

Investment Statement for Term Deposits

Here is important information about Term Deposits. Please read this Investment Statement and then keep it in a safe place.

This is an Investment Statement for the purposes of the Securities Act 1978 for Term Deposits issued by Westpac New Zealand Limited (Westpac NZ) from time to time.

This Investment Statement is prepared as at 1 June 2011.

Important Information

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding whether to invest, consider carefully the answers to the following questions set out below.

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In addition to the information in this document, important information can be found in the current disclosure statement for Westpac NZ. You are entitled to a copy of that disclosure statement on request to any branch of Westpac NZ, free of charge. See www.westpac.co.nz for further details.

What sort of investment is this?

Term Deposits are unsecured New Zealand currency bank deposits that earn a single fixed rate of interest for a fixed term.

Who is involved in providing it for me?

The issuer is Westpac New Zealand Limited, Westpac on Takutai Square, 16 Takutai Square, Auckland, New Zealand. Westpac NZ was incorporated in New Zealand on 14 February 2006. Westpac NZ is a registered bank under the Reserve Bank of New Zealand Act 1989.

Westpac NZ's directors at the date of this investment statement are:

- Christopher Moller
- Philip Coffey
- George Frazis
- Harold Price
- Ralph Waters
- Peter Wilson

The directors may change from time to time without notice to you. See the Companies Office website at www.companies.govt.nz

From 1861 until October 2006, Westpac Banking Corporation operated as a full service branch of the Australian bank. On 1 November 2006, assets and liabilities which related to Westpac Banking Corporation's New Zealand retail banking business vested in Westpac NZ pursuant to the Westpac New Zealand Act 2006.

Westpac NZ provides a full range of financial services for retail and business banking customers, including home and business lending.

Westpac Banking Corporation does not guarantee any of Westpac NZ's obligations in relation to Term Deposits.

How much do I pay?

To make an investment, the amount to be invested must be paid to Westpac NZ at any branch at the time the Term Deposit is made in any manner you and Westpac NZ may agree. Existing Westpac NZ customers may also be able to invest online through Westpac NZ's online banking facility or by calling us on 0800 400 600.

You then have a seven-day cooling off period during which you may cancel the Term Deposit and receive a full refund of your investment without interest (other requirements apply if your Term Deposit is restricted – see “What returns will I get?”).

Further sums may be added to the original Term Deposit only at the reinvestment date.

	Minimum Single Investment Amount
Term Deposit	\$5,000 or more
Monthly Income Option	\$5,000 or more
Compounding Deposit Option	\$5,000 or more

Please note, in the case of interest rates advertised as 'specials', the minimum and maximum single investment amounts may differ from those specified above. See www.westpac.co.nz for further details.

What are the charges?

There are no charges except in the event of early repayment.

Outside the seven-day cooling off period, you can only have your Term Deposit repaid before the end of the fixed term if Westpac NZ agrees. In most circumstances, a reduced rate of interest, determined by Westpac NZ, will apply to funds withdrawn before maturity.

The reduced rate of interest applying to funds withdrawn before maturity will normally be calculated by taking the lesser of –

- (a) the original agreed rate less 3% or
- (b) the rate on offer at the time of investment for the actual term run less 3%.

Example:

You invest for six months at an agreed rate of 5.00% p.a. After four months, Westpac approves your request for a full withdrawal before maturity.

- (a) The original rate of 5% less 3% = 2%.
- (b) The rate on offer for four months at the time the investment was made was 3.50%, less 3% = 0.50% p.a.

The interest due on your altered investment is now 0.50% p.a. as it is the lesser of the two calculations.

If the deposit is repaid early and the interest paid or payable to a customer is more than the amount of interest that is calculated by Westpac NZ to be due to that customer on the altered terms of the deposit, Westpac NZ reserves the right to deduct the excess payment from the principal amount to be repaid.

Westpac NZ will determine the actual amount of any interest and/or principal to be deducted having regard to all relevant factors. We will advise you of this amount when the deposit is repaid early.

Any withholding tax correctly deducted on previous interest paid to you (e.g. when interest is paid prior to maturity or compounded) cannot be refunded by Westpac NZ. Any overpayment of withholding tax can generally be directly refunded by Inland Revenue ('IR'). If there has been an overpayment of Resident Withholding Tax ('RWT'), this can be refunded through lodging a tax return directly with IR.

You must maintain the minimum investment (currently \$5,000) or the investment may terminate completely and remaining funds will be paid to you.

What returns will I get?

On maturity, or early repayment of your Term Deposit, Westpac NZ will pay you the principal sum invested by you together with all interest earned on that amount (less any amounts specified under the heading “What are the charges?”, if applicable) If your Term Deposit is in a restricted state, there may be repayment restrictions (see below).

Westpac NZ pays interest on the sum invested, at a fixed rate based on the amount, term, investment type and interest payment frequency of your investment as described in the table below. The available standard rates of interest and their corresponding terms are described on www.westpac.co.nz and can change at any time.

Upon maturity, you can choose to reinvest your original principal and any unpaid interest into a new Term Deposit, or have the proceeds returned to you by way of payment to a nominated New Zealand bank account, unless your Term Deposit is restricted.

Westpac NZ is legally liable to pay you the returns outlined above. As at the date of this investment statement no amount or level of return is quantifiable nor promised by Westpac NZ. The rate of interest of your Term Deposit will be determined when you place your investment with Westpac NZ. If your investment matures on a non-business day and is being paid to an account, it will be processed on the business day prior to the non-business day, unless you nominate your investment to mature on the next business day. *Please refer to the table below.*

Term Investment Type	Range of Terms	Interest Rate	Interest payment frequency options	Interest payment instructions
Term Deposit	30 days up to 5 years	A single fixed rate of interest applies for the term selected	For terms less than one year interest is paid at maturity. For terms 1 year or longer you can choose to have interest paid 3 monthly, 6 monthly, 12 monthly or at maturity ⁽¹⁾	Interest is paid to your nominated New Zealand bank account
Compounding Deposit Option	1 year up to 5 years	A single fixed rate of interest applies for the term selected	3 monthly, 6 monthly or 12 monthly	Interest is reinvested and added to your principal
Monthly Income Option	6 months up to 5 years	A single fixed rate of interest applies for the term selected	Monthly	Interest is paid to your nominated New Zealand bank account

(1) In the case of interest rates advertised as 'specials', interest is paid at maturity unless specifically stated otherwise.

Restricted Term Deposits

A Term Deposit will be issued in a restricted state where the Term Deposit is held jointly and all holders have not met Westpac NZ's requirements, or where verification of the holder(s) identity or other details remains outstanding. Where a Term Deposit is restricted, Westpac NZ will notify you of its requirements for the restrictions to be lifted. While a Term Deposit is restricted, principal and interest will be reinvested. Westpac NZ may cancel a restricted Term Deposit if its requirements are not met. Early repayment charges will apply. Identity verification requirements will need to be met before any repayments are made to you. If a Term Deposit is held jointly, any repayment will be made jointly unless otherwise authorised by all the joint holders.

Taxation

Returns on your investment will be affected by taxes. Westpac NZ will, without liability to compensate you, deduct any applicable withholding taxes from the gross amount of your interest (whether it is paid to you or accrued for your benefit) and other amounts paid to you in accordance with the provisions of the Income Tax Act 2007 (the Tax Act) or other legislation applicable at the time.

Westpac NZ will deduct RWT from the gross interest paid or compounded to you, if you, or any other person who beneficially derives the interest jointly with you are, or as provided below are assumed to be, a New Zealand tax resident or you are a non-resident company engaged in business through a fixed establishment in New Zealand, unless you provide us with a valid RWT exemption certificate or Westpac NZ is otherwise satisfied that such deductions are not required by law.

We request that you provide us with your IRD number, as we are required to provide it to IR. Where you do not supply your IRD number, RWT will be deducted at the non-declaration rate. If you provide Westpac NZ with your IRD number, you may elect to have RWT deducted at one of the statutory rates. Current RWT rates can be found at www.ird.govt.nz.

If you are not a New Zealand tax resident (who is not engaged in business through a fixed establishment – as defined in the Tax Act – in New Zealand), Westpac NZ is required to deduct non-resident withholding tax ('NRWT') at the applicable rate from the gross interest paid or compounded to you. Westpac NZ is an approved issuer and is entitled to make a payment of approved issuer levy (AIL) in respect of the relevant amount of interest or other amounts paid to you. For so long as this approved issuer status remains, if you are not a New Zealand tax resident, you can elect to have an amount equal to the AIL deducted from the gross interest paid or compounded to you instead of NRWT, unless you beneficially derive the interest jointly with a New Zealand tax resident.

For the purposes of determining Westpac NZ's liability to deduct withholding taxes, Westpac NZ will assume that you are a New Zealand resident unless you satisfy Westpac NZ otherwise.

This description of the tax treatment of Term Deposits is of a general nature only. You should consult your own taxation adviser as to how the tax legislation applies in your particular circumstances.

What are my risks?

Term Deposits are unsecured investments. The only circumstances in which you would not be paid the principal and interest legally due to you is in the event of Westpac NZ's insolvency. In that event, your claim on the New Zealand assets of Westpac NZ would rank at least equally to all other New Zealand unsecured creditors of Westpac NZ but behind claims preferred by statute. Should a statutory manager be appointed to Westpac NZ a moratorium on enforcement rights may be imposed. You will not be liable to pay any further money as a result of Westpac NZ's insolvency or otherwise.

If you owe us money and do not pay that debt, then we may use the credit balance of any of your accounts, including your Term Deposit to pay off or put towards that unpaid amount. To achieve this, we may transfer funds from one account to another and may instigate early repayment of your Term Deposit. In addition, Westpac NZ may be required by law in certain circumstances to pay some or all of your funds to Government authorities (for example tax obligations or where a liable parent order is made).

Can the investment be altered?

Westpac NZ will generally not alter the material terms (interest rate, term and interest payment frequency) of your investment, but may do so if we first provide 14 days written notice at your address on our records.

How do I cash in my investment?

Westpac NZ repays the principal sum to you on maturity of the Term Deposit, unless your Term Deposit is restricted. If Westpac NZ agrees or a restricted Term Deposit is cancelled, your Term Deposit can be repaid before the end of the fixed term.

In the event of early repayment you will be subject to the charge referred to above under "What are the charges?". Interest is paid at your choice of intervals subject to any restrictions set out under "What returns will I get?". You may not sell, assign, mortgage, or charge your rights to your Term Deposit, including any credit balances (other than to us), without Westpac NZ's prior written consent.

Who do I contact with inquiries about my investment?

Inquiries or feedback about Term Deposits may be made to any of our staff at any branch of Westpac NZ during normal business hours or by calling us on 0800 400 600 (7am to 11pm, seven days a week).

Is there anyone to whom I can complain if I have problems with the investment?

Complaints about Term Deposits may be made to any of our staff at any branch of Westpac NZ during normal business hours or by calling us on 0800 400 600 (7am to 11pm, seven days a week). Complaints may also be directed to Westpac Customer Advocacy Freepost 125 436, PO Box 934, Auckland 1140.

In addition, you may refer an inquiry to the Office of the Banking Ombudsman for independent review if you are dissatisfied with Westpac NZ's response to your complaint. The Banking Ombudsman may be contacted by writing to Level 11, BP House, 20 Customhouse Quay, Freepost 218002, PO Box 10573, The Terrace, Wellington 6143 or by calling 0800 805 950 or email to help@bankomb.org.nz.

Westpac NZ subscribes to the New Zealand Bankers' Association Code of Banking Practice, which sets out minimum standards for resolving complaints.

What other information can I obtain about this investment?

Further information about Term Deposits and Westpac NZ as issuer of the investments is contained in the following documents which can be requested free of charge at any branch of Westpac NZ:

- Westpac NZ's most recent General Disclosure Statement issued pursuant to section 81 of the Reserve Bank of New Zealand Act 1989 including financial statements
- Westpac NZ's most recent Key Information Summary issued pursuant to section 81 of the Reserve Bank of New Zealand Act 1989
- Westpac NZ's customer information brochures
- the New Zealand Bankers' Association Code of Banking Practice; and
- further copies of this Investment Statement.

A copy of Westpac NZ's most recent financial statements that have been registered under the Financial Reporting Act 1993 (together with all documents required to be registered with those financial statements) is filed with the Companies Office of the Ministry of Economic Development which can be inspected on its website at www.companies.govt.nz or (on payment of the relevant fee) by telephoning the Ministry of Economic Development Business Service Centre on 0508 266 726 at any time during normal business hours.

A certificate in respect of your Term Deposit will be provided to you or sent to you shortly after it is made. A withholding tax certificate will be sent to you each year during the life of the investment. See www.westpac.co.nz for further details.

Privacy Act 1993

Westpac NZ collects and holds personal information about applicants for Term Deposits for administration purposes and making them aware of the full range of financial services provided by Westpac NZ and any entity within the Westpac group. You may request access to any personal information Westpac NZ holds about you by calling 0800 400 600 between 7am and 11pm, seven days a week. You may also ask us to correct any personal information Westpac NZ holds about you. Depending on the nature of the request, Westpac NZ may impose a charge for providing you with or correcting any personal information.