

**Westpac New Zealand Limited**

# **Perpetual Preference Share Offer Investor Presentation**

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**29 August 2024**



# Important information

This presentation has been prepared by Westpac New Zealand Limited (**WNZL**) in relation to its offer (**Offer**) of perpetual preference shares (**PPS**).

The PPS do not represent a protected account, deposit or liability of Westpac Banking Corporation ABN 33 007 457 141 (**WBC**) or any other company in the WBC group. Neither WBC nor any other company in the WBC group stands behind or otherwise guarantees WNZL or the PPS. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards.

A limited disclosure document (**LDD**) has been prepared in respect of the Offer. The LDD is available on the online Disclose Register maintained by the Companies Office at <https://disclose-register.companiesoffice.govt.nz> (offer number OFR13796) or can be obtained from the Joint Lead Managers or your usual financial advice provider.

This presentation provides information in summary form only and is not intended to be complete. The information in this presentation has been obtained from sources believed to be reliable and accurate at the date of preparation, but its accuracy, correctness, reasonableness and completeness cannot be guaranteed.

The information in this presentation is general in nature and does not take account of your individual circumstances. It does not constitute financial, investment, legal, tax or other advice or a recommendation to purchase PPS.

You should carefully read and consider the LDD, consider the suitability of an investment in the PPS in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues) and consult your financial, legal, tax and other professional advisers before deciding to invest in the PPS.

**The PPS do not have the same rights (including voting rights) or privileges, or the same opportunity to increase in value, as ordinary shares. Scheduled distributions may be cancelled and WNZL is under no obligation to pay cancelled distributions at a later date. The PPS are perpetual and have no fixed term. You have no right to require repayment for any reason.**

The LDD only constitutes an Offer of PPS to investors in New Zealand.

WNZL has not taken and will not take any action that would permit a public or regulated offering of the PPS, or possession or distribution of any offering material in respect of the PPS, including this presentation, in any country or jurisdiction other than New Zealand. The PPS may only be offered for sale or sold in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

The LDD and any advertisement or other offering material in respect of the PPS may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

New Zealand International Financial Reporting Standards (**NZ IFRS**)/New Zealand generally accepted accounting principles (**NZ GAAP**) financial measures: WNZL reports and describes in this document certain non-NZ GAAP financial measures. Non-NZ GAAP financial measures are not calculated in accordance with NZ IFRS. Non-NZ GAAP financial measures should be considered in addition to, and not as substitutes for or superior to, financial measures of financial performance or financial position prepared in accordance with NZ IFRS.

Capitalised terms used in this presentation have the same meaning as set out in the LDD, unless the context otherwise requires.

# Important information (continued)

To the maximum extent permitted by law, none of WNZL, Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) as Arranger, or WBC, Bank of New Zealand, Craigs Investment Partners Limited, Forsyth Barr Limited, or Jarden Securities Limited as Joint Lead Managers, or their respective directors, officers, employees, agents or advisers, makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this presentation, or in any further information that may at any time be supplied in connection with the Offer or accepts responsibility or liability therefor or for any loss or damage howsoever occurring resulting from the use of or reliance on this presentation by any person.

All amounts are in New Zealand dollars unless otherwise indicated.

Financial data in this presentation is as at 31 March 2024 unless otherwise indicated. WNZL's interim financial statements for the 6 months ended 31 March 2024 are unaudited.

Individual components of each chart may not sum to the labelled total due to rounding.

Information contained in or otherwise accessible through the websites mentioned in this presentation do not form part of the presentation unless we specifically state that the information is incorporated by reference and thereby forms part of the presentation.

A credit rating is not a recommendation to buy, sell or hold the PPS or any securities issued by WNZL, and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

This presentation contains certain forward-looking statements in respect of WNZL. These forward-looking statements are based on estimates, projections and assumptions made by WNZL about circumstances and events that have not yet occurred. These forward-looking statements reflect our current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond our control and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon us. Therefore, reliance should not be placed upon these estimates or forward-looking statements and they should not be regarded as a representation or warranty by WNZL or any of its directors, officers, employees or advisers or any other person that those forward-looking statements will be achieved or that assumptions underlying forward-looking statements will in fact be correct. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results could differ materially from the expectations described in the presentation.

# Offer Highlights

# Offer highlights

Term	Description
Issuer	Westpac New Zealand Limited ( <b>WNZL</b> )
Description	Perpetual preference shares ( <b>PPS</b> )
Legal form	Equity
Offer amount	Up to NZ\$100 million. WNZL reserves the right to accept unlimited oversubscriptions at its discretion
Purpose	The Offer will raise Additional Tier 1 Capital to help WNZL meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for WNZL's general corporate purposes
No fixed maturity date	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by WNZL
Optional redemption dates	The First Optional Redemption Date is 13 September 2029 and subsequent Optional Redemption Dates will be on each quarterly Scheduled Distribution Payment Date after that date. <b>Any redemption of the PPS is at the option of WNZL, subject to conditions and may not occur</b>
Distribution Rate and distributions	The Distribution Rate will be a fixed rate for a period of 5 years, after which it will change to a floating rate that resets at quarterly intervals. Distributions are expected to comprise a cash amount and imputation credits. <b>Distributions are non-cumulative, discretionary and subject to conditions</b>
Conversion, exchange or non-viability triggers	The PPS have no conversion or exchange options and no non-viability triggers
PPS credit rating <sup>1</sup>	The PPS have been rated BBB+ by S&P Global Ratings
Joint Lead Managers	Bank of New Zealand, Craigs Investment Partners Limited, Forsyth Barr Limited, Jarden Securities Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)

<sup>1</sup> On 3<sup>rd</sup> April 2024, S&P Global Ratings upgraded the stand-alone credit profile of WBC by one notch to reflect its assessment that industry-wide risks for Australian banks have reduced. As a result, rated capital instruments received a one notch upgrade and the PPS are rated BBB+.

# Westpac New Zealand Limited

## Operating in NZ for over 160 years, as part of the Westpac Group

- Locally incorporated bank, wholly owned but not guaranteed by Westpac Banking Corporation (**WBC**)
- Contributed 11% and 16% to WBC's total assets and net income<sup>2</sup>

## A simple business model supporting strong asset quality

- Domestic, retail banking focus
- Credit risk profile: residential mortgages comprise 66.5% of gross lending and 54.4% of total assets<sup>2</sup>
- Diversified distribution network with an increasing proportion of customers using digital channels
- Deposit to loan ratio 78.2%<sup>2</sup>
- Common Equity Tier 1 (**CET1**) ratio 11.4%<sup>2</sup>

## Well rated

- Issuer credit ratings<sup>3</sup> Moody's: A1 / S&P Global Ratings: AA- / Fitch: A+ (all stable outlook)
- PPS issue credit rating S&P Global Ratings: BBB+

## Our strong franchise

- One of New Zealand's "Big 4" banks, together making up approx. 85% of the market
- Market share positions<sup>1</sup>
  - Housing Loans 19%
  - Deposits 18%
  - Business lending 18%
- 4th largest bank by total assets<sup>1</sup>
- 4th largest bank by total deposits<sup>1</sup>
- Large, full-service franchise including retail, business, rural, corporate and institutional banking supporting 1.5 million customers

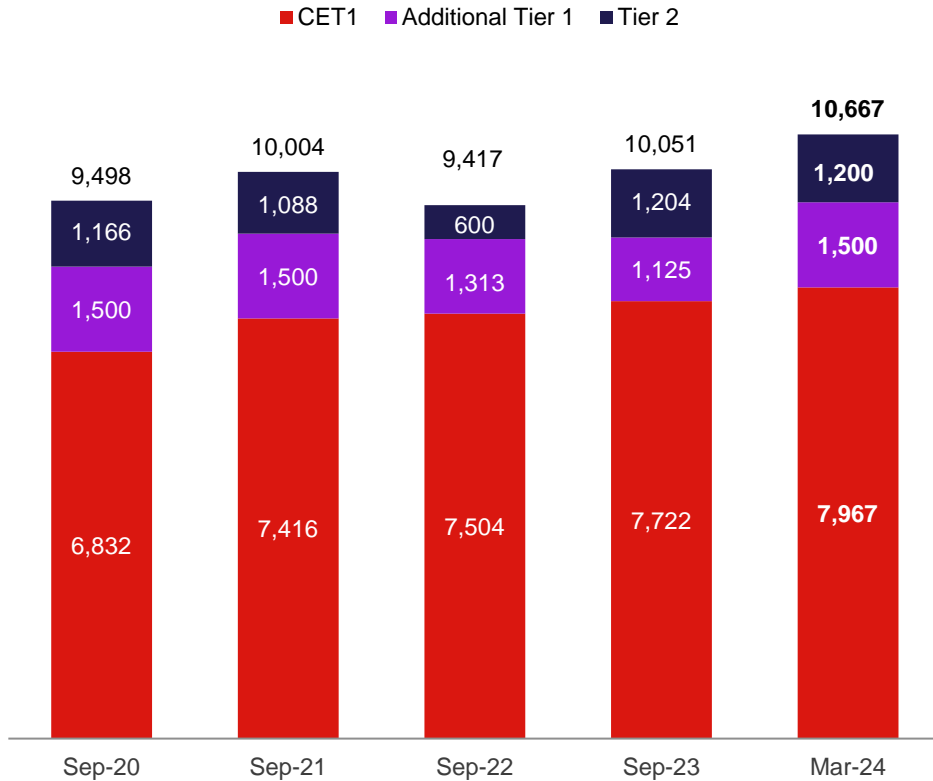
<sup>1</sup> As of March 31, 2024. Source: Reserve Bank of New Zealand (RBNZ).

<sup>2</sup> Source: WNZL Disclosure Statement for the six months ended March 31, 2024.

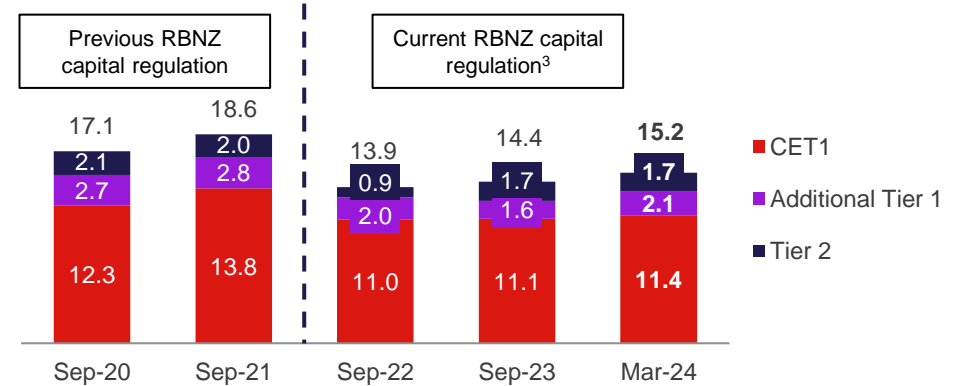
<sup>3</sup> Local currency issuer rating.

# WNZL capital management<sup>1</sup>

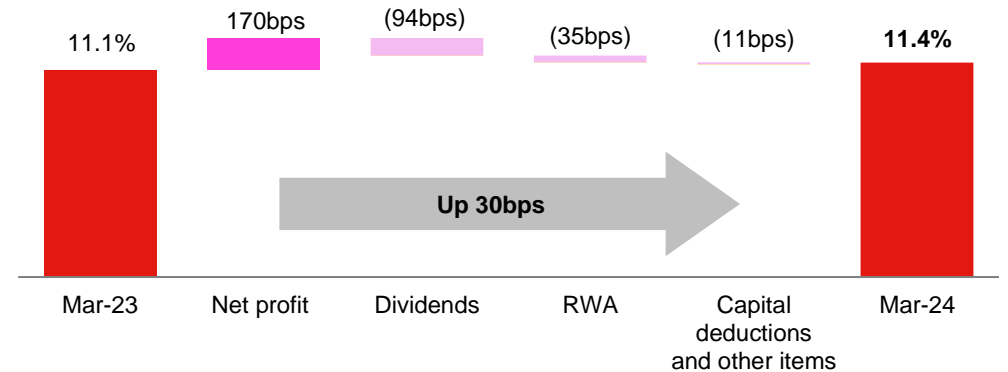
## Regulatory capital (NZ\$m)



## Capital ratios (% RWA<sup>2</sup>)



## CET1 capital ratio movements



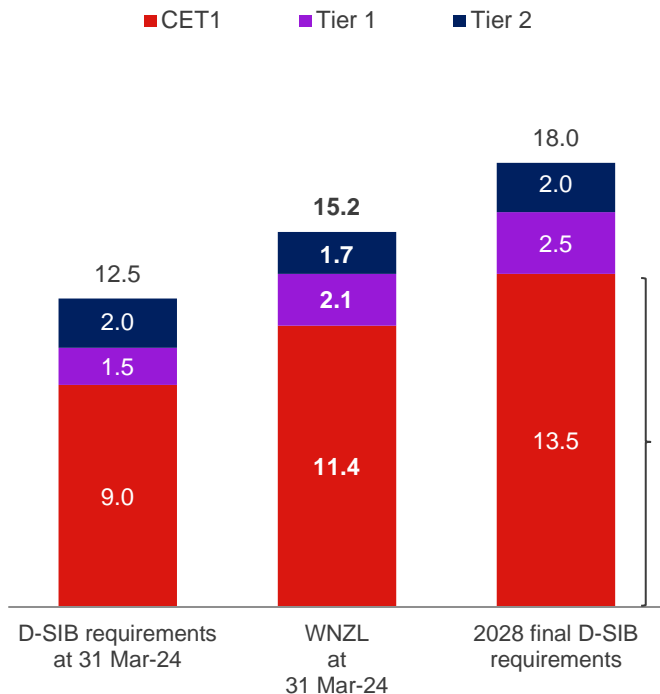
<sup>1</sup> Source: WNZL Disclosure Statements.

<sup>2</sup> Risk Weighted Assets

<sup>3</sup> Due to various changes in the RBNZ's Banking Prudential Requirements from 1 Jan-22 which had the effect of increasing RWA, capital ratios for WNZL at 31 Mar-24, 30 Sep-23 and 30 Sep-22 are not comparable to prior periods including 30 Sep-21.

# WNZL's capital requirements by 2028<sup>1</sup>

## Regulatory capital ratios (% RWA)



### Includes:

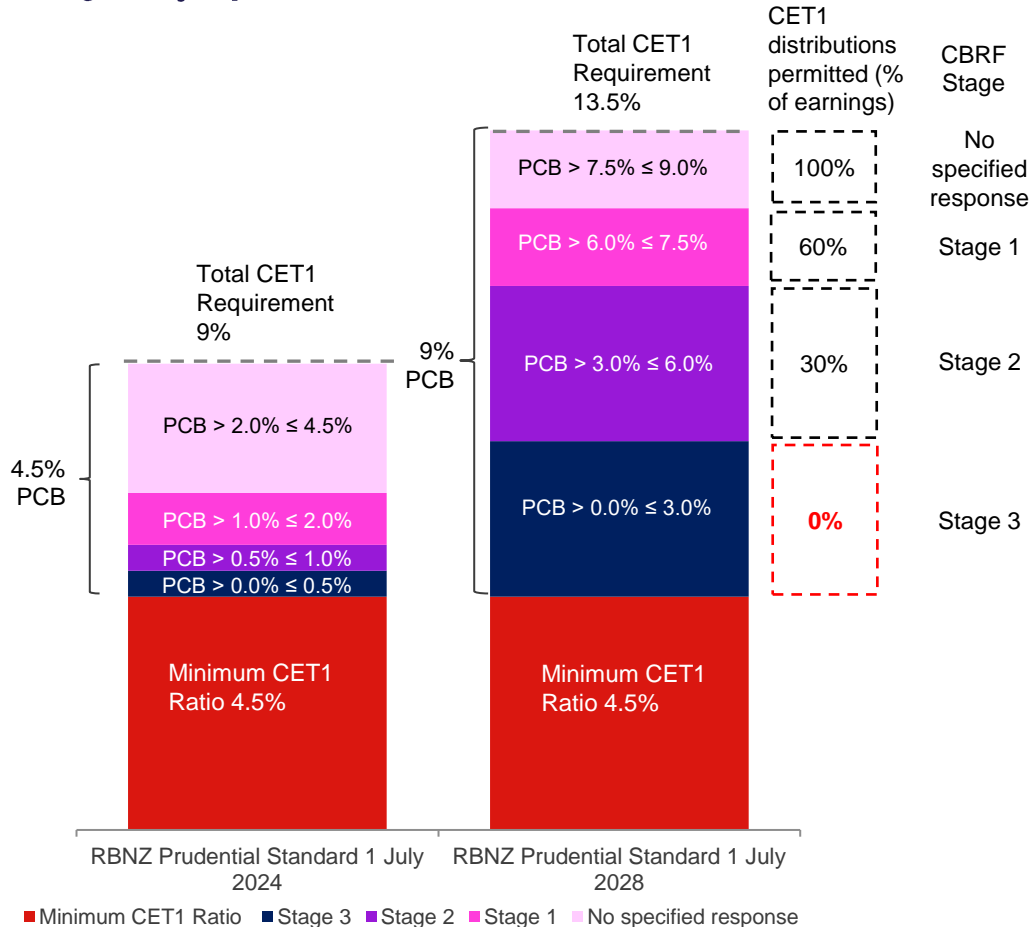
- 4.5% CET1 capital ratio
- 9.0% Prudential Capital Buffer (PCB):
  - 2.0% D-SIB buffer
  - 1.5% Counter-cyclical Capital Buffer
  - 5.5% Capital Conservation Buffer

- The RBNZ Banking Prudential Requirements (BPR) include progressively increasing total capital ratio requirements for Domestic Systemically Important Bank or “D-SIB”s (including WNZL).
- WNZL will be required to meet a total capital ratio requirement of 18.0% of RWA by 1 July 2028.
- This 18% requirement will be made up of:
  - A Tier 1 capital ratio requirement of 16.0% of RWA
    - Eligible Tier 1 capital comprises common equity and Additional Tier 1 capital (AT1) (consisting of perpetual preference shares)
    - AT1 can comprise no more than 2.5% of the 16.0% Tier 1 capital ratio requirement
    - Existing AT1 instruments which are non-BPR compliant are to be phased out by 1 July 2028
  - Tier 2 capital can comprise no more than 2.0% of the 18% total capital ratio requirement
- As at 31 March 2024, WNZL has a total capital ratio of 15.2%, above the current D-SIB requirement of 12.5%



# Capital buffer response framework<sup>1</sup>

## Regulatory capital ratios (% RWA)



- As a condition of registration WNZL must comply with the RBNZ capital buffer response framework (CBRF) requirements.
- Failure to hold the full PCB is not a breach of conditions of registration but will result in progressive responses under the CBRF, designed to encourage banks to restore capital.
- When the PCB is first breached, there is a 'usable band' where no supervisory response is specified but CET1 distributions are restricted to 100% of that year's earnings.
- Distribution restrictions and supervisory actions then escalate in three stages.

### Stage 1:

- Capital restoration plan
- Limit of CET1 distributions to no more than 60% of earnings
- No limit on AT1 distributions

### Stage 2:

- Review of capital restoration plan
- Limit of CET1 distributions to no more than 30% of earnings
- No limit on AT1 distributions

### Stage 3:

- Recapitalisation plan
- No distributions of CET1 allowed
- No distributions on AT1 allowed (**from 1 July 2028**)

# Summary Terms

Term	Description
Description	Perpetual preference shares
Purpose	The Offer will raise Additional Tier 1 Capital to help WNZL meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for WNZL's general corporate purposes
Ranking in liquidation	<p>In a liquidation of WNZL, each PPS gives the Holder the right to payment of a maximum amount equal to the Issue Price (NZ\$1.00 per PPS), which ranks:</p> <ul style="list-style-type: none"> <li>• <b>behind</b> the claims of all depositors and other creditors of WNZL (including holders of Tier 2 Capital instruments of WNZL), except for the claims and rights described below;</li> <li>• <b>equally with</b> the rights of other Holders and the rights and claims of holders of any other preference shares or other instruments of WNZL that rank equally with the PPS; and</li> <li>• <b>ahead</b> of the rights of WNZL's ordinary shareholders.</li> </ul> <p>In a liquidation of WNZL, it is highly unlikely that there will be surplus assets available for the liquidator to pay any amount to Holders in respect of the PPS</p>
Redemption	<p>WNZL may redeem all of the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event has occurred. Redemption is subject to certain conditions being met, including WNZL satisfying the Solvency Condition and obtaining the approval of each of the RBNZ and WBC.</p> <p><b>Any redemption of your PPS is at the option of WNZL, subject to conditions and may not occur. Holders should not expect that the PPS will be redeemed, and have no right to require that the PPS be redeemed for any reason</b></p>
Limited enforcement rights	The Terms do not include events of default or any other provisions entitling Holders to require that the PPS be redeemed
Distribution payments	Distributions on the PPS are scheduled to be paid quarterly in arrear on each Scheduled Distribution Payment Date and, if the PPS are redeemed, on the date on which the PPS are redeemed
Distributions	Distributions on the PPS are expected to be fully imputed. This means the return a Holder receive when a distribution is paid is expected to comprise a cash amount and imputation credits
Distribution Rate	<p>The Distribution Rate until the First Optional Redemption Date (13 September 2029) will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 5-year period) on the Rate Set Date (6 September 2024) plus the Margin.</p> <p>The Distribution Rate after the First Optional Redemption Date will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate (a benchmark interest rate for a 3 month period) plus the same Margin.</p>

# Summary Terms (continued)

Term	Description
Margin	The Margin is the rate (expressed as a percentage per annum) determined by WNZL in consultation with the Joint Lead Managers through the Bookbuild. The Margin will be announced by WNZL via NZX on or about the Rate Set Date. The Margin for the PPS will not change
Distributions are discretionary and subject to conditions	WNZL has full discretion at all times to cancel distributions on the PPS and the payment of a distribution on a Distribution Payment Date is subject to conditions
Solvency Condition	Payment of distributions on the PPS and the redemption of the PPS are subject to conditions, including: <ul style="list-style-type: none"> <li>• WNZL must be Solvent on the applicable payment date; and</li> <li>• WNZL must be able to pay the amount and remain Solvent immediately after paying the amount.</li> </ul> “Solvent” means satisfying the solvency test contained in section 4 of the Companies Act 1993, as modified by section 52 of that Act
Distributions are non-cumulative	Distribution payments on the PPS are non-cumulative. If a distribution is not paid on a Distribution Payment Date, WNZL is under no obligation to pay that distribution at a later date
Restrictions on ordinary shares if distributions are not paid	If for any reason a distribution is not paid in full on the relevant Distribution Payment Date, WNZL must not authorise or pay a dividend on its ordinary shares, or undertake any discretionary buy back or capital reduction in respect of its ordinary shares. These restrictions will apply unless and until: <ul style="list-style-type: none"> <li>• WNZL pays the distribution in full within 20 Business Days of the Distribution Payment Date;</li> <li>• WNZL pays a distribution on the PPS in full on a subsequent Scheduled Distribution Payment Date; or</li> <li>• the PPS have been redeemed</li> </ul>
Quotation	Application to quote the PPS on the NZX Debt Market has been made. NZX ticker code WNZHA has been reserved for the PPS
No public pool	All of the PPS offered under the Offer have been reserved for subscription by clients of the Joint Lead Managers and other approved financial intermediaries invited to participate in the Bookbuild. There is no public pool for the PPS
Minimum subscription amount	NZ\$5,000 and in multiples of NZ\$1,000 thereafter
Brokerage	0.50% on firm allocations plus 0.50% brokerage, payable by WNZL
Selling Restrictions	The offer of the PPS will only be made to New Zealand investors

# Key dates

## Key dates for the Offer<sup>1</sup>

LDD registration	29 August 2024
Opening Date	2 September 2024
Closing Time	11.00am on 6 September 2024
Rate Set Date	6 September 2024
Issue Date/allotment date	13 September 2024
Expected date of initial quotation and trading of the PPS on the NZX Debt Market	16 September 2024

## Key dates for the PPS<sup>1</sup>

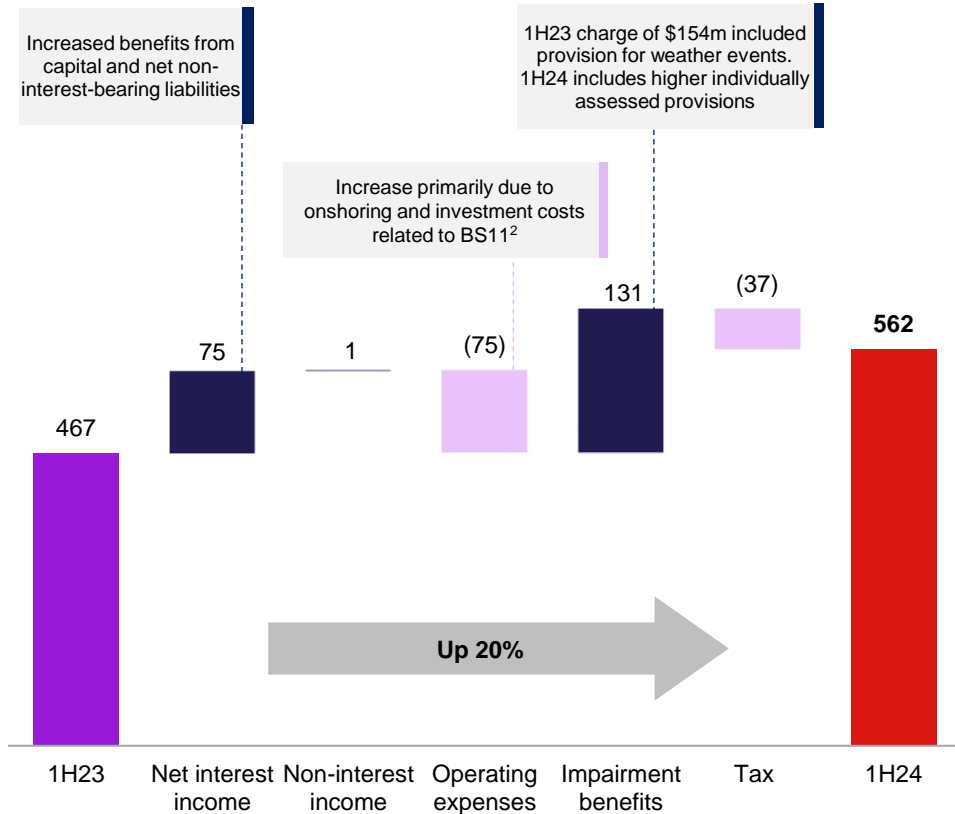
Optional Redemption Dates	The First Optional Redemption Date is 13 September 2029 and subsequent Optional Redemption Dates will be on each quarterly Scheduled Distribution Payment Date after that date. <b>Any redemption of the PPS is at the option of WNZL, subject to conditions and may not occur</b>
First Scheduled Distribution Payment Date	13 December 2024
Scheduled Distribution Payment Dates	Distributions on the PPS are scheduled to be paid: <ul style="list-style-type: none"><li>• quarterly in arrear on each Scheduled Distribution Payment Date, being 13 March, 13 June, 13 September and 13 December in each year; and</li><li>• if the PPS are redeemed, on the date on which the PPS are redeemed.</li></ul> <b>Distributions are discretionary and subject to conditions</b>
No fixed maturity date	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by WNZL

<sup>1</sup> The dates for the Offer and the PPS may change. WNZL has the right in its absolute discretion to change such dates.

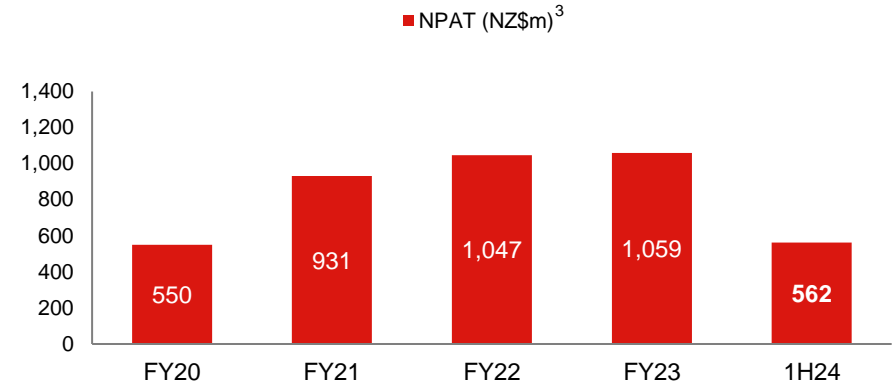
**Westpac New Zealand  
Limited**

# 1H24 financial performance<sup>1</sup>

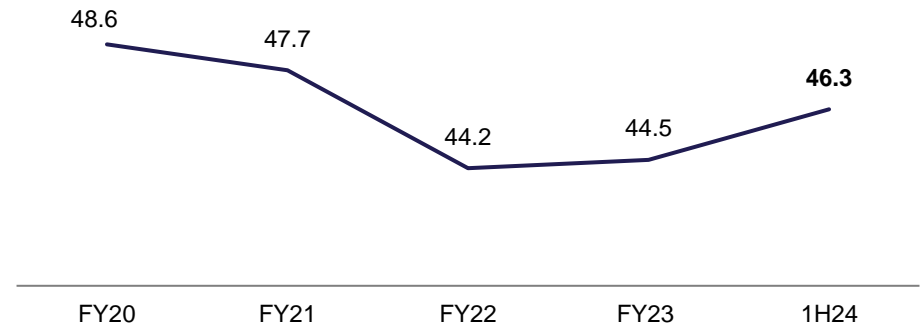
## Net profit (NZ\$m)



## Net profit



## Cost to income ratio<sup>4</sup> (%)



<sup>1</sup> Source: WNZL Disclosure Statements and management information. 1H24 refers to six months ended 31 March 2024.

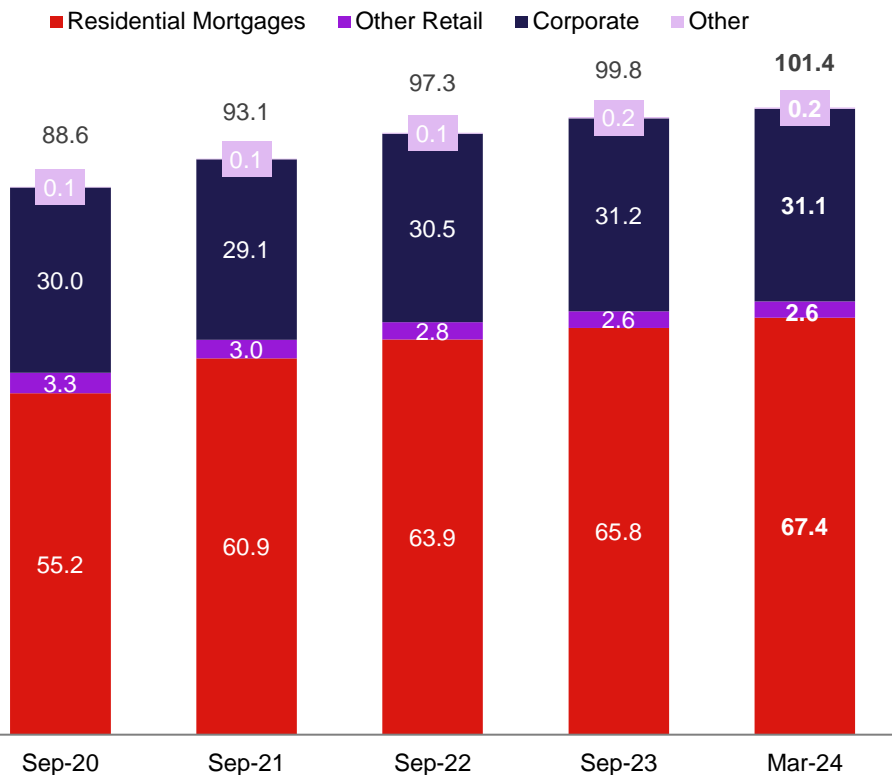
<sup>2</sup> RBNZ's policy for outsourcing by banks.

<sup>3</sup> Net profit attributable to the owner of WNZL for reporting period (NPAT).

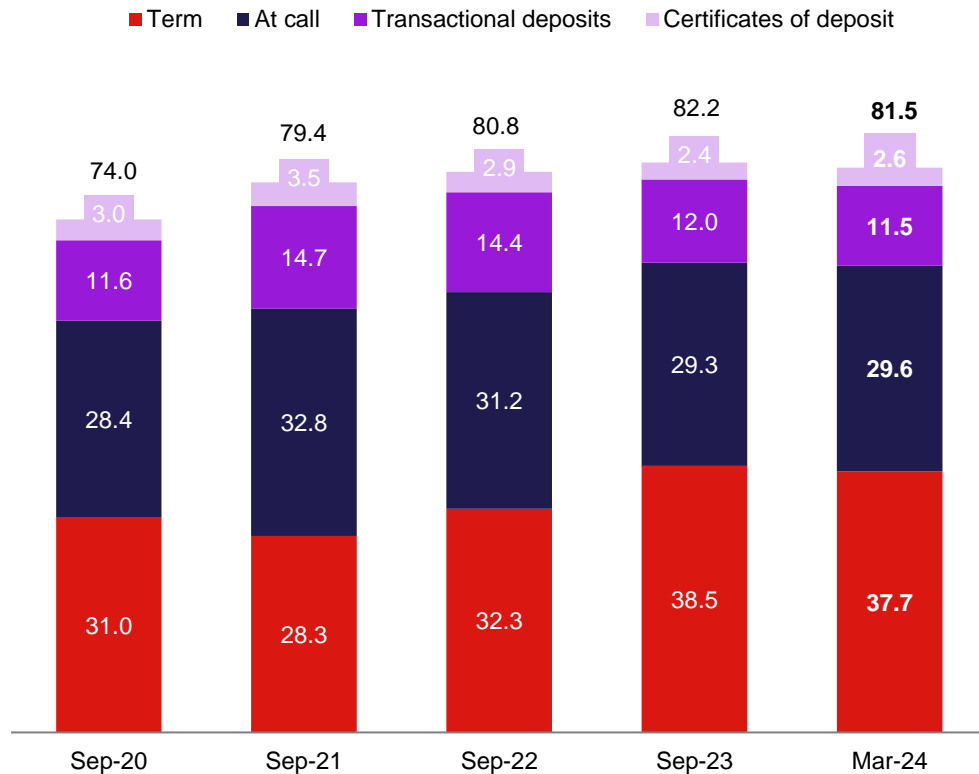
<sup>4</sup> Cost to income ratio is calculated as total operating expenses divided by net operating income.

# Balance sheet<sup>1</sup>

## Total lending portfolio (NZ\$bn)

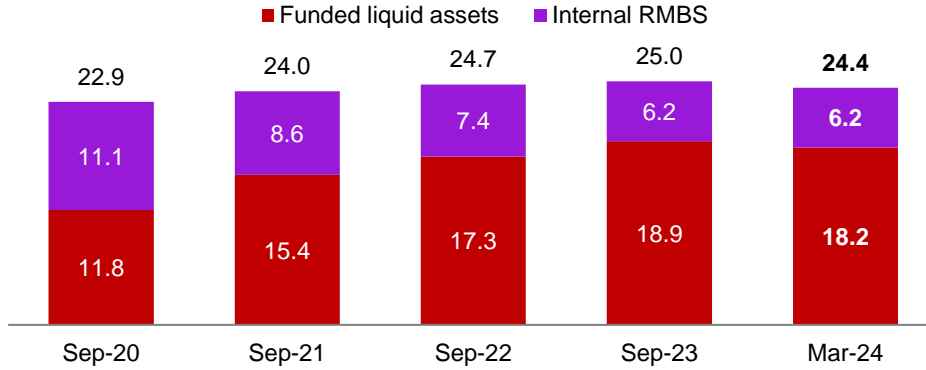


## Deposits and other borrowings (NZ\$bn)

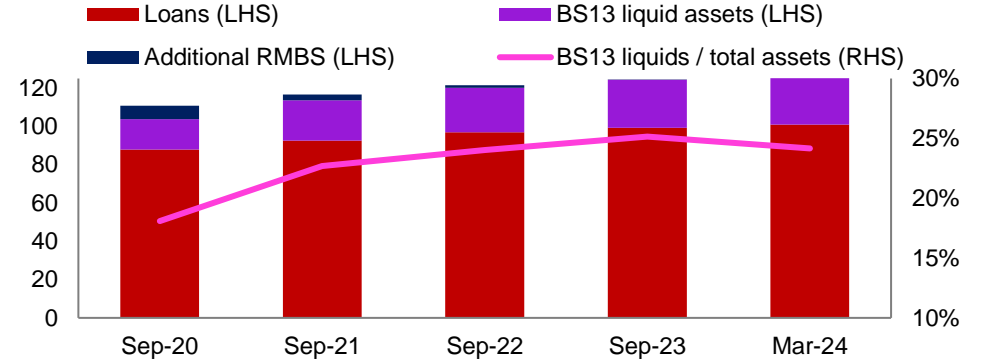


# Liquid assets<sup>1</sup>

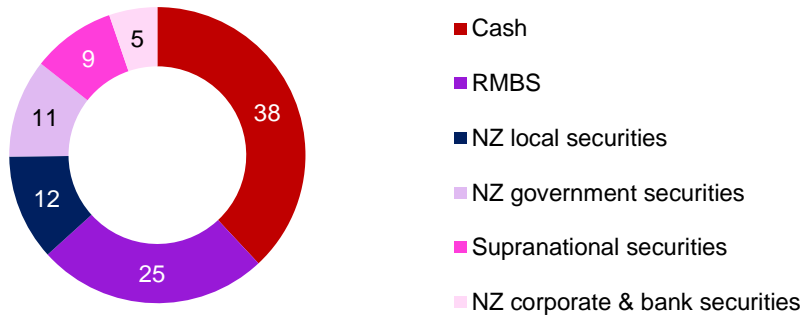
## Liquid assets (NZ\$bn)



## BS13 liquid asset position (NZ\$bn)<sup>2</sup>



## Liquid assets composition (%)



## Regulatory liquidity ratios (%)

Average for the 3 months ended	Mar-23	Sep-23	Mar-24	Regulatory Minimum
One-week mismatch ratio	9.8	10.2	<b>10.2</b>	0
One-month mismatch ratio	9.0	10.1	<b>9.7</b>	0
Core funding ratio	88.2	88.8	<b>86.5</b>	75

<sup>1</sup> Source: WNZL Disclosure Statements.

<sup>2</sup> Additional Residential Mortgage-Backed Securities ("RMBS") and BS13 liquid assets shown at amount after the haircut imposed by the RBNZ under their BS13 Liquidity Policy. Additional RMBS represents the excess internal RMBS held above the 5% limit on the total assets that contribute to RBNZ BS13 liquid assets.

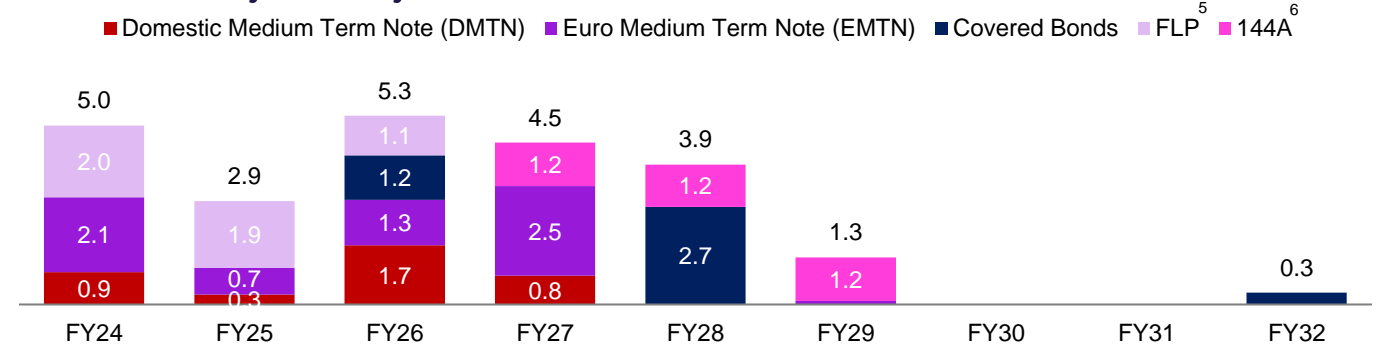


# Wholesale funding profile

## Wholesale funding composition (NZ\$bn)<sup>1</sup>

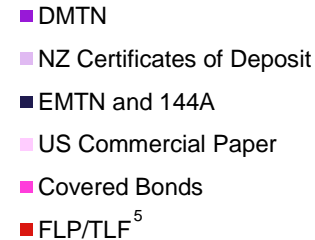
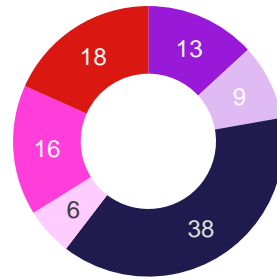


## Term maturities by financial year (NZ\$bn)<sup>4</sup>

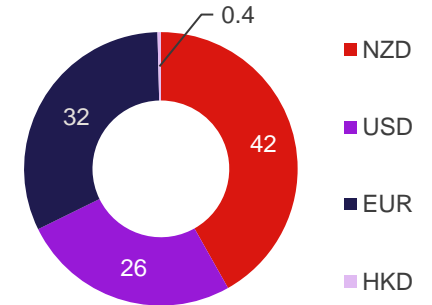


## Wholesale funding mix (% of total wholesale funding)

### Funding programme



### Currency<sup>4</sup>



<sup>1</sup> Source: WNZL Disclosure Statements. Includes all funding under WNZL's funding programmes, not including Tier 2, AT1, equity and customer deposit related funding.

<sup>2</sup> Includes NZ\$4.98bn WNZL has drawn under the RBNZ's Funding for Lending Programme (FLP) and NZ\$55m WNZL has drawn under its Term Lending Facility (TLF) at March 31, 2024.

<sup>3</sup> Certificates of deposits are included in "Wholesale Onshore <1yr".

<sup>4</sup> Source: Management information, data represents management view using NZ\$ hedged amounts.

<sup>5</sup> The FLP offered secured term central bank funding to registered banks, with the aim of lowering funding costs to stimulate lending growth across the economy and help reduce interest rates for borrowers during Covid-19. Under the FLP, the RBNZ offered 3-year funding to eligible institutions. The funding was structured as floating rate repurchase transactions priced at the Official Cash Rate ("OCR"), each for a term of three years. The FLP closed to new drawing on December 6, 2022. Participants could access the funding over a 2-year period. The TLF is a long-term funding scheme in support of the Government's Business Finance Guarantee Scheme to help promote lending to business. The TLF is closed to new drawing.

<sup>6</sup> US Medium Term Notes (144A).

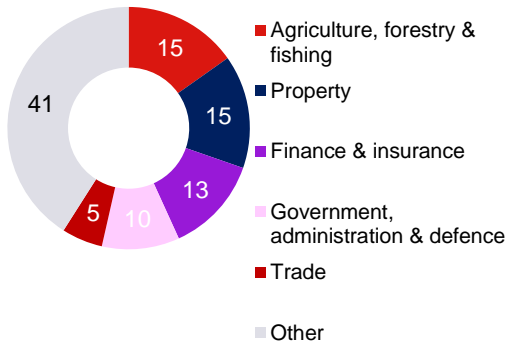
# WNZL lending portfolio and performance<sup>1</sup>

## Total committed exposure (TCE)<sup>2</sup>

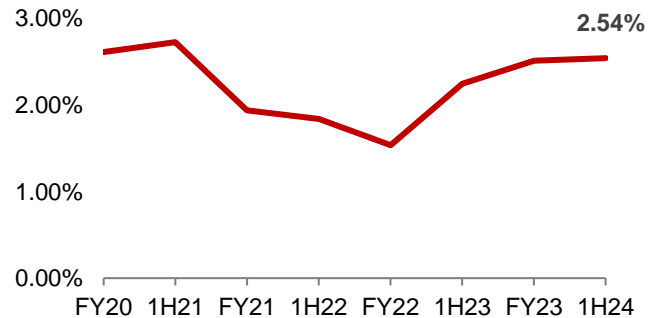
NZ\$bn	FY23	1H24	%TCE	vs FY23
<b>Consumer lending<sup>3</sup></b>	82.3	<b>83.9</b>	<b>56.2%</b>	<b>+1.9%</b>
<b>Business lending</b>	65.8	<b>65.2</b>	<b>43.8%</b>	<b>-0.8%</b>
Non-Institutional <sup>4</sup>	26.2	26.2	17.6%	0.0%
Institutional	39.6	39.0	26.2%	-1.4%
<b>Total committed exposure</b>	148.1	<b>149.1</b>	<b>100.0%</b>	<b>+0.7%</b>

## Business portfolio (TCE)

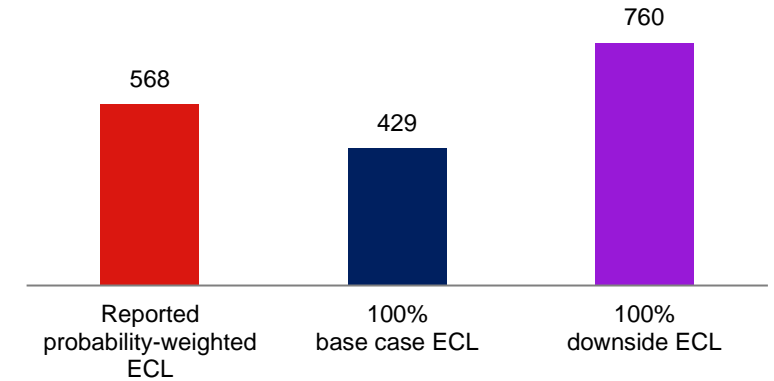
### TCE by industry (%)



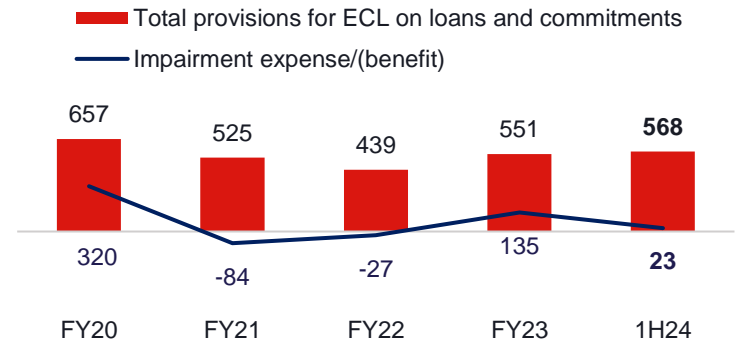
### Stressed exposures<sup>5</sup> as % of Business TCE



## Provision for expected credit losses (ECL)(NZ\$m)<sup>6</sup>



## WNZL provisions and impairments performance (NZ\$m)



<sup>1</sup> Source: WNZL Disclosure Statements and management information.

<sup>2</sup> TCE represents the maximum amount of credit exposure, excluding Transaction Risk and Settlement Risk exposures, which WNZL is committed to incur, via one or more facilities, to a customer.

<sup>3</sup> The majority of TCE for consumer lending consists of home loans.

<sup>4</sup> Non-institutional includes corporate, property, commercial and agribusiness and SME Retail.

<sup>5</sup> Stressed exposures include Watchlist, Special Mention, Substandard and Doubtful (Impaired) loans

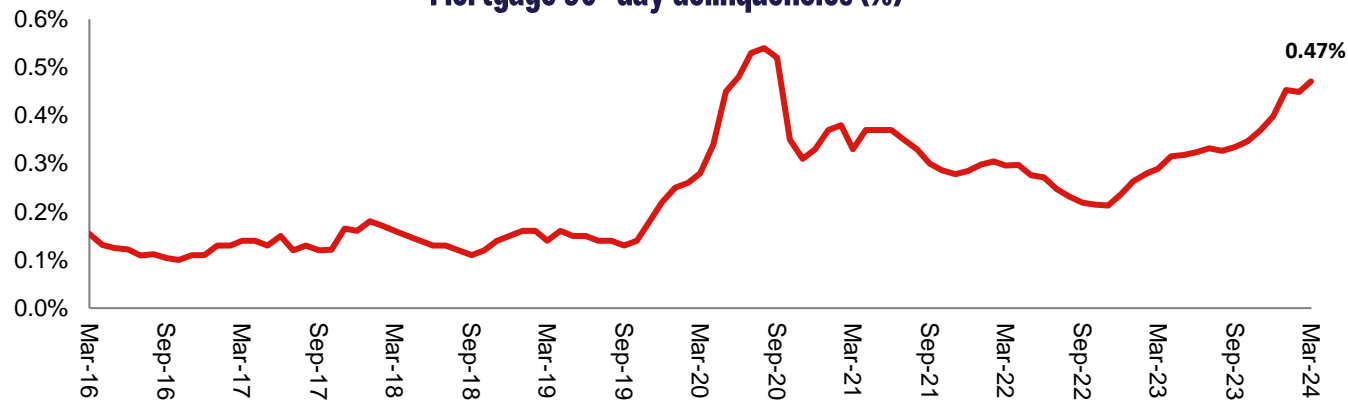
<sup>6</sup> The modelled provision for Reported probability-weighted ECL on loans and credit commitments is a probability weighted estimate based on three scenarios which together represent WNZL's view of the forward-looking distribution of potential loss outcomes. The base case scenario is based on WNZL's view of the current economic outlook as at 31 March 2024, while the downside scenario is a more severe scenario with ECL higher than the base case.

# WNZL mortgage portfolio<sup>1</sup>

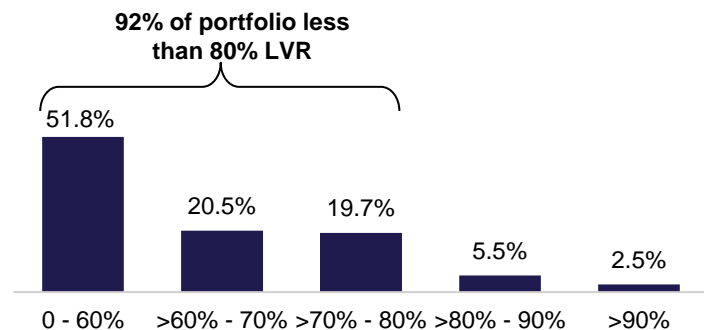
## Mortgage portfolio<sup>2</sup>

Total portfolio (NZ\$bn) <sup>3</sup>	67.4
Fixed / Floating (%)	90 / 10
Owner occupied (%)	74.4
Investment property loans (%)	25.6
Broker introduced (%)	53.0
Interest-only (%)	16.0
Origination LVR <sup>4</sup> 80-90% (%)	9.2
Origination LVR <sup>4</sup> >90% (%)	3.1

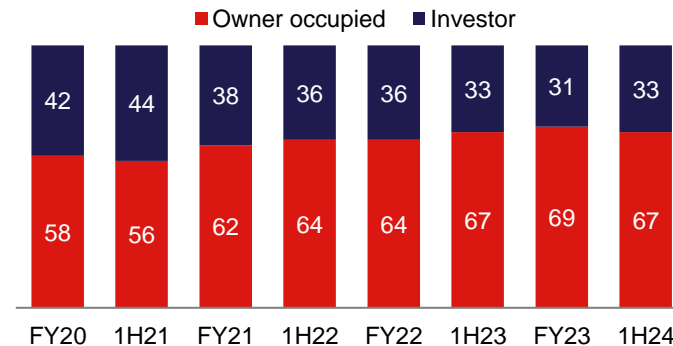
## Mortgage 90+ day delinquencies (%)



## Mortgage portfolio LVR<sup>5</sup> distribution (%)



## New flows<sup>6</sup> (%)



<sup>1</sup> Source: WNZL Disclosure Statements and management information.

<sup>2</sup> Data as at 31 March 2024

<sup>3</sup> Gross Loans (loans before provisions for impairment losses).

<sup>4</sup> Loan-to-value ratio ("LVR") at origination

<sup>5</sup> LVR based on current loan and property value at latest credit event. Note this includes undrawn commitments and other off balance sheet exposures.

<sup>6</sup> Data for latest period ended 31 March 2024 of new and increased residential mortgage loans originated over the reporting period. Investor and Owner Occupier is defined in accordance with RBNZ BS19 LVR restrictions.

# Asset quality<sup>1</sup>

## Agribusiness portfolio<sup>2</sup>

	FY23	1H24
Total committed exposure (TCE) (\$bn)	9.6	<b>9.4</b>
Agriculture as a % of total TCE	6.5	<b>6.3</b>
% of portfolio graded as 'stressed' <sup>4</sup>	6.3	<b>7.3</b>
% of portfolio impaired	0.08	<b>0.29</b>

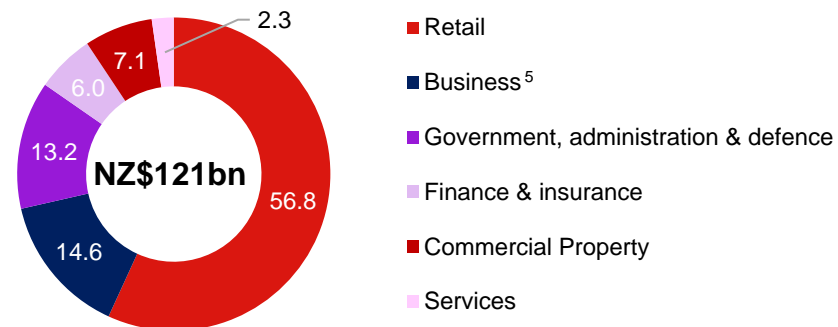
## Dairy sub-portfolio<sup>3</sup>

	FY23	1H24
Total committed exposure (TCE) (\$bn)	6.2	<b>6.0</b>
Dairy as a % of total TCE	4.2	<b>4.1</b>
% of portfolio graded as 'stressed' <sup>4</sup>	4.2	<b>4.4</b>
% of portfolio impaired	0.04	<b>0.04</b>

## Commercial property portfolio

	FY23	1H24
Total committed exposure (TCE) (\$bn)	9.6	<b>9.9</b>
Property as a % of total TCE	6.5	<b>6.6</b>
% of portfolio graded as 'stressed' <sup>4</sup>	2.2	<b>1.4</b>
% of portfolio impaired	0.01	<b>0.04</b>

## On-balance sheet credit exposures by industry sector (%)



<sup>1</sup> Source: WNZL Disclosure Statements and management information

<sup>2</sup> Agribusiness represents exposures in the Agriculture industry under the ANZSIC industry classification.

<sup>3</sup> Dairy is a sub-category of the agribusiness portfolio

<sup>4</sup> Stressed exposures include Watchlist, Special Mention, Substandard and Doubtful (Impaired) loans

<sup>5</sup> Includes accommodation, cafes and restaurants, agriculture, construction, forestry and fishing, manufacturing, mining, transport and storage, trade and utilities.

# Key Contacts

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# Indicative Terms Sheet



for an issue of up to NZ\$100 million Westpac New Zealand Limited  
perpetual preference shares

(with the option to accept unlimited oversubscriptions)

2 September 2024

Joint Lead Managers:



This indicative terms sheet (**Terms Sheet**) is a summary only. More details are contained in the Limited Disclosure Document (**LDD**) dated 29 August 2024 for the offer of perpetual preference shares (**PPS**) (the **Offer**). The LDD is available free of charge on the online Disclose Register maintained by the Companies Office at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) (offer number OFR13796) or can be obtained from the Joint Lead Managers or your usual financial advice provider.

These PPS do not have the same rights (including voting rights) or privileges, or the same opportunity to increase in value, as ordinary shares. Scheduled distributions may be cancelled and Westpac New Zealand Limited (**WNZL**) is under no obligation to pay cancelled distributions at a later date. The PPS are perpetual and have no fixed term. Holders have no right to require repayment for any reason.

Capitalised terms used but not defined in this Terms Sheet have the meanings given to them in the LDD unless the context otherwise requires.

## Key dates for the Offer

<b>LDD registration</b>	Thursday, 29 August 2024
<b>Opening Date</b>	Monday, 2 September 2024
<b>Closing Time</b>	Friday, 11.00 am on 6 September 2024
<b>Rate Set Date</b>	Friday, 6 September 2024
<b>Issue Date/allotment date</b>	Friday, 13 September 2024
<b>Expected date of initial quotation and trading of the PPS on the NZX Debt Market</b>	Monday, 16 September 2024

## Key dates for the PPS

<b>No fixed maturity date</b>	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by WNZL.
<b>First Scheduled Distribution Payment Date</b>	13 December 2024
<b>Scheduled Distribution Payment Dates</b>	13 March, 13 June, 13 September and 13 December in each year
<b>Distribution Payment Dates</b>	Distributions on the PPS are scheduled to be paid quarterly in arrear on each Scheduled Distribution Payment Date and, if the PPS are redeemed, on the date on which the PPS are redeemed. Distributions are discretionary, subject to conditions and non-cumulative.
<b>First Optional Redemption Date</b>	13 September 2029
<b>Optional Redemption Dates</b>	The First Optional Redemption Date and each Scheduled Distribution Payment Date after that date. Any redemption of the PPS is at the option of WNZL, subject to conditions and may not occur.

## Dates may change

The Opening Date and the Closing Time may change. WNZL has the right in its absolute discretion to change the Opening Date and/or the Closing Time to be earlier or later. If WNZL changes the Opening Date and/or the Closing Time, the changes will be announced as soon as reasonably practicable by WNZL via NZX. If the Closing Time is changed, other key dates may be changed accordingly. The Distribution Payment Dates are subject to the Business Day convention described below. Other dates may also be adjusted if they do not fall on a Business Day.

WNZL reserves the right to cancel the Offer and the issue of the PPS.

## Key risks

Investments in equity securities of this nature have risks. A key risk is that Holders will not be paid a distribution on their investment or that their investment will not be repaid (credit risk). WNZL is under no obligation to pay cancelled distributions at a later date. Section 6 of the LDD (*Risks of investing*) discusses the main factors that give rise to this risk.

## Overview of the PPS

<b>Issuer</b>	Westpac New Zealand Limited.		
<b>Description</b>	Perpetual preference shares.		
<b>Offer amount</b>	Up to NZ\$100 million. WNZL reserves the right to accept unlimited oversubscriptions at its discretion.		
<b>Issue Price</b>	NZ\$1.00 per PPS.		
<b>Purpose</b>	The Offer will raise Additional Tier 1 Capital to help WNZL meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for WNZL's general corporate purposes.		
<b>Regulatory treatment</b>	Additional Tier 1 Capital.		
		<b>Senior credit rating of WNZL</b>	<b>PPS credit rating</b>
	Moody's Investors Service	A1 (Stable)	n/a
	S&P Global Ratings	AA- (Stable)	BBB+
	Fitch Ratings	A+ (Stable)	n/a
	<b>A credit rating is not a recommendation to buy, sell or hold the PPS or any securities issued by WNZL. Ratings are subject to suspension, revision or withdrawal at any time.</b>		
<b>Legal form</b>	Equity		
<b>Accounting form</b>	Equity		



<b>Ranking in liquidation</b>	<p>In a liquidation of WNZL, each PPS gives the Holder the right to payment of a maximum amount equal to the Issue Price, which ranks:</p> <ul style="list-style-type: none"> <li>• <b>behind</b> the claims of all depositors and other creditors of WNZL (including holders of Tier 2 Capital instruments of WNZL), except for the claims and rights described below;</li> <li>• <b>equally with</b> the rights of other Holders and the rights and claims of holders of any other preference shares or other instruments of WNZL that rank equally with the PPS; and</li> <li>• <b>ahead</b> of the rights of WNZL's ordinary shareholders.</li> </ul> <p>In a liquidation of WNZL, it is highly unlikely that there will be surplus assets available for the liquidator to pay any amount to Holders in respect of the PPS.</p>
<b>No guarantee and not deposit liabilities</b>	<p>WNZL is a subsidiary of Westpac Banking Corporation (<b>WBC</b>). The PPS are not deposit liabilities, protected accounts or protected deposits of WNZL or WBC for the purposes of the Banking Act 1959 of Australia or the Deposit Takers Act 2023. The PPS are not guaranteed by any person. No material obligations of WNZL are guaranteed by any person (including by WBC).</p>
<b>No public pool</b>	<p>There is no public pool for the PPS. All PPS will be reserved for subscription by clients of the Joint Lead Managers and Primary Market Participants and other persons invited to join the Bookbuild.</p>
<b>No fixed maturity date</b>	<p>The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by WNZL.</p>
<b>Redemption</b>	<p>WNZL may redeem all of the PPS:</p> <ul style="list-style-type: none"> <li>• on an Optional Redemption Date; or</li> <li>• at any time if a Tax Event or a Regulatory Event has occurred.</li> </ul> <p>Redemption is subject to certain conditions being met, including WNZL satisfying the Solvency Condition and obtaining the approval of each of the Reserve Bank and WBC.</p> <p><b>Any redemption of the PPS is at the option of WNZL, subject to conditions and may not occur. Holders should not expect that the PPS will be redeemed, and have no right to require that the PPS be redeemed for any reason.</b></p>
<b>Amount that is payable to Holders if the PPS are redeemed</b>	<p>Holders will receive the Issue Price if the PPS are redeemed for any reason.</p>
<b>Distributions</b>	<p>Distributions on the PPS are expected to be fully imputed. This means the return a Holder receives when a distribution is paid is expected to comprise:</p> <ul style="list-style-type: none"> <li>• a cash amount; and</li> <li>• imputation credits.</li> </ul> <p>Based on the corporate income tax rate of 28% as at the date of this Terms Sheet, if a distribution is fully imputed a Holder will receive 28 cents of imputation credits for every 72 cents of the cash amount. If a distribution is not fully imputed, the cash amount will be increased by an amount corresponding to the shortfall in imputation credits.</p>
<b>Distribution Rate</b>	<p>The Distribution Rate will be a fixed rate for a period of 5 years, after which it will change to a floating rate that resets at quarterly intervals.</p>

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The Distribution Rate until the First Optional Redemption Date (13 September 2029) will be a fixed rate equal to the sum of the Swap Rate on the Rate Set Date (6 September 2024) plus the Margin.

The Distribution Rate after the First Optional Redemption Date will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate plus the same Margin.

If the sum of the 3 Month Bank Bill Rate plus the Margin is less than 0% per annum, the Distribution Rate will be deemed to be 0% per annum.

The initial Distribution Rate and the Margin will be announced by WNZL via NZX on or about the Rate Set Date.

When the Distribution Rate is reset, the new Distribution Rate will be announced by WNZL via NZX on or about the date it is reset.

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### Margin

The Margin (which may be within, above or below the indicative Margin range) will be determined by WNZL in consultation with the Joint Lead Managers through the Bookbuild. The Margin will be announced by WNZL via NZX on or about the Rate Set Date.

The Margin for the PPS will not change.

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### Indicative Margin range

The indicative Margin range is 3.50% - 3.70% per annum.

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### Swap Rate

The mid-market rate for an interest rate swap with a term of 5 years commencing on the Issue Date, as calculated by WNZL, according to market convention, with reference to Bloomberg Page ICNZ4 (or any successor page) on the Rate Set Date, expressed as a percentage per annum, adjusted for quarterly payments and rounded, if necessary, to the nearest 2 decimal places with 0.005% being rounded up.

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### 3 Month Bank Bill Rate

In relation to a Distribution Payment Date after the First Optional Redemption Date:

- the FRA rate administered by the New Zealand Financial Benchmark Facility (NZFBF) (or any person that takes over the administration of that rate) for bank bills having a term of, or of about, 3 months as displayed at or about 10.45 am or such later time as WNZL may determine on the preceding Scheduled Distribution Payment Date on Bloomberg BKBM page 'GDCO 2805' (or any successor page); or
- if that rate is not displayed by 10.45 am or such later time as WNZL may determine on that date, the equivalent rate provided by the NZFBF (or any person that takes over the administration of that rate) at or around that time on that date,

in each case expressed as a percentage per annum and rounded, if necessary, to the nearest 4 decimal places with 0.00005% being rounded up.

WNZL is able to replace the 3 Month Bank Bill Rate with an alternative reference rate if the 3 Month Bank Bill Rate becomes unavailable.

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### How the cash amount of fully imputed distributions is determined

*Distributions made on or before the First Optional Redemption Date*

- The cash distribution payable on each PPS on each Scheduled Distribution Payment Date that is on or before the First Optional Redemption Date (13 September 2029) and on the date the PPS are redeemed (if they are redeemed on a date on or before the First Optional Redemption Date that is a Scheduled Distribution Payment Date) is calculated according to the following formula:

$$\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4}$$

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- The cash distribution payable on each PPS on the date the PPS are redeemed (if they are redeemed on a date before the First Optional Redemption Date that is not a Scheduled Distribution Payment Date) is calculated according to the following formula:

$$\text{Cash distribution payable} = \left( \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4} \right) \times \frac{A}{B}$$

*Distributions made after the First Optional Redemption Date*

- The cash distribution payable on each PPS on each Distribution Payment Date after the First Optional Redemption Date and on the date the PPS are redeemed (if they are redeemed on a date after the First Optional Redemption Date) is calculated in accordance with the following formula:

$$\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price} \times A}{365}$$

*Determining the cash amount*

For the purposes of determining the cash amount, the Distribution Rate will be expressed as a decimal. In addition:

"**A**" means, in respect of a Distribution Payment Date, the number of days from (and including) the preceding Distribution Payment Date (or the Issue Date in the case of the first Distribution Payment Date) to (but excluding) the Distribution Payment Date.

"**B**" means, in respect of a Distribution Payment Date, the number of days from (and including) the preceding Scheduled Distribution Payment Date (or the Issue Date in the case of the first Distribution Payment Date) to (but excluding) the date that would have been the next Scheduled Distribution Payment Date had the PPS not been redeemed.

"**Tax Rate**" means the New Zealand tax rate used for calculating the maximum imputation ratio permitted by law at which imputation credits may be attached to the Distribution (expressed as a decimal). As at the date of this Terms Sheet, the applicable New Zealand tax rate is 28% (or 0.28 expressed as a decimal).

**Distributions are discretionary and subject to conditions**

WNZL has full discretion at all times to cancel distributions on the PPS. In addition, the payment of a distribution on a Distribution Payment Date is subject to:

- the payment of the distribution being permitted by WNZL's conditions of registration as at the time of the payment; and
- WNZL satisfying the Solvency Condition.

**Solvency Condition**

The payment of distributions and any redemption of the PPS is conditional on WNZL satisfying the Solvency Condition. The Solvency Condition will be satisfied if WNZL:

- is Solvent at the time the payment is due; and
- is able to pay the amount and still be Solvent immediately after paying the amount.

"**Solvent**" means satisfying the solvency test contained in section 4 of the Companies Act 1993, as modified by section 52 of that Act.

**Distributions are non-cumulative**

Distributions are non-cumulative. If a distribution is not paid when scheduled, WNZL is under no obligation to pay that distribution at a later date. Non-payment of a distribution on a Distribution Payment Date will not constitute a default by WNZL, and Holders will have no right to take action against WNZL or any other member of the WNZL Group in respect of that non-payment.

	<p><b>WNZL Group</b> has the meaning given to "banking group" in the conditions of registration or licence imposed on WNZL by the Reserve Bank (as amended from time to time).</p>
<b>Restrictions on ordinary shares if distributions are not paid</b>	<p>If for any reason a distribution is not paid in full on the relevant Distribution Payment Date, WNZL must not authorise or pay a dividend on its ordinary shares, or undertake any discretionary buy back or capital reduction in respect of its ordinary shares.</p> <p>These restrictions will apply unless and until:</p> <ul style="list-style-type: none"> <li>• WNZL pays the distribution in full within 20 Business Days of the Distribution Payment Date;</li> <li>• WNZL pays a distribution on the PPS in full on a subsequent Scheduled Distribution Payment Date; or</li> <li>• the PPS have been redeemed.</li> </ul> <p>In addition, these restrictions do not apply to other instruments issued by WNZL, such as debt securities or other Additional Tier 1 Capital instruments. This means WNZL could pay a distribution or interest on other preference shares or debt securities issued by WNZL, even though a distribution was not paid on the PPS.</p>
<b>Limited enforcement rights</b>	<p>The Terms do not include events of default or any other provisions entitling Holders to require that the PPS be redeemed.</p> <p>Holders have no right to apply for the liquidation or administration of WNZL or any other member of the WNZL Group, or to cause a receiver or receiver and manager to be appointed in respect of WNZL or any other member of the WNZL Group, on the grounds of WNZL's failure or potential failure to pay distributions on the PPS or for any other reason in connection with WNZL's compliance with the terms of the PPS.</p>
<b>No restrictions on issuing further securities or incurring further liabilities</b>	<p>There are no restrictions on WNZL issuing further securities or incurring further liabilities after the PPS have been issued that rank equally with, or in priority to, the PPS in a liquidation of WNZL.</p> <p>WNZL could therefore, at any time after the Issue Date, issue further securities or incur further liabilities that rank equally with or in priority to the PPS.</p>
<b>No voting or other rights</b>	<p>The PPS confer no rights on a Holder to:</p> <ul style="list-style-type: none"> <li>• vote at any general meeting of WNZL or participate in any other decision or resolution of WNZL's ordinary shareholders;</li> <li>• participate in the issue of any other securities of WNZL or any other member of the WNZL Group or to participate in any bonus issues of securities of WNZL or any other member of the WNZL Group; or</li> <li>• otherwise participate in the profits or property of WNZL, except by receiving payments as described in this Terms Sheet.</li> </ul> <p><b>The features of the PPS mean that the PPS do not have the same rights (including voting rights) or privileges, or the same opportunity to increase in value, as ordinary shares.</b></p>
<b>Conversion, exchange or non-viability triggers</b>	<p>The PPS have no conversion or exchange options and no non-viability triggers.</p>
<b>Business Days (for payment purposes)</b>	<p>A day on which commercial banks are open for general business in Auckland and Wellington.</p>

<b>Business Day convention</b>	<p>If a Distribution Payment Date on or before the First Optional Redemption Date is not a Business Day, WNZL will make payment on the next Business Day, but no adjustment will be made to the amount of the distribution payable as a result of the delay in payment.</p> <p>If a Distribution Payment Date after the First Optional Redemption Date is not a Business Day, the Distribution Payment Date will be the next Business Day, unless that day falls in the next calendar month, in which case it will be the preceding Business Day, and, in either case, the amount of the distribution paid will be adjusted to reflect the actual payment date.</p>
<b>Record Date (for payment purposes)</b>	<p>In the case of:</p> <ul style="list-style-type: none"> <li>• distributions, the date which is 10 days before the relevant Distribution Payment Date; or</li> <li>• any redemption, a date determined by WNZL and notified to Holders, or in either case such other date as may be required by NZX.</li> </ul>
<b>Brokerage</b>	0.50% on firm allocations plus 0.50% brokerage, payable by WNZL.
<b>No underwriting</b>	The Offer is not underwritten.
<b>Minimum subscription amount</b>	NZ\$5,000 and in multiples of NZ\$1,000 after that.
<b>ISIN</b>	NZWNZD0001S1
<b>Quotation</b>	<p>WNZL intends to quote the PPS on the NZX Debt Market. NZX ticker code WNZHA has been reserved for the PPS.</p> <p>NZX takes no responsibility for the content of this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the Financial Markets Conduct Act 2013.</p>
<b>Documents</b>	<ul style="list-style-type: none"> <li>• LDD relating to the offer of PPS dated 29 August 2024.</li> <li>• WNZL's constitution.</li> <li>• Terms of the PPS.</li> </ul> <p>Other documents and information are available on the online Disclose Register maintained by the Companies Office at <a href="http://www.disclose-register.companiesoffice.govt.nz">www.disclose-register.companiesoffice.govt.nz</a> (offer number OFR13796).</p>
<b>Governing law</b>	New Zealand.
<b>No gross up</b>	There will be no gross up for RWT, NRWT or any other form of withholding.
<b>Selling Restrictions</b>	<p>The LDD constitutes an offer of PPS to investors in New Zealand.</p> <p>The PPS may only be offered for sale or sold in New Zealand.</p> <p>WNZL has not taken and will not take any action which would permit a public or regulated offering of the PPS, or possession or distribution of any offering material in respect of the PPS, in any country or jurisdiction other than New Zealand.</p> <p>Following their issue, the PPS may only be offered for sale or sold in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.</p>

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<b>Arranger</b>	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) ( <b>Westpac</b> ).
<b>Joint Lead Managers</b>	Bank of New Zealand, Craigs Investment Partners Limited, Forsyth Barr Limited, Jarden Securities Limited and Westpac.
<b>Registry</b>	Link Market Services Limited. The PPS will be accepted for settlement within the NZClear System.

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# LIMITED DISCLOSURE DOCUMENT

## FOR AN OFFER OF PERPETUAL PREFERENCE SHARES BY WESTPAC NEW ZEALAND LIMITED

29 AUGUST 2024

This document gives you important information about this investment to help you decide whether you want to invest.

There is other useful information about this offer on [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz).

Westpac New Zealand Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013.

You can also seek advice from a financial advice provider to help you to make an investment decision.





# 1. Key information summary

## What is this?

This is an offer of perpetual preference shares ("PPS"). PPS are equity securities issued by Westpac New Zealand Limited ("WNZL"). You give WNZL money, and in return you may receive scheduled distributions. If WNZL runs into financial trouble, you might lose some or all of the money you invested.

## Warning

These PPS do not have the same rights (including voting rights) or privileges, or the same opportunity to increase in value, as ordinary shares. Scheduled distributions may be cancelled and the issuer is under no obligation to pay cancelled distributions at a later date. The PPS are perpetual and have no fixed term. You have no right to require repayment for any reason.

## About WNZL

WNZL was incorporated in New Zealand on 14 February 2006 and is a registered bank under the Banking (Prudential Supervision) Act 1989 ("BPS Act").

The WNZL Group provides banking and financial services. In particular, WNZL provides a wide range of consumer, business and institutional banking products and services to consumers, small to medium sized businesses, large corporate and institutional customers and the New Zealand Government.

WNZL is a subsidiary of Westpac Banking Corporation ("WBC"). The PPS are not deposit liabilities, protected accounts or protected deposits of WNZL or WBC for the purposes of the Banking Act 1959 of Australia or the Deposit Takers Act 2023. The PPS are not guaranteed by any person. No material obligations of WNZL are guaranteed by any person (including by WBC).

Information about WNZL and WNZL's financial statements are published half-yearly in disclosure statements required under the BPS Act. WNZL's disclosure statements can be viewed and downloaded from WNZL's website at [www.westpac.co.nz/about-us/legal-information-privacy/disclosure-statements/](http://www.westpac.co.nz/about-us/legal-information-privacy/disclosure-statements/).

## Purpose of this Offer

The Offer will raise Additional Tier 1 Capital to help WNZL meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for WNZL's general corporate purposes.

## Key terms of the Offer

<b>Description of the equity securities</b>	Perpetual preference shares
<b>No fixed maturity date</b>	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by WNZL
<b>Redemption</b>	You have no right to redeem your PPS for any reason. WNZL can redeem the PPS in certain circumstances. See "How you can get your money out" below.
<b>Offer amount</b>	Up to NZ\$100 million. WNZL reserves the right to accept unlimited oversubscriptions at its discretion.
<b>Issue Price</b>	NZ\$1.00 per PPS
<b>Minimum subscription amount</b>	NZ\$5,000, and in multiples of NZ\$1,000 after that
<b>Opening Date</b>	2 September 2024
<b>Closing Time</b>	11.00am on 6 September 2024

<b>Distributions</b>	Distributions on the PPS are expected to be fully imputed. This means the return you receive when a distribution is paid is expected to comprise a cash amount and imputation credits. See Section 5.2 of this LDD (Distributions).
<b>Distribution Rate</b>	The Distribution Rate will be a fixed rate for a period of 5 years, after which it will change to a floating rate that resets at quarterly intervals.  The Distribution Rate until the First Optional Redemption Date (13 September 2029) will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 5-year period) on the Rate Set Date (6 September 2024) plus the Margin.  The Distribution Rate after the First Optional Redemption Date will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate (a benchmark interest rate for a 3 month period) plus the same Margin.  See Section 5.2 of this LDD (Distributions).
<b>Distribution Payment Dates</b>	Distributions on the PPS are scheduled to be paid quarterly in arrears on each Scheduled Distribution Payment Date and, if the PPS are redeemed, on the date on which the PPS are redeemed
<b>Distributions are discretionary and subject to conditions</b>	WNZL has full discretion at all times to cancel distributions on the PPS and the payment of a distribution on a Distribution Payment Date is subject to conditions. See Section 5.2 of this LDD (Distributions).
<b>Distributions are non-cumulative</b>	If a distribution is not paid when scheduled, WNZL is under no obligation to pay that distribution to you at a later date. See Section 5.2 of this LDD (Distributions).
<b>Fees and charges</b>	WNZL will not charge you brokerage or any other fees to apply or subscribe for the PPS. However, you may have to pay brokerage or other fees to the firm that gives you an allocation of the PPS.

## How you can get your money out

### ***Redemption of the PPS***

The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by WNZL. WNZL may redeem all of the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event has occurred.

Redemption is subject to certain conditions being met, including WNZL satisfying the Solvency Condition and obtaining the approval of each of the Reserve Bank and WBC.

The First Optional Redemption Date is 13 September 2029 and subsequent Optional Redemption Dates will be on each quarterly Scheduled Distribution Payment Date after that date.

You will receive the Issue Price if the PPS are redeemed for any reason.

See Section 5.3 of this LDD (Optional redemption of the PPS).

**Any redemption of the PPS is at the option of WNZL, subject to conditions and may not occur. You should not expect that the PPS will be redeemed, and you have no right to require that the PPS be redeemed for any reason.**

### ***Sale on the NZX Debt Market***

WNZL intends to quote these PPS on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market if there are interested buyers. If you sell your PPS, the price you get will vary depending on factors such as the financial condition of WNZL, demand for the PPS, and movements in the market interest rates. You may get less than the full amount that you paid for them.

## How the PPS rank for repayment

In a liquidation of WNZL, each of your PPS gives you the right to payment of a maximum amount equal to the Issue Price. However, in a liquidation of WNZL, it is highly unlikely that there will be surplus assets available for the liquidator to pay any amount to you in respect of your PPS.

Your right to payment will rank:

- behind the claims of all depositors and other creditors of WNZL (including holders of Tier 2 Capital instruments of WNZL), except for the claims and rights described below;
- equally with the rights of other Holders and the rights and claims of holders of any other preference shares or other instruments of WNZL that rank equally with the PPS; and
- ahead of the rights of WNZL's ordinary shareholders.

Section 5.7 of this LDD (Ranking) explains how the PPS rank in a liquidation of WNZL.

## Key risks affecting this investment

Investments in equity securities of this nature have risks. A key risk is that you will not be paid a distribution on your investment or that your investment will not be repaid (credit risk). The issuer is under no obligation to pay cancelled distributions at a later date.

Section 6 of this document (Risks of investing) discusses the main factors that give rise to the risk. You should consider whether the credit risk of these shares is suitable for you.

The distribution rate for these PPS should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the offer is fair.

WNZL considers that the most significant risk factors are:

- As a bank, WNZL faces particular risks that its customers and counterparties may default on their obligations. If that occurs, WNZL's business could be adversely affected.
- WNZL operates in a highly regulated environment. Any significant regulatory developments or change in regulatory policy, or failure to comply with these and other laws, regulations or codes of practice, could have an adverse effect on how WNZL's business is conducted and on its financial performance or financial condition.
- WNZL faces the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, which could have an adverse impact on WNZL's operations or adversely affect demand for its products and services.
- WNZL is subject to risks relating to the availability and cost of funding. Adverse movements in the level and volatility of interest rates, or a failure by WNZL to maintain its current credit ratings, may adversely affect WNZL's ability to meet its liquidity and funding needs and the cost of WNZL's funding.

If one or more of these risks eventuate, either individually or in combination, the detrimental impact on WNZL's financial performance, financial condition or creditworthiness may in turn:

- adversely affect the market price and liquidity of the PPS; and/or
- result in WNZL not paying distributions on the PPS or not being able to choose to redeem the PPS.

WNZL can also redeem the PPS in certain circumstances. See the "How you can get your money out" section for a brief description of those circumstances and the intended redemption price. You have no right to redeem the PPS.

This summary does not cover all of the risks of investing in the PPS. You should also read Section 5 (Key features of the PPS) and Section 6 (Risks of investing) of this LDD.

## What is the PPS' credit rating?

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

The PPS have been rated by S&P Global Ratings Australia Pty Limited ("**S&P Global Ratings**").

S&P Global Ratings gives ratings from AAA through to C, excluding ratings attached to entities in default, as set out in the table below. Ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

As at the date of this LDD, the PPS have a credit rating of BBB+ from S&P Global Ratings.

Credit ratings for S&P Global Ratings	AAA	AA	A	BBB S&P Global Ratings credit rating for the PPS BBB+	BB	B	CCC	CC	C
Summary description of S&P Global Ratings issue credit ratings	Capacity of the issuer to meet its financial commitments on the obligation				Vulnerability of the obligation to non-payment				
	Extremely strong	Very strong	Strong	Adequate	Less vulnerable	More vulnerable	Currently vulnerable	Highly vulnerable	Currently highly vulnerable

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## 2. Purpose of the Offer

As a registered bank, WNZL is required by the Reserve Bank to maintain regulatory capital to provide a buffer to absorb losses from its activities. The Offer will raise Additional Tier 1 Capital to help WNZL meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for WNZL's general corporate purposes.

There is no minimum amount that must be raised before the PPS will be issued. The use of the money raised under the Offer will not change depending on the total amount that is raised. The Offer is not underwritten.

See Section 9 of this LDD (Information about WNZL) for more information about WNZL's regulatory capital requirements and capital management.

## 3. Key dates and Offer process

<b>Opening Date</b>	2 September 2024
<b>Closing Time</b>	11.00am on 6 September 2024
<b>Rate Set Date</b>	6 September 2024
<b>Issue Date/allotment date</b>	13 September 2024
<b>Expected date of initial quotation and trading of the PPS on the NZX Debt Market</b>	16 September 2024
<b>First Scheduled Distribution Payment Date</b>	13 December 2024
<b>Scheduled Distribution Payment Dates</b>	13 March, 13 June, 13 September and 13 December in each year
<b>First Optional Redemption Date</b>	13 September 2029

The Opening Date and the Closing Time may change. WNZL has the right in its absolute discretion to change the Opening Date and/or the Closing Time to be earlier or later. If WNZL changes the Opening Date and/or the Closing Time, the changes will be announced as soon as reasonably practicable by WNZL via NZX. If the Closing Time is changed, other key dates may be changed accordingly. The Distribution Payment Dates are subject to the Business Day convention described in Section 5.4 of this LDD (Payments). Other dates may also be adjusted if they do not fall on a Business Day.

WNZL reserves the right to cancel the Offer and the issue of the PPS.

# 4. Terms of the Offer

## 4.1 Description of the PPS

The PPS	
Issuer	Westpac New Zealand Limited
Description	Perpetual preference shares
No fixed maturity date	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by WNZL
Distributions	Distributions on the PPS are expected to be fully imputed. See Section 5.2 of this LDD (Distributions).
Distribution Rate	<p>The Distribution Rate will be a fixed rate for a period of 5 years, after which it will change to a floating rate that resets at quarterly intervals.</p> <p>The Distribution Rate until the First Optional Redemption Date (13 September 2029) will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 5 year period) on the Rate Set Date (6 September 2024) plus the Margin.</p> <p>The Distribution Rate after the First Optional Redemption Date will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate (a benchmark interest rate for a 3 month period) plus the same Margin.</p> <p>See Section 5.2 of this LDD (Distributions).</p>
Distribution Payment Dates	<p>Distributions on the PPS are scheduled to be paid:</p> <ul style="list-style-type: none"><li>quarterly in arrear on each Scheduled Distribution Payment Date, being 13 March, 13 June, 13 September and 13 December in each year, commencing on 13 December 2024; and</li><li>if the PPS are redeemed, on the date on which the PPS are redeemed</li></ul>
Distributions are discretionary and subject to conditions	<p>WNZL has full discretion at all times to cancel distributions on the PPS and the payment of a distribution on a Distribution Payment Date is subject to WNZL satisfying the Solvency Condition and the payment being permitted by WNZL's Conditions of Registration.</p> <p>See Section 5.2 of this LDD (Distributions).</p>
Distributions are non-cumulative	<p>If a distribution is not paid when scheduled, WNZL is under no obligation to pay that distribution at a later date.</p> <p>See Section 5.2 of this LDD (Distributions).</p>
Redemption	<p>WNZL may redeem all of the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event has occurred.</p> <p>Redemption is subject to certain conditions being met, including WNZL satisfying the Solvency Condition and obtaining the approval of each of the Reserve Bank and WBC.</p> <p>See Section 5.3 of this LDD (Optional redemption of the PPS).</p> <p><b>Any redemption of your PPS is at the option of WNZL, subject to conditions and may not occur. You should not expect that your PPS will be redeemed, and you have no right to require that your PPS be redeemed for any reason.</b></p>
Ranking of the PPS	<p>In a liquidation of WNZL, the PPS rank as preference shares of WNZL, and your right to payment of a maximum amount equal to the Issue Price will rank behind the claims of depositors and other creditors of WNZL (except for holders of equal ranking instruments of WNZL) but ahead of the rights of WNZL's ordinary shareholders.</p> <p>See Section 5.7 of this LDD (Ranking).</p>

## 4.2 Description of the Offer

<b>The Offer</b>	
<b>Offer amount</b>	Up to NZ\$100 million. WNZL reserves the right to accept unlimited oversubscriptions at its discretion.
<b>Opening Date, Closing Time and Issue Date</b>	See Section 3 of this LDD (Key dates and Offer process)
<b>Issue Price</b>	Each PPS is issued for NZ\$1.00
<b>Minimum subscription amount</b>	NZ\$5,000 and in multiples of NZ\$1,000 after that
<b>How to apply</b>	There is no public pool for the PPS. All PPS will be reserved for subscription by clients of the Joint Lead Managers and Primary Market Participants and other persons invited to join the Bookbuild. Application instructions are set out in Section 12 of this LDD (How to apply).
<b>Fees and charges</b>	WNZL will not charge you brokerage or any other fees to apply or subscribe for the PPS. However, you may have to pay brokerage or other fees to the firm that gives you an allocation of the PPS.
<b>Allocation of PPS</b>	Following the Bookbuild, WNZL will allocate the PPS to the successful Bookbuild participants. Those participants will in turn be solely responsible for allocating the PPS to individual investors. This means that WNZL has no direct role in determining the allocation that you receive from your financial advice provider.
<b>Offer in New Zealand</b>	This LDD only constitutes an offer of PPS to investors in New Zealand in accordance with the Selling Restrictions contained in Section 10.1 of this LDD (Selling Restrictions and indemnity). By subscribing for the PPS, you agree to comply with the Selling Restrictions and to indemnify WNZL, the Registry, the Arranger and each Joint Lead Manager (and their respective directors, officers, employees and agents) in respect of any loss, cost, liability or expense sustained or incurred as a result of you breaching the Selling Restrictions contained in Section 10.1 of this LDD (Selling Restrictions and indemnity).
<b>Governing law</b>	The PPS, the Terms and the Offer are governed by New Zealand law

## 4.3 Trading your PPS on the NZX Debt Market

WNZL intends to have the PPS quoted on the NZX Debt Market. NZX ticker code WNZHA has been reserved for the PPS. NZX takes no responsibility for the content of this LDD. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.

To be eligible to trade your PPS on the NZX Debt Market, you must have an account with a Primary Market Participant, a common shareholder number ("**CSN**") and an authorisation code. If you do not have an account with a Primary Market Participant, you should be aware that opening an account can take a number of days depending on the Primary Market Participant's new client procedures.

If you do not have a CSN, you will be automatically assigned one if you invest in the PPS. If you do not have an authorisation code, it is expected that you will be sent one by the Registry. If you have an account with a Primary Market Participant and have not received an authorisation code by the date you want to trade your PPS, your Primary Market Participant can arrange to obtain your authorisation code from the Registry. Your Primary Market Participant will be charged a fee for requesting your authorisation code from the Registry and may pass this cost on to you.

You may only transfer your PPS in aggregate Issue Price multiples of NZ\$1,000, and after any transfer you and the transferee must each hold PPS with an aggregate Issue Price of no less than NZ\$5,000, or no PPS.

You will likely have to pay brokerage or other fees on any transfer of PPS you make through a Primary Market Participant.

## 4.4 Terms and Constitution

The terms of the PPS are set out in the Terms and the Constitution. Holders are bound by, and are deemed to have notice of, the Terms and the Constitution. You can obtain a copy of the Terms and the Constitution from the Disclose Register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) (offer number OFR13796).



# 5. Key features of the PPS

## 5.1 General

A number of the key features of the PPS are described in Section 4 of this LDD (Terms of the Offer). Other key features of the PPS and further detail about some of the key features described earlier in Section 4 of this LDD (Terms of the Offer) are described below.

## 5.2 Distributions

This Section 5.2 contains further detail on when distributions are payable, the Distribution Rate and how distribution payments are calculated.

### Distributions

Distributions on the PPS are expected to be fully imputed. This means the return you receive when a distribution is paid is expected to comprise:

- a cash amount; and
- imputation credits.

Based on the current corporate income tax rate of 28%, if a distribution is fully imputed you will receive 28 cents of imputation credits for every 72 cents of the cash amount. If a distribution is not fully imputed, the cash amount will be increased by an amount corresponding to the shortfall in imputation credits.

### How the cash amount of fully imputed distributions is determined

#### *Distributions made on or before the First Optional Redemption Date*

- The cash distribution payable on each PPS on each Scheduled Distribution Payment Date that is on or before the First Optional Redemption Date (13 September 2029) and on the date the PPS are redeemed (if they are redeemed on a date on or before the First Optional Redemption Date that is a Scheduled Distribution Payment Date) is calculated according to the following formula:

$$\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4}$$

- The cash distribution payable on each PPS on the date the PPS are redeemed (if they are redeemed on a date before the First Optional Redemption Date that is not a Scheduled Distribution Payment Date) is calculated according to the following formula:

$$\text{Cash distribution payable} = \left( \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4} \right) \times \frac{A}{B}$$

#### *Distributions made after the First Optional Redemption Date*

- The cash distribution payable on each PPS on each Distribution Payment Date after the First Optional Redemption Date and on the date the PPS are redeemed (if they are redeemed on a date after the First Optional Redemption Date) is calculated in accordance with the following formula:

$$\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price} \times A}{365}$$

#### *Determining the cash amount*

For the purposes of determining the cash amount, the Distribution Rate will be expressed as a decimal. In addition:

"**A**" means, in respect of a Distribution Payment Date, the number of days from (and including) the preceding Scheduled Distribution Payment Date (or the Issue Date in the case of the first Distribution Payment Date) to (but excluding) the Distribution Payment Date.

"**B**" means, in respect of a Distribution Payment Date, the number of days from (and including) the preceding Scheduled Distribution Payment Date (or the Issue Date in the case of the first Distribution Payment Date) to (but excluding) the date that would have been the next Scheduled Distribution Payment Date had the PPS not been redeemed.

"**Tax Rate**" means the New Zealand tax rate used for calculating the maximum imputation ratio permitted by law at which imputation credits may be attached to the Distribution (expressed as a decimal). As at the date of this LDD, the applicable New Zealand tax rate is 28% (or 0.28 expressed as a decimal).

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**Example of a distribution payment**

Set out below is an example that shows the return on your PPS on a Scheduled Distribution Payment Date if the distribution is paid and is fully imputed. The example below is based on the following assumptions:

- you hold 10,000 PPS;
- the Distribution Rate applicable on the Scheduled Distribution Payment Date is 7.00% per annum;
- the tax rate used for calculating the maximum imputation ratio permitted by law at which imputation credits may be attached to the Distribution is 28%; and
- the Scheduled Distribution Payment Date is on or before the First Optional Redemption Date (13 September 2029).

**Gross amount of return**

To receive a return on the quarterly Scheduled Distribution Payment Date equal to the Distribution Rate, the gross amount of the cash amount and imputation credits together needs to equal NZ\$175.00. Your return is calculated as follows:

Gross amount of quarterly return

$$= \frac{0.07 \times \$1.00}{4}$$

$$= \text{NZ\$}0.0175 \text{ per PPS}$$

$$= \text{NZ\$}175.00 \text{ for your holding of 10,000 PPS.}$$

The split between the cash amount and imputation credits is shown below.

**Cash amount**

The cash amount is calculated as follows:

Cash amount per PPS

$$= \frac{0.07 \times (1 - 0.28) \times \$1.00}{4}$$

$$= \text{NZ\$}0.0126 \text{ per PPS}$$

$$= \text{NZ\$}126.00 \text{ for your holding of 10,000 PPS.}$$

**Imputation credits**

You will also receive imputation credits of NZ\$49.00, being NZ\$175.00 less the NZ\$126.00 cash amount and representing 28% of the gross amount of the quarterly return.

**Effective return received**

You need to note that:

- the actual amount you receive on the Scheduled Distribution Payment Date will be the cash amount less any withholding tax that is required to be deducted; and
- the effective return on your PPS will be impacted by your ability to use imputation credits, which will depend on your particular circumstances.

See Sections 7 (Tax) and 8 (Tax consequences for overseas Holders) of this LDD.

If the distribution is not fully imputed then the cash amount will be increased by an amount corresponding to the shortfall in imputation credits. In the example above, if only NZ\$30.00 of imputation credits were attached to the distribution, the cash amount of NZ\$126.00 would be increased by the shortfall of NZ\$19.00, to result in a total cash amount of NZ\$145.00 (before the deduction of any withholding tax), so that the gross amount of your return would still be NZ\$175.00.

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<b>Use of imputation credits</b>	<p>The value of imputation credits to you will depend on your ability to use them, which is determined by your tax circumstances. If you:</p> <ul style="list-style-type: none"> <li>cannot use imputation credits, the effective return on your PPS will be less than the Distribution Rate; or</li> <li>can use imputation credits, the effective return on your PPS will depend on your tax circumstances and will be no more than the Distribution Rate.</li> </ul> <p>You should be aware that you may not be able to use your imputation credits at the same time as you receive a cash distribution.</p>
<b>Distribution Payment Dates</b>	<p>Distributions on the PPS are scheduled to be paid quarterly in arrears on each Scheduled Distribution Payment Date and, if the PPS are redeemed, the date of redemption. See Section 5.3 of this LDD (Optional redemption of the PPS). The Distribution Payment Dates are subject to the Business Day convention described in Section 5.4 of this LDD (Payments).</p>
<b>Distributions are discretionary and subject to conditions</b>	<p>There is no guarantee that distributions will be paid on the PPS. WNZL has full discretion at all times to cancel distributions on the PPS. In addition, the payment of a distribution on a Distribution Payment Date is subject to:</p> <ul style="list-style-type: none"> <li>the payment of the distribution being permitted by WNZL's Conditions of Registration as at the time of the payment; and</li> <li>WNZL satisfying the Solvency Condition.</li> </ul> <p>The Solvency Condition will be satisfied if WNZL is Solvent on the applicable Distribution Payment Date and is able to pay the distribution and remain Solvent immediately after paying the distribution.</p> <p>WNZL's Conditions of Registration limit the amount of distributions WNZL can pay in certain circumstances. For instance, the amount of earnings able to be distributed by WNZL (by way of dividends, share buy-backs or, eventually, payments on Additional Tier 1 Capital instruments) will become restricted if WNZL's prudential capital buffer falls below a certain level. See Section 9.2 of this LDD (WNZL's regulatory capital requirements) for a description of the prudential capital buffer and regulatory capital requirements generally.</p>
<b>Distributions are non-cumulative</b>	<p>Distributions are non-cumulative. If a distribution is not paid when scheduled, WNZL is under no obligation to pay that distribution at a later date. Non-payment of a distribution on a Distribution Payment Date will not constitute a default by WNZL, and you will have no right to take action against WNZL or any other member of the WNZL Group in respect of that non-payment.</p> <p>No interest accrues on any unpaid distributions and you will have no claim or entitlement in respect of interest on any unpaid distribution.</p>
<b>Restrictions on ordinary shares if distributions are not paid</b>	<p>If for any reason a distribution is not paid in full on the relevant Distribution Payment Date, WNZL must not authorise or pay a dividend on its ordinary shares, or undertake any discretionary buy-back or capital reduction in respect of its ordinary shares.</p> <p>These restrictions will apply unless and until:</p> <ul style="list-style-type: none"> <li>WNZL pays the distribution in full within 20 Business Days of the Distribution Payment Date;</li> <li>WNZL pays a distribution on the PPS in full on a subsequent Scheduled Distribution Payment Date; or</li> <li>the PPS have been redeemed.</li> </ul> <p>In addition, these restrictions do not apply to other instruments issued by WNZL, such as debt securities or other Additional Tier 1 Capital instruments. This means WNZL could pay a distribution or interest on other preference shares or debt securities issued by WNZL, even though a distribution was not paid on the PPS.</p>

<b>Distribution Rate</b>	<p>The Distribution Rate will be a fixed rate for a period of 5 years, after which it will change to a floating rate that resets at quarterly intervals.</p> <p>The Distribution Rate until the First Optional Redemption Date (13 September 2029) will be a fixed rate equal to the sum of the Swap Rate on the Rate Set Date (6 September 2024) plus the Margin. The Distribution Rate after the First Optional Redemption Date will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate plus the same Margin.</p> <p>If the sum of the 3 Month Bank Bill Rate plus the Margin is less than 0% per annum, the Distribution Rate will be deemed to be 0% per annum.</p> <p>Depending on market conditions, the floating rate could be less than the fixed rate and is likely to vary over time.</p> <p>The initial Distribution Rate and the Margin will be announced by WNZL via NZX on or about the Rate Set Date.</p> <p>When the Distribution Rate is reset, the new Distribution Rate will be announced by WNZL via NZX on or about the date it is reset.</p>
<b>Margin</b>	<p>The Margin is the rate (expressed as a percentage per annum) determined by WNZL in consultation with the Joint Lead Managers through the Bookbuild. The Margin will be announced by WNZL via NZX on or about the Rate Set Date.</p> <p>The Margin for the PPS will not change.</p>
<b>Swap Rate</b>	<p>A swap rate is a reference rate commonly used in New Zealand by major financial institutions. The Swap Rate is a reference rate for a 5 year period.</p> <p>The Swap Rate will be determined by WNZL on the Rate Set Date (6 September 2024).</p>
<b>3 Month Bank Bill Rate</b>	<p>A bank bill rate is a benchmark interest rate commonly used in New Zealand by major financial institutions. The 3 Month Bank Bill Rate is a benchmark interest rate for a 3 month period. Bank bill rates change to reflect market conditions over time, so the 3 Month Bank Bill Rate will likely vary for each Distribution Payment Date after the First Optional Redemption Date (13 September 2029).</p> <p>The 3 Month Bank Bill Rate that is applicable for a Distribution Payment Date will be the 3 Month Bank Bill Rate as at the preceding Scheduled Distribution Payment Date.</p> <p>WNZL is able to replace the 3 Month Bank Bill Rate with an alternative reference rate if the 3 Month Bank Bill Rate becomes unavailable.</p>

### 5.3 Optional redemption of the PPS

The PPS are perpetual instruments with no fixed redemption date. However, WNZL may redeem the PPS in certain circumstances. This Section 5.3 contains further detail on when WNZL may redeem the PPS.

<b>When WNZL may choose to redeem the PPS</b>	<p>WNZL may, subject to the conditions described below, choose to redeem all of the PPS:</p> <ul style="list-style-type: none"> <li>• on an Optional Redemption Date; or</li> <li>• on any Business Day following a Tax Event or Regulatory Event</li> </ul>
<b>Optional Redemption Dates</b>	<p>The First Optional Redemption Date is 13 September 2029 and subsequent Optional Redemption Dates will be on each quarterly Scheduled Distribution Payment Date after that date</p>
<b>Tax Event</b>	<p>A Tax Event occurs if WNZL makes a determination to the effect that:</p> <ol style="list-style-type: none"> <li>(a) there has been a change in New Zealand law, regulation or directive (including by way of the imposition of any New Zealand law, regulation or directive);</li> <li>(b) there has been a change in the interpretation or administration of any New Zealand law, regulation or directive by any authority (including the New Zealand Inland Revenue Department); or</li> <li>(c) WNZL (or any tax group of which it is part) is or will be required to comply with any change in New Zealand law, regulation or directive or changed interpretation or administration, in each case that applies, or is to apply, after the Issue Date and which directly or indirectly affects the taxation treatment in relation to the PPS and that would result in more than a minimal increase in WNZL's costs (including the costs to any tax group of which it is part) in respect of</li> </ol>

	the PPS, provided such event is not minor and could not have been anticipated when the PPS were issued
<b>Regulatory Event</b>	<p>A Regulatory Event occurs if:</p> <p>(a) as a result of:</p> <p>(i) any amendment to, clarification of, or change in, laws or regulations of New Zealand; or</p> <p>(ii) any administrative action or any amendment to, clarification of, or change in an administrative action,</p> <p>in each case by any legislative body, court, government authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or administrative action is announced) that occurs or will occur after the Issue Date provided it could not reasonably have been anticipated by WNZL as at the Issue Date:</p> <p>(A) additional requirements would be imposed on the WNZL Group in relation to the PPS; or</p> <p>(B) there would be a negative impact on the eligibility of the PPS as Additional Tier 1 Capital,</p> <p>which has or would have more than a minor impact on the WNZL Group and which WNZL determines, in its sole discretion, to be unacceptable; or</p> <p>(b) WNZL determines that all, some or a proportion of all or some PPS (in more than a de minimis amount) are not, or will not be, treated as Additional Tier 1 Capital, other than as a result of a change of treatment that could reasonably have been anticipated by WNZL as at the Issue Date</p>
<b>Conditions to WNZL redeeming the PPS</b>	<p>The Terms provide that WNZL may only redeem the PPS if certain conditions are met, including:</p> <ul style="list-style-type: none"> <li>the Reserve Bank having given its approval to the redemption of the PPS; and</li> <li>WNZL satisfying the Solvency Condition.</li> </ul> <p>The Solvency Condition will be satisfied if WNZL is Solvent at the time the payment is due and WNZL is able to pay the amount and still be Solvent immediately after paying the amount.</p> <p>In addition, the Constitution requires that WBC must have given its approval to the redemption of the PPS.</p>
<b>Amount that is payable to you if the PPS are redeemed</b>	<p>You will receive the Issue Price if the PPS are redeemed for any reason.</p> <p>See also Section 5.7 of this LDD (Ranking) which explains your entitlement in a liquidation of WNZL.</p>
<b>No certainty that WNZL will choose to redeem the PPS</b>	<p>WNZL is under no obligation to redeem the PPS. There is no certainty that:</p> <ul style="list-style-type: none"> <li>WNZL will choose to redeem the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event has occurred;</li> <li>if requested by WNZL, each of the Reserve Bank or WBC would give its approval to redemption of the PPS; or</li> <li>WNZL will be able to satisfy the other conditions that apply to redemption.</li> </ul>
<b>Holders cannot choose to have the PPS redeemed</b>	<b>You have no right to require that your PPS be redeemed for any reason</b>

## 5.4 Payments

The following provisions will apply to payments on the PPS.

<b>Business Day convention</b>	<p>If a Distribution Payment Date on or before the First Optional Redemption Date is not a Business Day, WNZL will make payment on the next Business Day, but no adjustment will be made to the amount of the distribution payable as a result of the delay in payment.</p> <p>If a Distribution Payment Date after the First Optional Redemption Date is not a Business Day, the Distribution Payment Date will be the next Business Day, unless that day falls in the next</p>
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calendar month, in which case it will be the preceding Business Day, and, in either case, the amount of the distribution paid will be adjusted to reflect the actual payment date.

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**Entitlement to payments / Record Date** Distributions on the PPS will be made to the persons who are the Holders as at the close of business on the 10<sup>th</sup> day before the relevant Distribution Payment Date (whether or not the relevant Distribution Payment Date is a Business Day) or, if that day is not a Business Day, the immediately preceding Business Day or such other date as may be required by NZX ("**Record Date**").

Any payment on redemption of the PPS will be made to the persons who are the Holders as at the close of business on the date determined by WNZL and notified to Holders or as may be required by NZX.

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**No set-off by Holders** Except to the extent required by law, you have no right to set-off any amounts that may be payable to you by WNZL in connection with the PPS against any amounts that you owe to WNZL (whether in connection with the PPS or otherwise).

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**Tax indemnity** If tax is not correctly deducted from a payment to you or if WNZL is required to pay an amount of tax on your behalf (for example, because you did not correctly notify details about your tax residence), then you indemnify WNZL in respect of that tax liability, which may be recovered from you or withheld from and set-off against future payments to you.

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## 5.5 Amendments to the Terms

The Terms may be amended in certain circumstances, as described below.

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**Amendments without Holders' consent** The Terms may be amended without your consent if, in WNZL's reasonable opinion, the amendment:

- is made to cure an ambiguity or correct a manifest error;
- is of a formal, minor or technical nature;
- is necessary or expedient for the purpose of complying with any law, the requirements of any statutory authority, the NZX Listing Rules or the listing or quotation requirements of any securities exchange on which WNZL may propose to seek a listing or quotation of the PPS;
- is necessary or expedient for the purpose of enabling the PPS to be quoted or to remain quoted on a securities exchange or to be lodged or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place;
- is reasonably necessary if the 3 Month Bank Bill Rate is replaced by an alternative reference rate; or
- will not materially adversely affect the rights of Holders as a whole.

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**Amendments with approval of special resolution** The Terms may also be amended with the approval of a special resolution (as defined in section 2(1) of the Companies Act 1993) of Holders. As a Holder of PPS you will be entitled to participate in a vote of Holders to consider a special resolution.

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**Requirement to notify the Reserve Bank** No amendment can be made to the Terms unless the required notification of the amendment has been made to the Reserve Bank by WNZL.

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**Amendments are binding on all Holders** Amendments made in accordance with the Terms are binding on you even if you did not agree to them.

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## 5.6 Other features of the PPS

This Section 5.6 describes other features of the PPS.

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### Limited enforcement rights

The Terms do not include events of default or any other provisions entitling you to require that the PPS be redeemed.

You have no right to apply for the liquidation or administration of WNZL or any other member of the WNZL Group, or to cause a receiver or receiver and manager to be appointed in respect of WNZL or any other member of the WNZL Group, on the grounds of WNZL's failure or potential failure to pay distributions on the PPS or for any other reason in connection with WNZL's compliance with the terms of the PPS.

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### No other rights

The PPS confer no rights on a Holder to:

- vote at any general meeting of WNZL or participate in any other decision or resolution of WNZL's ordinary shareholders;
- participate in the issue of any other securities of WNZL or any other member of the WNZL Group or to participate in any bonus issues of securities of WNZL or any other member of the WNZL Group; or
- otherwise participate in the profits or property of WNZL, except by receiving payments as described in this LDD.

**The features of the PPS, as described in this LDD, mean that the PPS do not have the same rights (including voting rights) or privileges, or the same opportunity to increase in value, as ordinary shares.**

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## 5.7 Ranking

The PPS are preference shares issued by WNZL. In a liquidation of WNZL, each of your PPS gives you the right to payment of a maximum amount equal to the Issue Price. However, in a liquidation of WNZL, it is highly unlikely that there will be surplus assets available for the liquidator to pay any amount to you in respect of your PPS.

Your right to payment of a maximum amount equal to the Issue Price will rank:

- behind the claims of all depositors and other creditors of WNZL (including holders of Tier 2 Capital instruments of WNZL), except for the claims and rights described below;
- equally with the rights of other Holders and the rights and claims of holders of any other preference shares or other instruments of WNZL that rank equally with the PPS; and
- ahead of the rights of WNZL's ordinary shareholders.

The following diagram shows how WNZL's liabilities and equity (including the PPS) rank in a liquidation of WNZL. The diagram does not describe every type of liability or equity that WNZL may have while the PPS are outstanding.

Higher ranking	Ranking in a liquidation of WNZL	Description	Examples	Liabilities and equity of WNZL as at 31 March 2024 (NZ\$m)
	<b>Liabilities and equity that rank in priority to the PPS</b>	Secured debt and creditors preferred by law	Secured liabilities (including covered bonds, repurchase agreements, and collateralised derivatives)	113,079
			Liabilities given preference by law including employee entitlements and certain taxes	
		Unsubordinated unsecured debt	Depositors and other unsubordinated creditors	
			Unsecured unsubordinated notes and bonds	
		Term subordinated debt (including Tier 2 Capital instruments)	WNZL subordinated notes issued in August 2023 WNZL subordinated notes issued in September 2022	
<b>Liabilities and equity that rank equally with the PPS (including the PPS)</b>	Preference shares, perpetual subordinated debt and other equally ranked instruments (including Additional Tier 1 Capital instruments)	The PPS	100	
		WNZL preference shares issued to WBC NZ branch in December 2023	1,498	
		WNZL convertible notes issued to WBC NZ branch in September 2017		
Lower ranking	<b>Equity that ranks below the PPS</b>	Equity (other than preferred equity)	Ordinary shares, reserves and retained earnings	9,249

### Basis of preparation of table

Amounts in the table above (except for the estimated amount of the PPS) are indicative amounts derived from WNZL's unaudited financial statements for the 6 months ended 31 March 2024. The actual amounts of liabilities and equity of WNZL at the point of its liquidation would be different to the indicative amounts set out in the diagram above.

The table has been adjusted to include the issue of the PPS, based on an estimated issue size of NZ\$100 million. This adjustment does not affect the other amounts listed in the table. The total value of the PPS to be issued will be announced by WNZL on or about the Rate Set Date (6 September 2024) via NZX.

Covered bonds are debt securities under which the bondholder has both an unsecured claim on WNZL (as guarantor) and a secured claim over certain assets which have been sold by WNZL to Westpac NZ Covered Bond Guarantor Limited. Despite



those assets having been sold by WNZL, those assets still appear in WNZL's financial statements but would not be available to creditors of WNZL or Holders in a liquidation of WNZL.

Amounts in the table are presented in millions of New Zealand dollars and may be subject to rounding adjustments. Amounts in the table above are prepared in respect of WNZL alone, not the WNZL Group, and therefore differ from equivalent amounts included in WNZL's disclosure statement for the 6 months ended 31 March 2024, which is prepared on the basis of the WNZL Group.

**No restrictions on issuing further securities or incurring further liabilities**

There are no restrictions on WNZL issuing further securities or incurring further liabilities after the date of this LDD that rank equally with, or in priority to, the PPS in a liquidation of WNZL.

WNZL could therefore, at any time after the date of this LDD, issue further securities or incur further liabilities that rank equally with or in priority to the PPS.

# 6. Risks of investing

## 6.1 Introduction

This Section 6 describes the following potential risks associated with an investment in the PPS:

- general risks of investing in the PPS;
- significant specific risks relating to WNZL's creditworthiness; and
- other specific risks associated with the PPS.

The selection of risks relating to WNZL's creditworthiness has been based on an assessment of a combination of the probability of a risk occurring and the impact of the risk if it did occur. That assessment is based on WNZL's business as at the date of this LDD. The importance of different risks may change over time and other risks may emerge.

You should carefully consider these risk factors (together with the other information in this LDD) before deciding to invest in the PPS.

This Section 6 does not cover all of the risks of investing in the PPS.

The statement of risks in this Section 6 does not take account of your personal circumstances, financial position or investment requirements. Before making any investment decision, you should consider the suitability of an investment in the PPS in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues) and consult your financial advice provider.

## 6.2 General risks

An investment in the PPS is subject to the following general risks:

### ***The risk that WNZL encounters financial difficulty which has an adverse effect on your investment***

If WNZL encounters financial difficulty, this may in turn:

- adversely affect the market price and liquidity of the PPS; and/or
- result in WNZL not paying distributions on the PPS or not being able to choose to redeem the PPS.

If WNZL becomes insolvent and is placed in liquidation, it is highly likely that you will lose all of your investment.

### ***Market risks associated with the PPS***

#### ***The market price of the PPS may fluctuate up or down and the PPS may trade below their Issue Price***

The market price of the PPS on the NZX Debt Market may fluctuate due to various factors, including changes in liquidity, interest rates, WNZL's financial position, regulations, WNZL's credit rating or the credit rating of the PPS (including as a result of a change in rating methodology). The PPS may trade at a market price below their Issue Price, and the market price of the PPS may be more sensitive to changes in factors such as economic conditions, liquidity and risk tolerances than the market price of unsubordinated debt securities issued by WNZL or other issuers. If you were to sell your PPS at a time when the market price of the PPS was lower than the Issue Price, you would lose some of the money you invested.

#### ***The liquidity of the PPS may be low***

The market for the PPS may not be liquid and may be less liquid than that of other securities issued by WNZL or other issuers. If liquidity is low, you may not be able to sell your PPS at an acceptable price, or at all.

## 6.3 Specific risks relating to WNZL's creditworthiness

WNZL is exposed to risks that may affect its business and therefore its financial performance and creditworthiness. As a large bank in New Zealand, these include risks arising out of external events. WNZL has determined that an investment in the PPS is subject to the following significant specific risks relating to WNZL's creditworthiness.

### **WNZL may incur losses from defaults by customers and counterparties.**

WNZL faces the possibility that customers or counterparties may fail to meet their contractual obligations to WNZL. This risk can arise from WNZL's lending and treasury activities in financial markets (such as the buying and selling of bonds and risk management instruments). WNZL may suffer losses if customers or counterparties default on their payment obligations (such as borrowers defaulting on their loans or issuers defaulting on their bonds).

Customer and counterparty defaults may increase as a result of economic slowdowns (for example, in New Zealand and its key trading partners, including China and Australia), inflationary pressures and impacts of market interest rates, declines in property prices, and conditions affecting specific industry sectors or geographic regions to which WNZL has significant exposures, including as a result of climate-related events.

### **WNZL operates in a highly regulated environment and could be adversely affected by changes in or failing to comply with laws, regulations and legislative policy.**

As a bank, WNZL is subject to regulation and oversight by regulators, including the Reserve Bank, the Financial Markets Authority and the Commerce Commission. Regulation is becoming increasingly extensive and complex. Any significant regulatory developments, or change in regulatory policy, could have a significant impact on how WNZL's business is conducted, result in increased costs, and have an adverse effect on its financial performance or financial condition.

Failure to comply with laws, regulations or codes of practice (including in relation to consumer lending, money laundering, terrorist financing, market manipulation and sanctions) could result in regulatory fines and sanctions, litigation (including class actions), compensation payments, changes to conditions of registration, reputational loss or licences being revoked, which can have a negative impact on WNZL's ability to do business and have an adverse effect on WNZL's financial performance or financial condition.

WNZL is highly dependent on the conduct of its employees, contractors and external service providers, and could be adversely affected in the event that an employee, contractor or external service provider engages in conduct that does not comply with any law, regulation or code of practice or is unfair or inappropriate.

While WNZL has policies and processes to manage employee, contractor or external service provider misconduct and to otherwise manage the risks of poor conduct outcomes, these policies and processes may not always be effective.

### **WNZL could suffer losses due to operational risks.**

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people (including human error) and systems or from external events. It also includes technology risk (including systems failures), model risk, outsourcing risk and information security risk (including information security risks that arise as a result of cyberattacks). While WNZL has policies and processes to prevent and manage these operational risks as they arise, these policies and processes may not always be effective and these risks can be heightened by, for example, working from home arrangements, new technologies (including artificial intelligence) and geopolitical instability.

WNZL could incur losses from incorrect or fraudulent payments, money laundering, unauthorised transactions, unauthorised access to its networks and misconduct or negligence by employees. Cyberattacks have the potential to cause financial system instability and could result in serious disruption to banking services, or compromise data privacy of customers, employees and others.

Operational risks could have an adverse impact on WNZL's operations or adversely affect demand for its products and services. Operational risks can adversely impact WNZL's reputation and result in fines and sanctions, litigation (including class actions), compensation payments and financial losses, which would have an adverse effect on WNZL's financial performance or financial condition. In addition, operational risks can also negatively impact the ability of WNZL's back-office support functions and key external suppliers and service providers to operate, in turn disrupting WNZL's business and operations.

### **Market risks could adversely impact WNZL's results.**

WNZL is subject to market risks, including adverse movements in the level and volatility of interest rates. A change in market interest rates could, for instance, negatively affect WNZL's earnings because WNZL is exposed to the impact of interest rate movements in a number of areas of its business, including its deposit-taking, lending and financial markets activities. If WNZL were to suffer substantial losses due to any substantial movement of interest rates or market volatility it may adversely affect its business, prospects, liquidity or capital resources, which would have an adverse effect on WNZL's financial performance or financial condition.

## **WNZL may not be able to obtain funding or sufficient capital on acceptable terms.**

In order to carry on its business, WNZL requires access to significant amounts of funding on an ongoing basis. It is exposed to the risk that it may not be able to fund its assets or meet its payment obligations as they come due, which can lead to losses. This liquidity risk is inherent in WNZL's balance sheet because principal repayments under WNZL's lending and borrowing activities are required to be made at different times (i.e., there is a mismatch in the maturity of assets and liabilities). Failure to manage liquidity could lead to an increase in the cost of WNZL's borrowing and limit WNZL's ability to carry out new lending, which can adversely affect WNZL's financial performance.

For example, customer deposits fund a significant portion of WNZL's balance sheet. WNZL could experience deposit withdrawals or a reduction in new deposit volumes. These events could occur for a range of reasons, including if WNZL is not able to compete successfully for customer deposits, there is a shift in investment preferences, or market conditions deteriorate and there is a loss of confidence in bank deposits. These events can happen quickly and be made worse by information shared by electronic means, including on social media.

WNZL is also subject to the risk that it does not hold enough, or the right mix of, capital to support business activities, to meet increasing regulatory capital requirements, and to maintain its solvency. Even robust levels of capital may not be sufficient to ensure the ongoing sustainability of WNZL in certain circumstances, including adverse macroeconomic conditions, unexpected losses on loans, unfavourable regulatory changes or an unexpected volume of deposit withdrawals.

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

### ***Possible impact of risks***

WNZL expects some of the risks described above (alone or in combination) to arise in the ordinary course of its business. When they do, this can lead to a loss, an increase in costs or a reduction in revenues for WNZL. For instance, provision is made for some credit defaults in the ordinary course of business.

WNZL closely manages these risks and in the ordinary course of business these risks are not expected to have a materially adverse impact on WNZL. However, unusual circumstances can also arise, such as widespread defaults in a particular sector, or the dysfunction and unavailability of international funding markets. These circumstances may occur for a range of reasons. The occurrence of any such circumstance may make the risks more difficult to manage. The impact on WNZL can then be more severe, which would in turn lead to an increased risk that WNZL does not pay distributions on the PPS or is not able to choose to redeem the PPS.

## **6.4 Risks related to investing in bank perpetual preference shares**

An investment in the PPS is subject to the following risks associated with the PPS specifically:

### ***It is highly unlikely that you will be paid any amount in respect of your PPS if WNZL is in liquidation***

In a liquidation of WNZL, your right to payment of a maximum amount equal to the Issue Price for each PPS will rank behind:

- all liabilities of WNZL (except for liabilities ranking equally with the PPS, such as the convertible notes set out in the ranking diagram in Section 5.7 of this LDD (Ranking)); and
- any equity securities that may be issued by WNZL in the future that rank ahead of the PPS.

This means it is highly unlikely that there will be surplus assets for the liquidator to pay you any amount in respect of your PPS. See Section 5.7 of this LDD (Ranking).

### ***You have no rights against WNZL if distributions are not paid on a Distribution Payment Date***

WNZL has full discretion at all times to cancel distributions on the PPS. In addition, the payment of a distribution on a Distribution Payment Date is subject to WNZL satisfying the Solvency Condition and the payment being permitted by WNZL's Conditions of Registration.

If WNZL does not pay a distribution on a Distribution Payment Date, it will not constitute a default by WNZL. You will have no right to take any action against WNZL or any other member of the WNZL Group if a distribution is not paid when scheduled.

There are no restrictions on WNZL paying a distribution or interest on other preference shares or debt securities just because a distribution is not paid on the PPS when scheduled.

See Sections 5.2 (Distributions) and 5.6 (Other features of the PPS) of this LDD.

### ***Distribution payments are non-cumulative***

Distribution payments on the PPS are non-cumulative. If a distribution is not paid on a Distribution Payment Date, WNZL is under no obligation to pay that distribution at a later date. See Section 5.2 of this LDD (Distributions).

### ***The Distribution Rate may fall and could go down to 0% per annum***

The Distribution Rate will be a fixed rate for a 5-year period, after which it will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate plus the Margin. The 3 Month Bank Bill Rate changes to reflect market conditions over time, so will likely vary for each Distribution Payment Date.

Depending on market conditions, the floating rate could be less than the fixed rate.

The 3 Month Bank Bill Rate may go down, including below 0% per annum. If the sum of the 3 Month Bank Bill Rate plus the Margin is less than 0% per annum, the floating rate will be deemed to be 0% per annum.

See Section 5.2 of this LDD (Distributions).

### ***You have no right to redeem your PPS and WNZL is not required to redeem the PPS***

The PPS have no fixed redemption date and will remain on issue indefinitely if not redeemed by WNZL. You have no right to require that your PPS be redeemed. WNZL is under no obligation to redeem the PPS. There is no certainty that:

- WNZL will choose to redeem the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event has occurred;
- if requested by WNZL, the Reserve Bank or WBC would give its approval to any redemption of the PPS; or
- WNZL will be able to satisfy the other conditions that apply to redemption.

Unless the PPS are redeemed by WNZL, to realise your investment you will need to sell your PPS on the NZX Debt Market at the prevailing market price. You may not be able to sell your PPS, and even if you can, you may receive less than the full amount you paid for them. See Section 5.3 of this LDD (Optional redemption of the PPS).

### ***WNZL may redeem the PPS in certain circumstances***

In certain circumstances, WNZL can redeem the PPS. You may be disadvantaged if the PPS are redeemed. For instance, if the PPS are redeemed, you may not be able to reinvest the proceeds at a comparable return. See Section 5.3 of this LDD (Optional redemption of the PPS).

### ***WNZL's regulatory requirements may change***

As a New Zealand registered bank, WNZL is subject to regulatory requirements, including conditions of registration that are imposed by the Reserve Bank. The regulatory requirements that apply to WNZL may change from time to time and you may be disadvantaged by the changes. For instance, the Reserve Bank restricted banks from redeeming any capital instruments (such as the PPS) for a period during the COVID-19 pandemic.

## 7. Tax

The returns on the PPS will be affected by taxes. The information set out in this Section 7 of this LDD is based on New Zealand law in force at the date of this LDD, does not constitute tax advice to any Holder, is general in nature and is limited to New Zealand taxation only.

Holders that are New Zealand tax residents ("**New Zealand Holders**") will have resident withholding tax ("**RWT**") deducted from the distributions that are payable under the PPS, unless the Holder has provided the Registry with appropriate evidence that the Holder has RWT-exempt status (as defined in section YA 1 of the Income Tax Act 2007) prior to the applicable Record Date, or, in the case of a distribution that is fully imputed, the Holder is a New Zealand Holder that is a company and WNZL elects not to pay RWT. Holders must notify the Registry of any change in their circumstances prior to the next applicable Record Date.

If a distribution made to a Holder is subject to the deduction of RWT, RWT will be deducted at the applicable rate (currently 33%), reduced by the amount of imputation credits attached to the distribution.

There may be other tax consequences from acquiring or disposing of the PPS, and from the redemption of the PPS (if the PPS are redeemed).

Tax can have significant consequences for investments. If you have any questions regarding the tax consequences of investing in the PPS you should seek advice from a tax adviser.

## 8. Tax consequences for overseas Holders

The information set out in this Section 8 of this LDD is based on New Zealand law in force at the date of this LDD, does not constitute tax advice to any Holder, is general in nature and is limited to New Zealand taxation only.

If a Holder is not a New Zealand Holder, non-resident withholding tax ("**NRWT**") will be deducted from the cash component of distributions that are payable under the PPS. Holders must notify the Registry of any change in their circumstances prior to any Record Date.

Imputation credits may not be used to satisfy a NRWT liability. However, a lower rate of NRWT may apply to the extent a distribution is fully imputed.

If NRWT is deducted, WNZL will not pay the Holder any additional amount.

In addition to New Zealand tax obligations, Holders that are not New Zealand Holders may also be subject to tax in their own jurisdiction and should seek advice from a tax adviser.

# 9. Information about WNZL

## 9.1 WNZL's business

Information about WNZL's business is contained in half-yearly disclosure statements WNZL prepares under the BPS Act. WNZL's disclosure statements are available at [www.westpac.co.nz/about-us/legal-information-privacy/disclosure-statements](http://www.westpac.co.nz/about-us/legal-information-privacy/disclosure-statements). Further information about WNZL's business is contained in the investor presentation for the Offer, which is available on the Disclose Register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) (offer number OFR13796).

## 9.2 WNZL's regulatory capital requirements

The PPS will count as Additional Tier 1 Capital for WNZL under the Reserve Bank's banking prudential requirements. Those requirements include capital adequacy requirements that banks must comply with under their conditions of registration in respect of their banking group. These requirements are intended to ensure that an adequate level of capital is maintained, providing a buffer to absorb losses from a bank's activities before depositors and other senior creditors are affected. The Reserve Bank's approach to assessing capital adequacy focuses on the credit risk associated with a bank's exposures, market and operational risks and the quality and quantity of a bank's capital.

### 9.2.1 Types of regulatory capital

The Reserve Bank classifies a bank's regulatory capital into different categories. These are referred to as Tier 1 Capital (consisting of Common Equity Tier 1 Capital and Additional Tier 1 Capital) and Tier 2 Capital.

The Reserve Bank issued new capital adequacy requirements in 2021 which significantly increase the regulatory capital requirements applying to New Zealand banks.

The following table sets out the different categories of regulatory capital and the capital ratios that WNZL must maintain, including the prudential capital buffer that WNZL must maintain to avoid restrictions on distributions (among other things), as at the date of this LDD and once the Reserve Bank's capital reforms are fully implemented in July 2028. The regulatory capital ratios will increase progressively over this period.

Capital type	Description	Reserve Bank's required ratio of capital to risk weighted assets to avoid restrictions on distributions	
		As at the date of this LDD	July 2028
Common Equity Tier 1 ("CET1") Capital	CET1 Capital is the highest quality form of capital and is freely available to absorb losses. CET1 Capital includes ordinary share capital, retained earnings, and certain accounting reserves. Some amounts (e.g. the value of goodwill) must be deducted to determine the final value of CET1 Capital.	More than 9%, including a prudential capital buffer of 4.5%	More than 13.5%, including a prudential capital buffer of 9%
Additional Tier 1 Capital	Additional Tier 1 Capital is a lower quality form of capital than CET1 Capital, but is still freely available to absorb losses. Additional Tier 1 Capital includes perpetual preference shares like the PPS.	Up to 2.5%	Up to 2.5%
Tier 1 Capital	The sum of CET1 Capital and Additional Tier 1 Capital	More than 11.5%, including a prudential capital buffer of 4.5%	More than 16%, including a prudential capital buffer of 9%
Tier 2 Capital	Tier 2 Capital is a lower quality form of capital than Tier 1 Capital, but is available to absorb losses in a liquidation. Tier 2 Capital includes subordinated instruments.	Up to 2%	Up to 2%
Total Capital	The sum of Tier 1 Capital and Tier 2 Capital	More than 13.5%, including a prudential capital buffer of 4.5%	More than 18%, including a prudential capital buffer of 9%

## 9.2.2 Failure to maintain prudential capital buffer

A failure to maintain the prudential capital buffer will not be a breach of a bank's conditions of registration but will result in a response from the Reserve Bank designed to encourage the bank to restore levels of capital.

If the prudential capital buffer is not maintained there is first a "useable band" where distributions on Common Equity Tier 1 Capital are restricted to 100% of that year's earnings and no supervisory response is specified.

The supervisory response then escalates in 3 stages as the capital position deteriorates. Among other things:

- at stage 1, distributions on Common Equity Tier 1 Capital are further restricted to 60% of that year's earnings;
- at stage 2, distributions on Common Equity Tier 1 Capital are further restricted to 30% of that year's earnings; and
- at stage 3, no distributions are allowed on Common Equity Tier 1 Capital or, from 1 July 2028, on Additional Tier 1 Capital (including the PPS).

From 1 July 2028, stage 3 will apply if WNZL's prudential capital buffer is 3% or less.

## 9.2.3 Loss absorbing features of the PPS

In very general terms, a capital instrument is available to absorb losses if the holder of the instrument has no, or only a very limited, ability to require that payments are made on the instrument.

The PPS will count as Additional Tier 1 Capital, and the Terms include loss absorbing features. For example:

- distributions payments on the PPS are:
  - fully discretionary (that is, WNZL can choose to cancel a distribution without giving a reason);
  - subject to WNZL satisfying the Solvency Condition and the payment being permitted by WNZL's Conditions of Registration; and
  - non-cumulative (that is, if a distribution is not paid on a Distribution Payment Date, WNZL is under no obligation to pay that distribution at a later date – see Section 5.2 of this LDD (Distributions));
- you have no ability to require that your PPS be redeemed;
- any redemption of the PPS is at WNZL's option and is subject to conditions being met, including WNZL satisfying the Solvency Condition and obtaining the Reserve Bank's approval; and
- in a liquidation of WNZL, your right to payment is deeply subordinated, ranking ahead of the rights of WNZL's ordinary shareholders only (see Section 5.7 of this LDD (Ranking)).

## 9.3 WNZL's capital management strategy

The primary objectives of WNZL's capital management activities are to ensure that WNZL complies with the regulatory capital requirements prescribed by the Reserve Bank, and maintains strong credit ratings and a strong capital position to support its business objectives and maximise ordinary shareholder value.

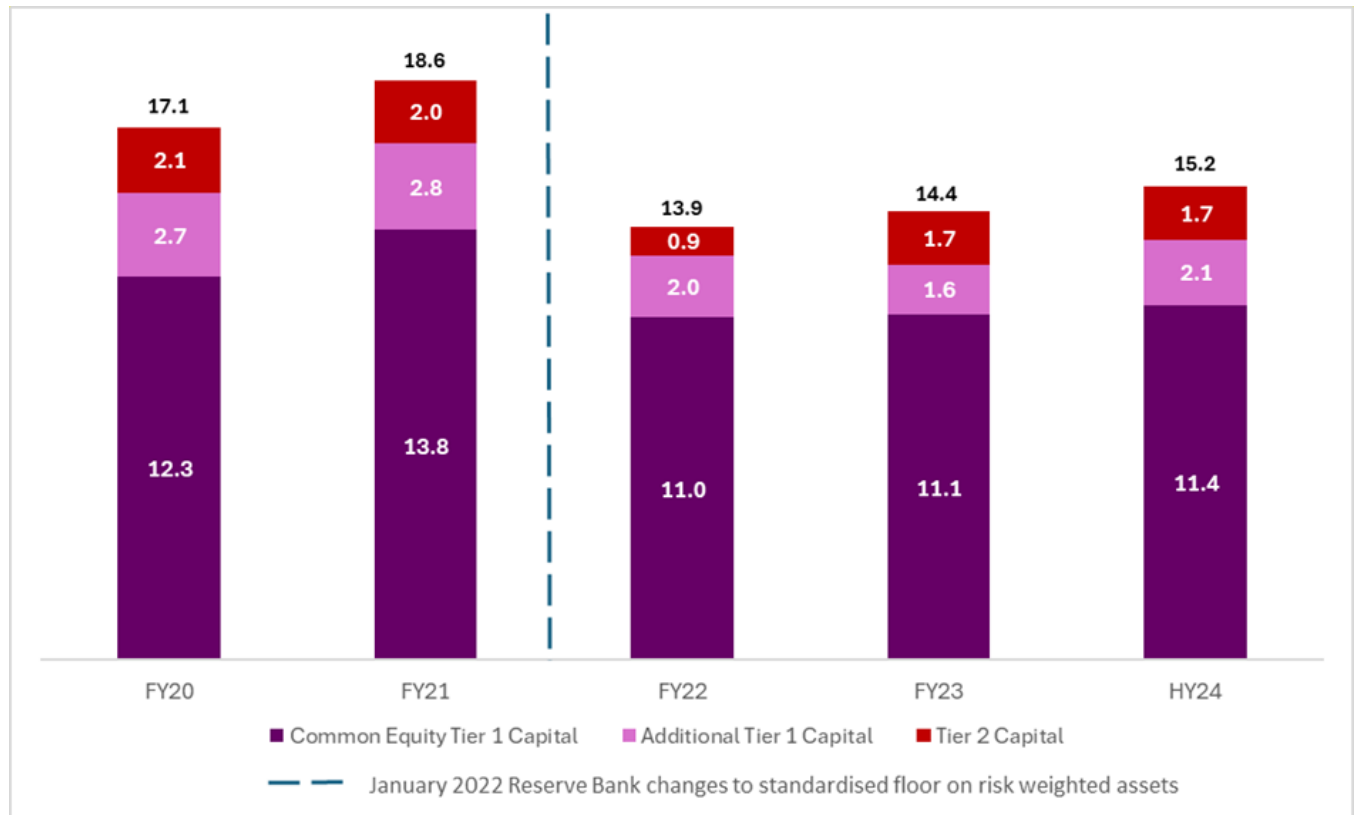
WNZL manages and adjusts its capital structure in light of changing economic conditions and the risk characteristics of its activities. To maintain or adjust the capital structure, WNZL may adjust the amount of dividend payments to its ordinary shareholders, reduce discretionary expenditure, issue capital to its ordinary shareholders or issue capital securities.



## 9.4 The WNZL Group's regulatory capital position

The graph below shows the WNZL Group's historical regulatory capital position under the applicable Reserve Bank rules as at 30 September each year since 2020 and as at 31 March 2024.

WNZL Group regulatory capital ratios (%)



In January 2022, the Reserve Bank introduced a standardised floor on risk weighted assets which increased the value of the WNZL Group's risk weighted assets and reduced the WNZL Group's regulatory capital ratios.

The information in the graph is based on information in WNZL's disclosure statement for each period. It is illustrative only and does not guarantee or forecast the future regulatory capital position for the WNZL Group.

# 10. Other information relating to the Offer

## 10.1 Selling Restrictions and indemnity

The PPS may only be offered for sale or sold in accordance with the selling restrictions contained in this Section 10.1 ("**Selling Restrictions**"). By subscribing for the PPS, you agree to comply with the Selling Restrictions and to indemnify WNZL, the Registry, the Arranger and each Joint Lead Manager (and their respective directors, officers, employees and agents) in respect of any loss, cost, liability or expense sustained or incurred as a result of you breaching the Selling Restrictions.

The Selling Restrictions may be modified by WNZL, including following a change in a relevant law, regulation or directive.

### 10.1.1 Initial Selling Restrictions

This LDD only constitutes an offer of PPS to investors in New Zealand and does not constitute an offer of PPS in any jurisdiction other than New Zealand.

### 10.1.2 General Selling Restrictions

WNZL has not taken and will not take any action that would permit a public or regulated offering of the PPS, or possession or distribution of any offering material in respect of the PPS, in any country or jurisdiction other than New Zealand. The PPS may only be offered for sale or sold in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

This LDD and any advertisement or other offering material in respect of the PPS may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

## 10.2 Role of the Arranger and Joint Lead Managers

The role of the Arranger in relation to the Offer is solely to provide assistance in arranging the Offer and organising the Bookbuild. The Joint Lead Managers assist with the Bookbuild and marketing and distribution of the PPS.

The Joint Lead Managers (including the Arranger) are not otherwise involved in the Offer. None of the Arranger, the Joint Lead Managers or their respective directors, employees, agents or advisers have independently verified the contents of this LDD.

This LDD does not constitute financial advice or a recommendation from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase any PPS. You must make your own independent investigation and assessment of the financial condition and affairs of WNZL before deciding whether or not to invest in the PPS.

# 11. Where you can find more information

## 11.1 Disclose Register and Companies Register

Further information relating to WNZL and the PPS is available free of charge on the online Disclose Register maintained by the Companies Office. The Disclose Register can be accessed at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) (search offer number OFR13796). A copy of the information on the Disclose Register is also available on request to the Registrar of Financial Service Providers. The information contained on the Disclose Register includes copies of the Constitution, the Terms, the investor presentation for the Offer, a credit rating report from S&P Global Ratings in relation to the PPS, and other material information. Further information relating to WNZL is available on the New Zealand Companies Register maintained by the Companies Office at [companies-register.companiesoffice.govt.nz](http://companies-register.companiesoffice.govt.nz).

## 11.2 NZX

Notices to the Holders may be given by WNZL making an announcement via NZX and will be available free of charge at [www.nzx.com/companies/WNZ](http://www.nzx.com/companies/WNZ).

## 11.3 Disclosure statements

WNZL's half-yearly disclosure statements are available free of charge at [www.westpac.co.nz/about-us/legal-information-privacy/disclosure-statements](http://www.westpac.co.nz/about-us/legal-information-privacy/disclosure-statements).

# 12. How to apply

## 12.1 How to apply

All of the PPS offered under the Offer have been reserved for subscription by clients of the Joint Lead Managers and other approved financial intermediaries invited to participate in the Bookbuild.

There is no public pool for the PPS. This means you can only apply for the PPS through a Primary Market Participant or approved financial intermediary who has obtained an allocation. You can find a Primary Market Participant by visiting [www.nzx.com/investing/find-a-participant](http://www.nzx.com/investing/find-a-participant).

The Primary Market Participant or approved financial intermediary will:

- provide you with a copy of this LDD (if you have not already received a copy);
- explain what you need to do to apply for the PPS; and
- explain what payments need to be made by you (and by when).

The Primary Market Participant or approved financial intermediary can also explain what arrangements will need to be put in place for you to trade the PPS (including obtaining a CSN, an authorisation code and opening an account with a Primary Market Participant) as well as the costs and timeframes for putting such arrangements in place.

## 12.2 Personal information rights

Personal information provided by you will be held by WNZL and the Registry, and will be used in accordance with the WNZL Privacy Policy (as such statement may be amended or substituted from time to time). As at the date of this LDD, WNZL's Privacy Policy is available at [www.westpac.co.nz/about-us/legal-information-privacy/privacy-policy](http://www.westpac.co.nz/about-us/legal-information-privacy/privacy-policy). You have a right to access and correct any personal information about you under the Privacy Act 2020. You can also access your information on the Registry's website: [www.linkmarketservices.co.nz](http://www.linkmarketservices.co.nz). You will be required to enter your holder number and authorisation code.

## 13. Contact information

### Issuer:

Westpac New Zealand Limited  
Westpac on Takutai Square  
53 Galway Street  
Auckland 1010  
New Zealand

Phone: +64 9 336 9924

Email: [treasurer@westpac.co.nz](mailto:treasurer@westpac.co.nz)

### Registry:

Link Market Services Limited  
Level 30, PwC Tower  
15 Customs Street West  
Auckland 1010  
New Zealand

Phone: +64 9 375 5998

Email: [enquiries@linkmarketservices.co.nz](mailto:enquiries@linkmarketservices.co.nz)

### Arranger:

**Westpac Banking Corporation (ABN 33 007 457 141)**  
**(acting through its New Zealand branch)**

Westpac on Takutai Square  
Level 8  
16 Takutai Square  
Auckland 1010  
New Zealand

### Joint Lead Managers:

**Bank of New Zealand**  
Level 6, Deloitte Centre  
80 Queen Street  
Auckland 1010  
New Zealand

### Craigs Investment Partners Limited

Level 36, Vero Centre  
48 Shortland Street  
Auckland 1010  
New Zealand

### Forsyth Barr Limited

Level 22, NTT Tower  
157 Lambton Quay  
Wellington 6011  
New Zealand

### Jarden Securities Limited

Level 21  
171 Featherston Street  
Wellington 6011  
New Zealand

**Westpac Banking Corporation (ABN 33 007 457 141)**  
**(acting through its New Zealand branch)**

Westpac on Takutai Square  
Level 8  
16 Takutai Square  
Auckland 1010  
New Zealand

## 14. Glossary

<b>3 Month Bank Bill Rate</b>	<p>in relation to a Distribution Payment Date after the First Optional Redemption Date:</p> <ul style="list-style-type: none"> <li>the FRA rate administered by the New Zealand Financial Benchmark Facility ("NZFBF") (or any person that takes over the administration of that rate) for bank bills having a term of, or of about, 3 months as displayed at or about 10.45am or such later time as WNZL may determine on the preceding Scheduled Distribution Payment Date on Bloomberg BKBM page 'GDCO 2805' (or any successor page); or</li> <li>if that rate is not displayed by 10.45am or such later time as WNZL may determine on that date, the equivalent rate provided by the NZFBF (or any person that takes over the administration of that rate) at or around that time on that date,</li> </ul> <p>in each case expressed as a percentage per annum and rounded, if necessary, to the nearest 4 decimal places with 0.00005% being rounded up.</p> <p>WNZL is able to replace the 3 Month Bank Bill Rate with an alternative reference rate if the 3 Month Bank Bill Rate becomes unavailable.</p>
<b>Additional Tier 1 Capital</b>	is described in Section 9.2 of this LDD (WNZL's regulatory capital requirements).
<b>Arranger</b>	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
<b>Bookbuild</b>	the process conducted after the closing of the Offer whereby certain investors lodge bids for PPS and, on the basis of those bids, WNZL, in consultation with the Joint Lead Managers, determines the Margin and allocations of the PPS.
<b>BPS Act</b>	the Banking (Prudential Supervision) Act 1989.
<b>Business Day</b>	<ul style="list-style-type: none"> <li>for the purposes of giving notices, a day which is a business day within the meaning of the NZX Listing Rules; or</li> <li>for all other purposes, a day on which commercial banks are open for general business in Wellington and Auckland.</li> </ul>
<b>Closing Time</b>	the "Closing Time" specified in Section 3 of this LDD (Key dates and Offer process).
<b>Common Equity Tier 1 Capital</b>	is described in Section 9.2 of this LDD (WNZL's regulatory capital requirements).
<b>Conditions of Registration</b>	<p>the conditions of registration imposed on WNZL by the Reserve Bank, as amended from time to time.</p> <p>WNZL's conditions of registration are contained in its full year disclosure statements. They are WNZL's conditions of registration as at the relevant balance date, and may have been amended since that date. WNZL's disclosure statements are available at <a href="http://www.westpac.co.nz/about-legal-information-privacy/disclosure-statements">www.westpac.co.nz/about-legal-information-privacy/disclosure-statements</a>.</p>
<b>Constitution</b>	WNZL's constitution, available on the Disclose Register.
<b>CSN</b>	common shareholder number.
<b>Disclose Register</b>	the online offer register maintained by the Companies Office and the Registrar of Financial Service Providers known as "Disclose", which can be accessed at <a href="http://www.disclose-register.companiesoffice.govt.nz">www.disclose-register.companiesoffice.govt.nz</a> .
<b>Distribution Payment Date</b>	each Scheduled Distribution Payment Date and, if the PPS are redeemed, the date on which the PPS are redeemed (see Section 5.2 of this LDD (Distributions)), subject to the Business Day convention described in Section 5.4 of this LDD (Payments).
<b>Distribution Rate</b>	is described in Section 5.2 of this LDD (Distributions).
<b>First Optional Redemption Date</b>	the "First Optional Redemption Date" specified in Section 3 of this LDD (Key dates and Offer process).
<b>Holder</b>	a person whose name is entered in the Register as a holder of PPS.
<b>Issue Date</b>	the "Issue Date" specified in Section 3 of this LDD (Key dates and Offer process).
<b>Issue Price</b>	NZ\$1.00 per PPS.

<b>Joint Lead Managers</b>	Bank of New Zealand, Craigs Investment Partners Limited, Forsyth Barr Limited, Jarden Securities Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
<b>LDD</b>	this Limited Disclosure Document.
<b>Margin</b>	the rate (expressed as a percentage per annum) determined by WNZL in consultation with the Joint Lead Managers through the Bookbuild and announced by WNZL via NZX on or about the Rate Set Date.
<b>NZX</b>	NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited.
<b>NZX Debt Market</b>	the debt market operated by NZX.
<b>NZX Listing Rules</b>	the listing rules of NZX, as amended, varied or waived from time to time.
<b>Offer</b>	the offer of PPS made in this LDD.
<b>Opening Date</b>	the "Opening Date" specified in Section 3 of this LDD (Key dates and Offer process).
<b>Optional Redemption Date</b>	the First Optional Redemption Date and each Scheduled Distribution Payment Date after that date.
<b>PPS</b>	the perpetual preference shares offered by WNZL under this LDD.
<b>Primary Market Participant</b>	has the meaning given in the NZX Participant Rules, as amended from time to time.
<b>Rate Set Date</b>	the "Rate Set Date" specified in Section 3 of this LDD (Key dates and Offer process).
<b>Record Date</b>	has the meaning given in Section 5.4 (Payments).
<b>Register</b>	the register of Holders of PPS established and maintained by the Registry on behalf of WNZL.
<b>Registry</b>	Link Market Services Limited.
<b>Regulatory Event</b>	has the meaning given in Section 5.3 of this LDD (Optional redemption of the PPS).
<b>Reserve Bank</b>	the Reserve Bank of New Zealand.
<b>S&amp;P Global Ratings</b>	S&P Global Ratings Australia Pty Limited.
<b>Scheduled Distribution Payment Dates</b>	the "Scheduled Distribution Payment Dates" specified in Section 3 of this LDD (Key dates and Offer process).
<b>Selling Restrictions</b>	has the meaning given in Section 10.1 of this LDD (Selling Restrictions and indemnity).
<b>Solvency Condition</b>	a condition to the payment of distributions and the redemption of the PPS, requiring the following: <ul style="list-style-type: none"> <li>• WNZL must be Solvent on the applicable payment date; and</li> <li>• WNZL must be able to pay the amount and remain Solvent immediately after paying the amount.</li> </ul>
<b>Solvent</b>	satisfying the solvency test contained in section 4 of the Companies Act 1993, as modified by section 52 of that Act.
<b>Swap Rate</b>	the mid-market rate for an interest rate swap with a term of 5 years commencing on the Issue Date, as determined by WNZL, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Rate Set Date, expressed as a percentage per annum, adjusted for quarterly payments and rounded, if necessary, to the nearest 2 decimal places with 0.005% being rounded up.
<b>Tax Event</b>	has the meaning given in Section 5.3 of this LDD (Optional redemption of the PPS).
<b>Terms</b>	the terms and conditions of the PPS, available on the Disclose Register.
<b>Tier 1 Capital</b>	is described in Section 9.2 of this LDD (WNZL's regulatory capital requirements).
<b>Tier 2 Capital</b>	is described in Section 9.2 of this LDD (WNZL's regulatory capital requirements).
<b>WBC</b>	Westpac Banking Corporation (ABN 33 007 457 141).
<b>WNZL</b>	Westpac New Zealand Limited.
<b>WNZL Group</b>	has the meaning given to "banking group" in the conditions of registration or licence imposed on WNZL by the Reserve Bank (as amended from time to time).

