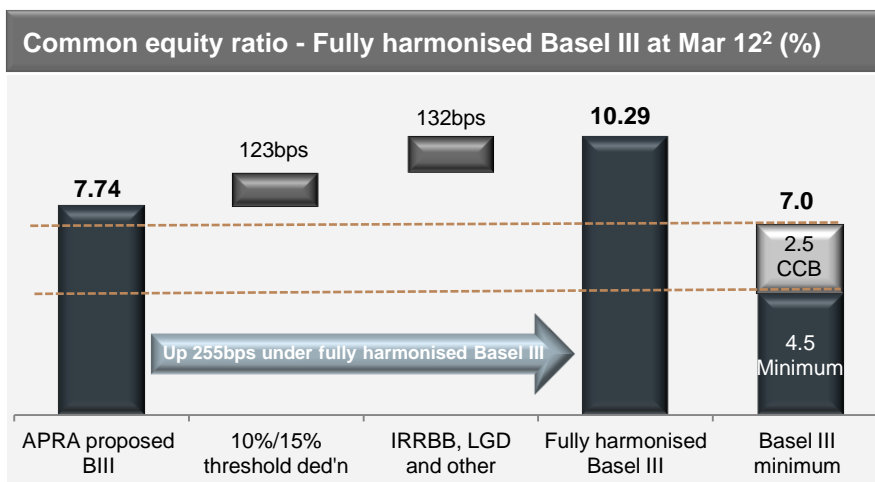
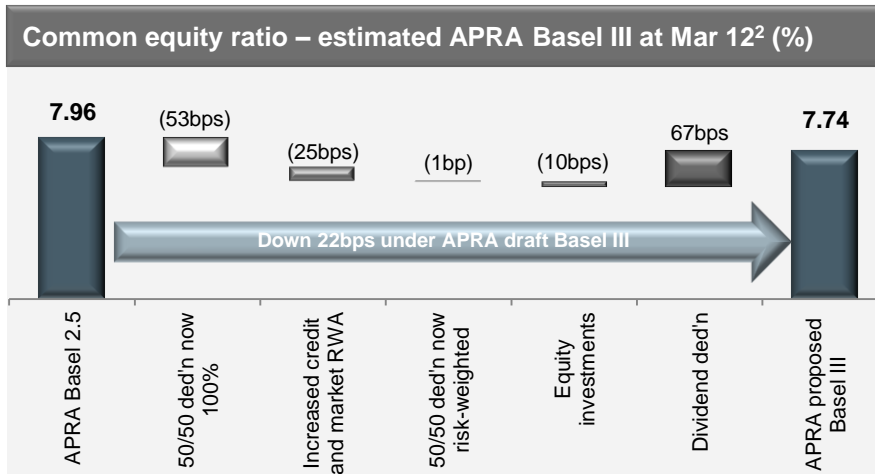
Balance sheet strength a key focus



¹ 2008 excludes St. George. ² Introduction of Basel 2.5 reduced capital ratios by 37bps. ³ TCE is Total Committed Exposures.

Capital position - well placed for Basel III

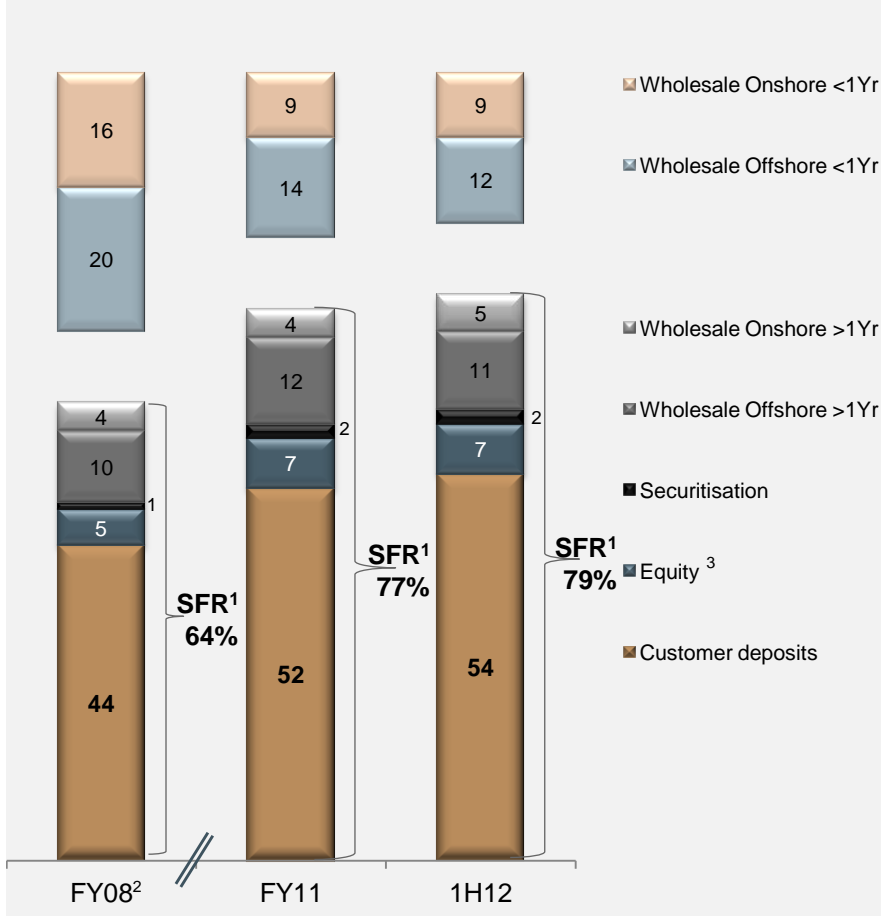
Key capital ratios (%)	1H11 (Basel II)	2H11 (Basel II)	1H12 (Basel 2.5)
Common equity ratio	8.0	8.1	8.0
Common equity ratio (FSA ¹)	11.9	11.8	11.4
Tier 1 ratio	9.5	9.7	9.8
Tier 1 ratio (FSA ¹)	13.7	13.6	13.5
Total capital ratio	11.0	11.0	10.8
Risk weighted assets	\$277bn	\$280bn	\$300bn



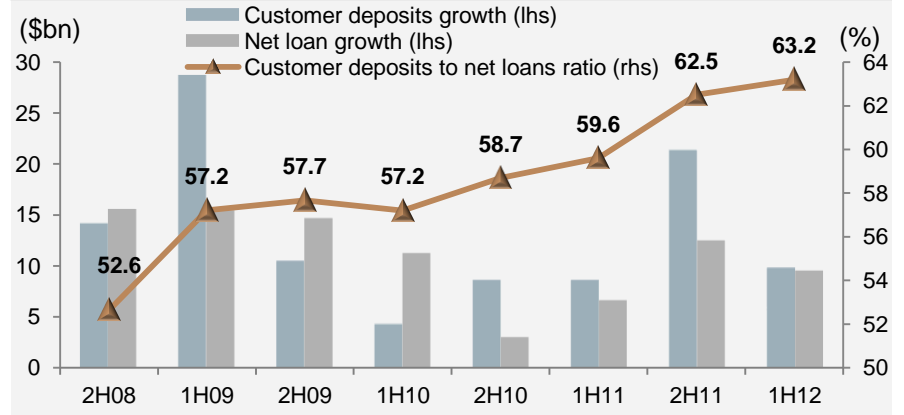
1 Financial Services Authority (FSA) calculations are estimates based on Westpac's application of publicly available standards. 2 Prepared in accordance with APRA guidelines of 6 September 2011.

Funding position

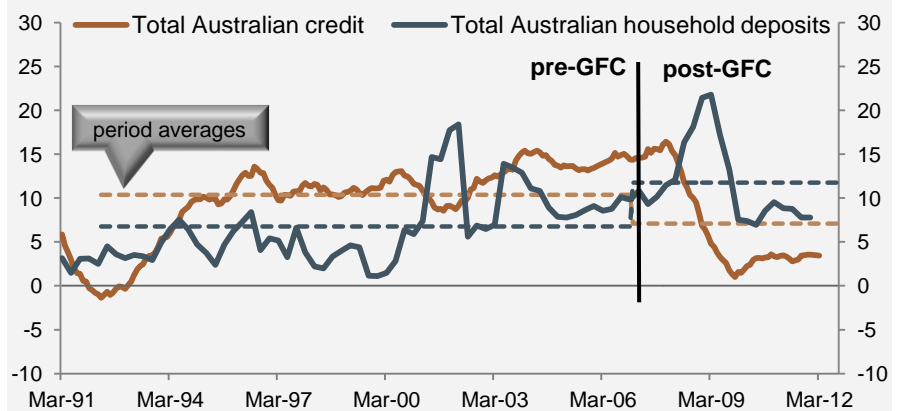
Funding composition by residual maturity (%)



Customer deposits, net loan growth and deposit to loan ratio



Financial system credit growth and deposit growth (% annual)

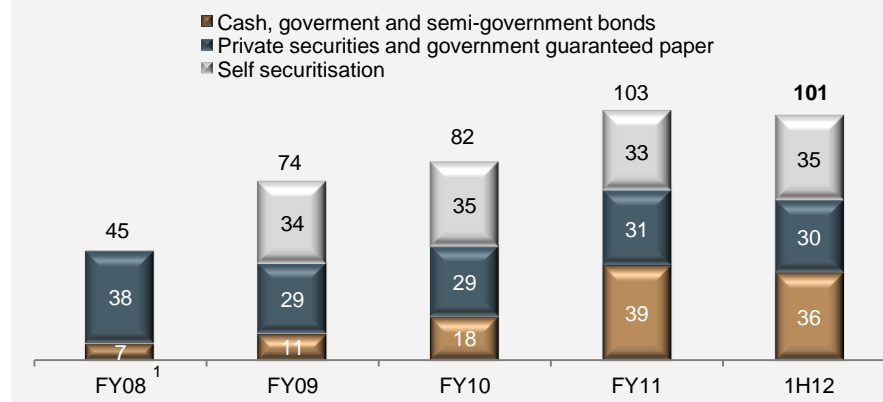


1. SFR is the stable funding ratio calculated on the basis of customer deposits + wholesale funding with residual maturity greater than 12 months + equity + securitisation, as a proportion of total funding. 2. 2008 comparative excludes St. George. 3. Equity excludes FX translation, Available for Sale Securities and Cash Flow Hedging Reserves.

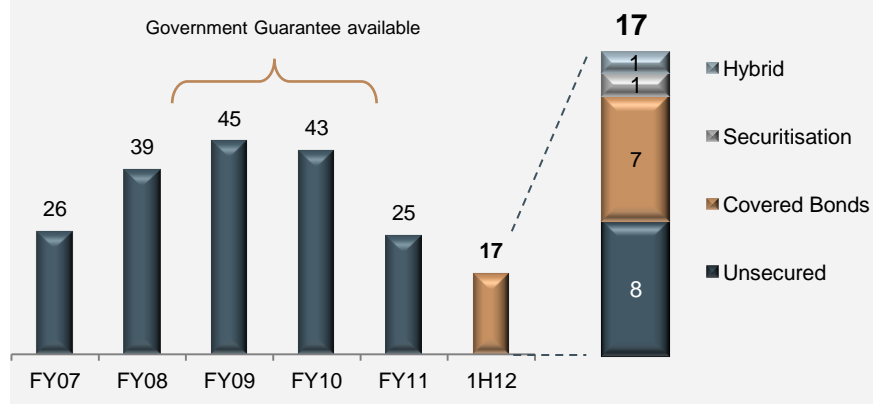
Liquidity position

- Liquid assets portfolio provides a source of reserve liquidity as eligible collateral under the Central Bank (RBA) repurchase facility
- Unencumbered liquid assets remains strong at \$101bn
- Liquid assets are sufficient to cover offshore wholesale funding maturities for 32 months
- Total \$17.4bn of term funding issued during 1H12 with a weighted average maturity of 4.5 years
 - \$7.2bn of covered bonds issued, with remainder being unsecured, hybrid and RMBS securitisation issuance
 - Covered bonds provided access to term funding markets during the challenging global market conditions through much of 1H12 resulting in a higher proportion of term funding issued through secured debt

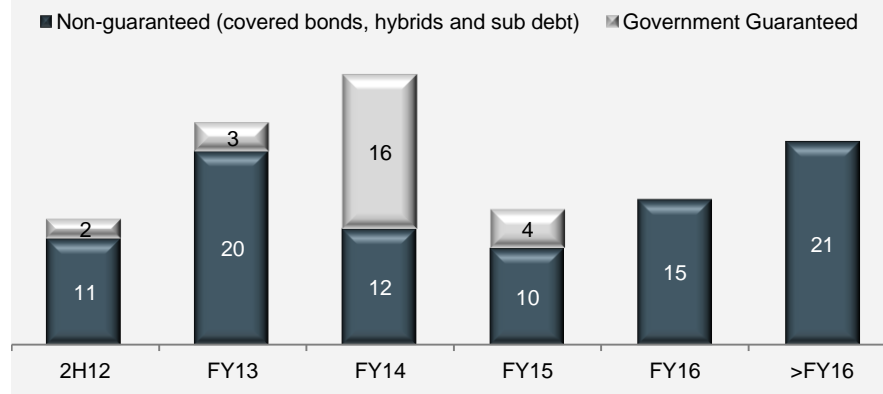
Liquid assets (\$bn)



Term issuance¹ (\$bn)



Term debt maturity profile² (\$bn)



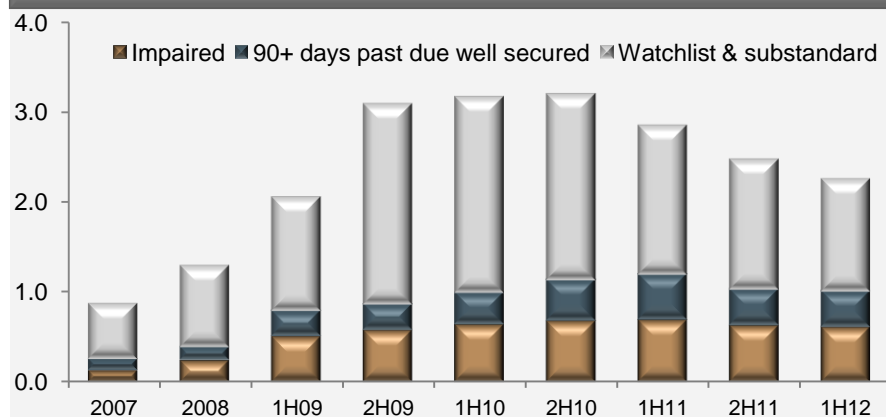
¹ 2008 and prior does not include St.George. ² Based on residual maturity and FX spot currency translation. Includes all debt issuance with contractual maturity greater than 13 months, with the exception of US commercial paper and securitisation. Maturity date for hybrids and callable subordinated instruments is the first scheduled conversion date or call date for the purposes of this disclosure. Perpetual sub-debt has been included in >FY16 maturity bucket.

Asset quality

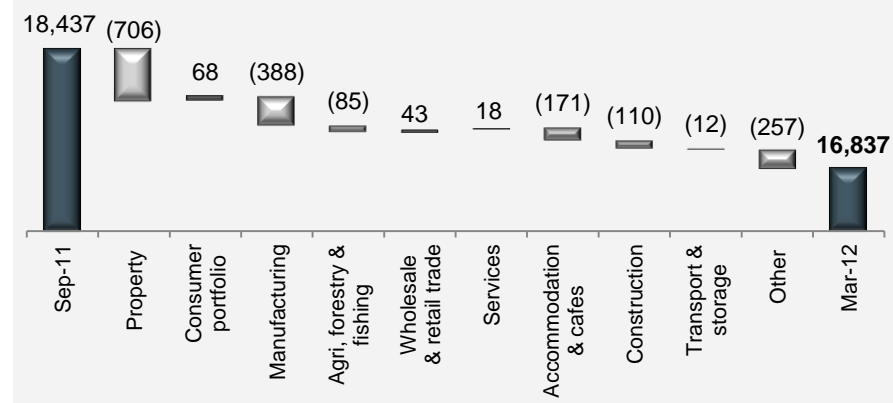
- Asset quality continues to improve, although the rate of improvement has slowed
- Stressed exposures to TCE¹ down 22bps (down 59bps from 1H11) to 2.26%, due to
 - Upgrades out of stress and into performing
 - Rate of new stress lower
 - Resolution of impaired loans, including write-backs
- Impaired assets to TCE¹ down 2bps (down 8bps 1H11) to 60bps
- Commercial property segment continues to demonstrate the most stress, however total exposure to this segment has reduced to 8% of lending

Asset quality	1H12	2H11	change 1H11– 1H12
Impairment charges to average gross loans	24bps	22bps	2bps
Impaired assets to gross loans	88bps	92bps	(4bps)
Impaired provisions to impaired assets	38%	36%	200bps
Total provisions to gross loans	86bps	88bps	(2bps)
Collectively assessed provisions to credit RWA	122bps	126bps	(4bps)

Stressed exposures as a % of TCE^{1,2}(%)



Movement in stressed exposures (\$m)



1 TCE is Total Committed Exposures. 2 Includes St.George from 1H09 onwards.

Syndicate details

Westpac Institutional Bank	 Westpac Institutional Bank	Allan O'Sullivan, (02) 8254 -1425
ANZ Securities Limited	 ANZ	Tariq Holdich, (02) 9226 – 6946
Deutsche Bank	 Deutsche Bank	Rupert Daly, (02) 8258 – 1408
J.P. Morgan	 J.P.Morgan	Duncan Beattie, (02) 9003 – 8358
UBS	 UBS	Andrew Buchanan, (02) 9324 - 2617

Contacts

For further information contact

Capital Management

Curt Zuber

Group Treasurer, Westpac Banking Corporation
+61 2 8253 4230
czuber@westpac.com.au

Guy Volpicella

Executive Director, Structured Funding and Capital
+61 2 8254 9261
gvolpicella@westpac.com.au

John Georgiades

Director, Structured Funding and Capital
+61 2 8253 1053
johngeorgiades@westpac.com.au

Investor Relations

Andrew Bowden

Head of Investor Relations
+61 2 8253 4008
andrewbowden@westpac.com.au

Hugh Devine

Senior Manager, Investor Relations
+61 2 8253 1047
hdevine@westpac.com.au

or email: investorrelations@westpac.com.au

For further information on Westpac, please visit our investor website:

www.westpac.com.au/investorcentre

See 'Latest news' for the link to Westpac Subordinated Notes information

Westpac logo and navigation bar: Home, Personal, Business, Corporate, About Westpac. Search bar: Enter search term... GO. Sign in to... button.

Investor centre navigation: Westpac Group, Investor centre, Media, Careers, Sustainability and Community, Global locations.

Investor centre content:

- Shareholder information**: Dividends, share and hybrid information, registry contacts, newsletters and emails.
- Presentations**: Current and archive briefings, interim and full-year results, speeches and investor updates.
- Fixed income investors**: For fixed income investors: includes wholesale funding strategy and programs, credit ratings and contact details.
- Analysts' centre**: Results announcements, economic reports, discussion packs, and Basel II Pillar 3 risk reports.
- Latest news** (highlighted):
 - Westpac Shareholder Newsletter - 2 July 2012
 - Special offers for Westpac Australian Retail Shareholders (PDF 202kb) - 2 July 2012
 - 2012 Interim Results - released to the market on Thursday 3 May 2012

Quick links: Share price, Financial calendar, Employee shareholders, ASX announcements.

Have we got your email address? Register or update your email address to receive your shareholder communications online.