



# Limited Disclosure Document

**An offer of unsecured subordinated notes.**

30 August 2022

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 make an investment decision.

Joint lead managers:



# 1. Key Information Summary

## What is this?

This is an offer of unsecured subordinated notes ("**Notes**"). The Notes are debt securities issued by Westpac New Zealand Limited ("**WNZL**"). You give WNZL money, and in return WNZL promises to pay you interest and repay the money at the end of the term. If WNZL runs into financial trouble, you might lose some or all of the money you invested.

## About the WNZL Group

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.

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 Tier 2 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 debt securities</b>	Unsecured subordinated notes
<b>Term</b>	10 years, ending on the Maturity Date (16 September 2032) if not repaid earlier
<b>Offer amount</b>	Up to NZ\$100 million, with unlimited oversubscriptions
<b>Face Value and Issue Price</b>	NZ\$1.00 per Note
<b>Minimum subscription amount</b>	NZ\$5,000, and in multiples of NZ\$1,000 thereafter
<b>Opening Date</b>	5 September 2022
<b>Closing Time</b>	11.00am on 8 September 2022
<b>Interest rate</b>	<p>The interest 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 interest rate for the first 5 years until the First Optional Redemption Date (16 September 2027) 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 (8 September 2022) plus the Issue Margin.</p> <p>The interest rate from (and including) 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 Issue Margin.</p> <p>If the sum of the 3 Month Bank Bill Rate plus the Issue Margin is less than 0% per annum, the floating rate will be deemed to be 0% per annum.</p> <p>The initial interest rate and the Issue Margin will be determined by WNZL following the Bookbuild on the Rate Set Date (8 September 2022), and will be announced by WNZL on <a href="http://www.westpac.co.nz/westpac-nz-subordinated-notes">www.westpac.co.nz/westpac-nz-subordinated-notes</a> on or about that date.</p> <p>Each time the interest rate is reset after the First Optional Redemption Date, the new interest rate will be announced by WNZL via NZX on or about the date it is reset.</p>
<b>Interest Payment Dates</b>	Interest on your Notes is scheduled to be paid quarterly in arrear on each 16 September, 16 December, 16 March and 16 June during the Term and on the date on which your Notes are repaid.
<b>Interest payments are conditional</b>	The payment of interest on each Interest Payment Date (other than on the Maturity Date (16 September 2032)) is conditional on WNZL satisfying the Solvency Condition. See Section 5.2 of this LDD (Interest).
<b>Unpaid interest accumulates</b>	If interest is not paid on your Notes on an Interest Payment Date because the Solvency Condition is not satisfied, the unpaid interest will remain owing and will itself bear interest. See Section 5.2 of this LDD (Interest).
<b>Fees and charges</b>	WNZL will not charge you brokerage or any other fees to apply or subscribe for Notes. However, you may have to pay brokerage to the firm that gives you an allocation of Notes.

## No guarantee

The Notes are not guaranteed by any member of the WNZL Group, Westpac Banking Corporation (WNZL's parent company) or by any other person. WNZL is solely responsible for repayment of the Notes.

The Notes do not represent a protected account, deposit or liability of Westpac Banking Corporation or any other company in the Westpac Banking Corporation group other than WNZL. Neither Westpac Banking Corporation nor any other company in the Westpac Banking Corporation group stands behind or otherwise guarantees WNZL or the principal amount or investment performance of any financial product acquired from or through WNZL.

## How you can get your money out early

### Repayment of your Notes

Your Notes are a long term investment with a Term of 10 years. Your Notes must be repaid by WNZL on the Maturity Date (16 September 2032). However, WNZL may repay all or some of your Notes early on the First Optional Redemption Date (16 September 2027) or on any Interest Payment Date after that date. WNZL may also repay all of your Notes early on any Interest Payment Date if a Tax Event or Regulatory Event has occurred.

Early repayment is subject to certain conditions being met (including the Solvency Condition being satisfied and WNZL obtaining the Reserve Bank's prior approval).

See Section 5.3 of this LDD (Repayment of the Notes).

**You do not have a right to require that your Notes be repaid early for any reason.**

### Sale on NZX

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

## How the Notes rank for repayment

In a liquidation of WNZL, each Note gives you the right to payment of an amount equal to the Face Value plus all accrued but unpaid interest. Your right to payment of this amount will rank:

- behind the claims of all depositors and other creditors of WNZL, except for the claims and rights described below;
- equally with the claims of other Holders and holders of any other securities and obligations of WNZL that rank equally with your Notes; and
- ahead of the rights of WNZL's shareholders and holders of any other securities and obligations of WNZL that rank behind the Notes.

In a liquidation of WNZL, it is unlikely that there will be surplus assets available for the liquidator to pay any amount to you in respect of your Notes.

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

## No security

The Notes are not secured against any asset of any member of the WNZL Group or any other person.

## Key risks affecting this investment

Investments in debt securities have risks. A key risk is that WNZL does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of this document (Risks of investing) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Notes 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:

- WNZL faces the possibility that customers or counterparties may fail to meet their contractual obligations to WNZL. 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).

- 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 have an adverse effect 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 involving adverse movements in the level and volatility of interest rates, which could lead to losses which would have an adverse effect on WNZL's financial performance or financial condition.
- WNZL 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 which can adversely affect WNZL's financial performance.

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

- adversely affect the market price and liquidity of your Notes; and/or
- result in WNZL not making a payment on your Notes.

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

## What is the Notes' 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 Notes have been rated by each of S&P Global Ratings ("**S&P**") and Moody's Investors Service ("**Moody's**").

S&P gives ratings from AAA through to C, excluding ratings attached to entities in default, as set out in the table below. S&P 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.

Moody's gives ratings from Aaa through to Ca, excluding ratings attached to entities in default, as set out in the table below. Moody's applies numerical modifiers 1, 2, and 3 to each rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its rating category, the modifier 2 indicates a mid-range ranking, and the modifier 3 indicates a ranking in the lower end of that rating category.

As at the date of this LDD, the Notes have a credit rating of A- from S&P and A3 from Moody's.

<b>Credit ratings for S&amp;P</b>	AAA	AA	<b>A</b> S&P credit rating for the Notes A-	BBB	BB	B	CCC	CC	C
<b>Credit ratings for Moody's</b>	Aaa	Aa	<b>A</b> Moody's credit rating for the Notes A3	Baa	Ba	B	Caa	Ca	
<b>Summary description of S&amp;P issue credit ratings</b>	Capacity of the issuer to meet its financial commitments on the obligation				Vulnerability of the obligation to non-payment				
	Extremely strong	Very strong	<b>Strong</b>	Adequate	Less vulnerable	More vulnerable	Currently vulnerable	Highly vulnerable	Currently highly vulnerable

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## 2. Key dates and Offer process

<b>Opening Date</b>	5 September 2022
<b>Rate Set Date</b>	8 September 2022
<b>Closing Time</b>	11.00am on 8 September 2022
<b>Issue Date/allotment date</b>	16 September 2022
<b>Expected date of initial quotation and trading of the Notes on the NZX Debt Market</b>	19 September 2022
<b>First Interest Payment Date</b>	16 December 2022
<b>Interest Payment Dates</b>	16 September, 16 December, 16 March and 16 June during the Term and on the date on which your Notes are repaid
<b>First Optional Redemption Date</b>	16 September 2027
<b>Maturity Date</b>	16 September 2032

The Opening Date and the Closing Time may change. WNZL has the right in its absolute discretion to open or close the Offer early and to extend the Closing Time. If WNZL changes the Opening Date and/or the Closing Time, the changes will be announced as soon as reasonably practicable by WNZL on [www.westpac.co.nz/westpac-nz-subordinated-notes](http://www.westpac.co.nz/westpac-nz-subordinated-notes). If the Closing Time is extended, the Rate Set Date, the Issue Date, the expected date of initial quotation and trading of your Notes on the NZX Debt Market, the Interest Payment Dates, the First Optional Redemption Date and the Maturity Date may be extended accordingly. Any such changes will not affect the validity of any applications received. The Interest Payment Dates are subject to the Business Day convention described in Section 5.5 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 Notes.

## 3. Terms of the Offer

### 3.1 Description of the Notes

The Notes	
<b>Issuer</b>	Westpac New Zealand Limited
<b>Description</b>	Unsecured subordinated notes
<b>Term</b>	10 years, ending on the Maturity Date (16 September 2032) if not repaid earlier
<b>Interest rate</b>	<p>The interest 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 interest rate for the first 5 years until the First Optional Redemption Date (16 September 2027) 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 (8 September 2022) plus the Issue Margin.</p> <p>The interest rate from (and including) 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 Issue Margin.</p> <p>If the sum of the 3 Month Bank Bill Rate plus the Issue Margin is less than 0% per annum, the floating rate will be deemed to be 0% per annum.</p> <p>See Section 5.2 of this LDD (Interest).</p>
<b>Interest Payment Dates</b>	<p>Interest on your Notes is scheduled to be paid:</p> <ul style="list-style-type: none"><li>• quarterly in arrear on each 16 September, 16 December, 16 March and 16 June during the Term, commencing on 16 December 2022; and</li><li>• on the date on which your Notes are repaid</li></ul>
<b>Interest payments are conditional</b>	<p>At any time before the Maturity Date, the payment of interest on each Interest Payment Date is conditional on WNZL satisfying the Solvency Condition.</p> <p>See Section 5.2 of this LDD (Interest).</p>

## The Notes

<b>Unpaid interest accumulates</b>	<p>If interest is not paid on an Interest Payment Date because the Solvency Condition is not satisfied, the unpaid interest will remain owing and will itself bear interest.</p> <p>See Section 5.2 of this LDD (Interest).</p>
<b>Repayment</b>	<p>Your Notes must be repaid by WNZL on the Maturity Date (16 September 2032).</p> <p>However, WNZL may repay all or some of your Notes earlier, on the First Optional Redemption Date (16 September 2027) or on any Interest Payment Date after that date. WNZL may also repay all of your Notes earlier, on any Interest Payment Date, if a Tax Event or Regulatory Event has occurred.</p> <p>Early repayment is subject to certain conditions being met (including the Solvency Condition being satisfied and WNZL obtaining the Reserve Bank's prior approval).</p> <p>See Section 5.3 of this LDD (Repayment of the Notes).</p> <p><b>You have no right to require that your Notes be repaid early.</b></p>
<b>Ranking of the Notes</b>	<p>In a liquidation of WNZL, the Notes rank as unsecured subordinated debt of WNZL, and your claim will rank behind depositors and other unsubordinated creditors of WNZL.</p> <p>See Section 5.7 of this LDD (Ranking).</p>

## 3.2 Description of the Offer

### The Offer

<b>Offer amount</b>	Up to NZ\$100 million, with unlimited oversubscriptions
<b>Opening Date, Closing Time and Issue Date</b>	See Section 2 of this LDD (Key dates and Offer process)
<b>Face Value and Issue Price</b>	NZ\$1.00
<b>Minimum subscription amount</b>	NZ\$5,000 and in multiples of NZ\$1,000 thereafter
<b>How to apply</b>	There is no public pool for the Notes. All Notes 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 13 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 Notes. However, you may have to pay brokerage to the firm that gives you an allocation of Notes.
<b>Allocation of Notes</b>	Following the Bookbuild, WNZL will allocate Notes to each of the successful Bookbuild participants. Those participants will in turn be solely responsible for allocating the Notes to individual investors. This means that WNZL has no direct role in determining the allocation that you receive from your financial adviser.
<b>Selling restrictions</b>	<p>The Offer is subject to the selling restrictions contained in Section 10.1 of this LDD (Selling restrictions).</p> <p>By subscribing for Notes, 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).</p>
<b>Governing law</b>	The Notes, the Deed Poll and the Offer are governed by New Zealand law

## 3.3 Trading your Notes on the NZX Debt Market

WNZL intends to have the Notes quoted on the NZX Debt Market. NZX ticker code WNZIT2 has been reserved for the Notes. 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 Notes on the NZX Debt Market, you must have an account with a Primary Market Participant, a common shareholder number or 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 Notes. 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 Notes, 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 Notes in aggregate Face Value multiples of NZ\$1,000, and after any transfer you and the transferee must each hold Notes with an aggregate Face Value of no less than NZ\$5,000, or no Notes.

You will likely have to pay brokerage on any transfer of Notes you make through a Primary Market Participant.

### 3.4 Deed Poll

The conditions of the Notes are set out in the Deed Poll. Holders are bound by, and are deemed to have notice of, the Deed Poll, including the conditions of the Notes. If you require further information in relation to the Deed Poll, you may obtain a copy of the Deed Poll from the Disclose Register at [www.disclose-register.companiesoffice.govt.nz](http://www.disclose-register.companiesoffice.govt.nz) (offer number OFR13371) or at [www.westpac.co.nz/westpac-nz-subordinated-notes](http://www.westpac.co.nz/westpac-nz-subordinated-notes).

## 4. Purpose of the Offer

As a registered bank, WNZL is required by the Reserve Bank to maintain an adequate level of regulatory capital to provide a buffer to absorb losses from its activities. The Offer will raise Tier 2 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.

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.

## 5. Key features of the Notes

### 5.1 General

A number of the key features of the Notes are described in Section 3 of this LDD (Terms of the Offer). Other key features of the Notes and further detail about some of the key features described earlier in Section 3 of this LDD (Terms of the Offer) are described below.

### 5.2 Interest

This Section 5.2 contains further detail on when interest is payable, the interest rate and how interest payments are calculated.

<b>Interest Payment Dates</b>	Interest on your Notes is scheduled to be paid quarterly in arrear on each 16 September, 16 December, 16 March and 16 June during the Term and on the date on which your Notes are repaid (see Section 5.3 of this LDD (Repayment of the Notes)). The Interest Payment Dates are subject to the Business Day convention described in Section 5.5 of this LDD (Payments).
<b>Interest payments are conditional</b>	<p>The payment of interest on each Interest Payment Date (other than on the Maturity Date (16 September 2032)) is conditional on WNZL satisfying the Solvency Condition.</p> <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>The Solvency Condition does not apply to payments that are required to be made on the Maturity Date or if WNZL is in liquidation.</p>
<b>Unpaid interest accumulates</b>	If interest is not paid on an Interest Payment Date because the Solvency Condition is not satisfied, the unpaid interest will remain owing, will itself bear interest (at the same rate as the Notes), and will be payable on the earlier of the next Business Day on which the Solvency Condition is satisfied and the Maturity Date



<b>Interest rate</b>	<p>The interest 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 interest rate for the first 5 years until the First Optional Redemption Date (16 September 2027) will be a fixed rate equal to the sum of the Swap Rate on the Rate Set Date (8 September 2022) plus the Issue Margin.</p> <p>The interest rate from (and including) 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 Issue Margin.</p> <p>If the sum of the 3 Month Bank Bill Rate plus the Issue Margin is less than 0% per annum, the floating rate will be deemed to be 0% per annum.</p> <p>The initial interest rate and the Issue Margin will be determined by WNZL following the Bookbuild on the Rate Set Date, and will be announced by WNZL on <a href="http://www.westpac.co.nz/westpac-nz-subordinated-notes">www.westpac.co.nz/westpac-nz-subordinated-notes</a> on or about that date. Each time the interest rate is reset after the First Optional Redemption Date, the new interest rate will be announced by WNZL via NZX on or about the date it is reset.</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 on the Rate Set Date (8 September 2022).</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 Interest Payment Date after the First Optional Redemption Date (16 September 2027).</p> <p>The 3 Month Bank Bill Rate that is applicable for an Interest Payment Date will be the 3 Month Bank Bill Rate as at the previous Interest 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>
<b>Issue Margin</b>	<p>The Issue Margin is the percentage rate per annum determined by WNZL in consultation with the Joint Lead Managers through the Bookbuild. The Issue Margin will be announced by WNZL on <a href="http://www.westpac.co.nz/westpac-nz-subordinated-notes">www.westpac.co.nz/westpac-nz-subordinated-notes</a> on or about the Rate Set Date.</p> <p>The Issue Margin for the Notes will not change.</p>
<b>Calculation of interest payments</b>	<p>Until the First Optional Redemption Date (16 September 2027) interest will be payable in equal amounts on each Interest Payment Date.</p> <p>After the First Optional Redemption Date the interest payable on each Interest Payment Date will be calculated on the basis of the actual number of days from (and including) the previous Interest Payment Date to (but excluding) the Interest Payment Date.</p>

### 5.3 Repayment of the Notes

Your Notes are a long term investment with a Term of 10 years. However, WNZL may repay all or some of your Notes early in certain circumstances. This Section 5.3 contains further detail on when WNZL may repay your Notes.

<b>Maturity Date</b>	<p>Your Notes must be repaid by WNZL on the Maturity Date (16 September 2032) if not repaid earlier. The repayment of your Notes on the Maturity Date is not subject to the Solvency Condition.</p>
<b>When WNZL may choose to repay all or some of your Notes early</b>	<p>WNZL may, subject to the conditions described below, choose to repay:</p> <ul style="list-style-type: none"> <li>• all or some of your Notes early on the First Optional Redemption Date or on any Interest Payment Date after that date; or</li> <li>• all of your Notes early on any Interest Payment Date if a Tax Event or a Regulatory Event has occurred</li> </ul>
<b>First Optional Redemption Date</b>	<p>The First Optional Redemption Date is 16 September 2027</p>

<b>Tax Event</b>	<p>A Tax Event occurs if WNZL makes a determination to the effect that:</p> <p>(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) that applies, or is to apply, after the Issue Date;</p> <p>(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) that applies, or is to apply, after the Issue Date; or</p> <p>(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, that directly or indirectly affects the taxation treatment in relation to the Notes 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 the Notes, provided such event is not minor and could not have been anticipated when the Notes were issued</p>
<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 Notes;</p> <p>or</p> <p>(B) there would be a negative impact on the eligibility of the Notes as Tier 2 Capital, 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 Notes (in more than a de minimis amount) are not, or will not be, treated as Tier 2 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 repaying all or some of your Notes early</b>	<p>WNZL may only choose to repay all or some of your Notes early if the Reserve Bank has given its prior written approval to the repayment of the Notes. Early repayment is also conditional on the Solvency Condition being satisfied.</p> <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>The Solvency Condition does not apply to the repayment of your Notes on the Maturity Date or if WNZL is in liquidation.</p>
<b>Amount that is payable to you if your Notes are repaid</b>	<p>You will receive the Face Value of the Notes plus all accrued but unpaid interest on the Notes when your Notes are repaid</p>
<b>No certainty that WNZL will choose to repay the Notes early or be able to satisfy the early repayment conditions</b>	<p>WNZL is under no obligation to repay the Notes early. There is no certainty that WNZL will choose to repay the Notes:</p> <ul style="list-style-type: none"> <li>• on the First Optional Redemption Date or any Interest Payment Date after that date; or</li> <li>• if a Tax Event or Regulatory Event has occurred,</li> </ul> <p>or that WNZL will be able to satisfy the conditions that apply to early repayment. In particular, there is no certainty that the Reserve Bank would give its approval to an early repayment.</p>
<b>Holders cannot choose to have the Notes repaid early</b>	<p><b>You do not have a right to require that your Notes be repaid early for any reason</b></p>

## 5.4 Events of default

The Notes have very limited events of default and your rights are limited if an event of default occurs, as described below.

Events of default	Consequences
<p><b>Payment default</b></p> <p>An event of default will occur if:</p> <ul style="list-style-type: none"> <li>• WNZL does not pay any Face Value due in respect of the Notes within 7 Business Days of its due date; or</li> <li>• WNZL does not pay any interest due in respect of the Notes within 14 Business Days of its due date.</li> </ul> <p>To the extent that a payment on the Notes is not required to be made because the Solvency Condition is not satisfied, the amount is not due and payable and a payment default cannot occur.</p>	<p>If a payment default occurs, you may only bring proceedings:</p> <ul style="list-style-type: none"> <li>• to recover any amount then due and payable but unpaid on your Notes (subject to satisfaction of the Solvency Condition if the payment of the unpaid amount was subject to the Solvency Condition);</li> <li>• to obtain an order for specific performance of any other obligation in respect of your Notes; or</li> <li>• for the liquidation of WNZL.</li> </ul> <p>The outcome of any proceedings brought before a court may be uncertain, and a court may decide not to grant the remedies sought.</p>
<p><b>Commencement of liquidation</b></p> <p>An event of default will occur on the commencement of liquidation of WNZL.</p>	<p>In addition to the rights listed above, in the case of the commencement of liquidation of WNZL, the Face Value of each Note and any accrued but unpaid interest on the Notes will immediately become due and payable, and you may claim in the liquidation for that amount.</p> <p>In this circumstance, your claim will be subordinated as described in Section 5.7 of this LDD (Ranking), and it is unlikely that you will receive payment of any amount owing on your Notes.</p>

## 5.5 Payments

The following provisions will apply to payments on the Notes.

<p><b>Business Day convention</b></p>	<p>If an Interest Payment Date on or before the First Optional Redemption Date is not a Business Day, WNZL will make payment on the next Business Day, and no adjustment will be made to the amount of interest payable as a result of the delay in payment.</p> <p>If an Interest Payment Date after the First Optional Redemption Date is not a Business Day, then the Interest 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 interest payable will be adjusted to reflect the actual payment date.</p>
<p><b>Entitlement to payments / Record Date</b></p>	<p>Interest payments on the Notes will be made to the persons who are the Holders as at the close of business on the 10th day before the relevant Interest Payment Date (whether or not the relevant Interest 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.</p> <p>Any other payments on the Notes 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.</p>
<p><b>No set-off</b></p>	<p>You do not have any right to set-off any amounts that WNZL owes to you in connection with the Notes against any amounts that you owe to WNZL (whether in connection with the Notes or otherwise)</p>
<p><b>Tax indemnity</b></p>	<p>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 future payments to you</p>

## 5.6 Amendments to the Deed Poll

The conditions of the Notes (as set out in the Deed Poll) may be amended in certain circumstances, as described below.

<b>Amendments without Holders' consent</b>	<p>The conditions of the Notes may be amended without your consent if, in WNZL's reasonable opinion, the amendment:</p> <ul style="list-style-type: none"><li>• is made to cure an ambiguity or correct a manifest error;</li><li>• is of a formal, minor or technical nature;</li><li>• is necessary or expedient for the purpose of complying with any law, the provisions of any statute, 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 Notes;</li><li>• is necessary or expedient for the purpose of enabling the Notes 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;</li><li>• is reasonably necessary if the 3 Month Bank Bill Rate is replaced by an alternative reference rate; or</li><li>• will not materially adversely affect the rights of Holders as a whole.</li></ul>
<b>Amendments with approval of special resolution</b>	<p>The conditions of the Notes may also be amended with the approval of a special resolution of Holders. A "special resolution" means a resolution passed at a meeting of Holders, properly convened and held in accordance with the Deed Poll, at which not less than 75% of the votes given on a poll voted in favour of the resolution or a resolution in writing signed by Holders holding or representing (in aggregate) not less than 75% in Face Value of the Notes.</p>
<b>Requirement to notify the Reserve Bank</b>	<p>No amendment can be made to the conditions of the Notes unless, at least 5 Business Days prior to the amendment being made, notification of the amendment has been made to the Reserve Bank by WNZL, accompanied by any supporting documentation required by the Reserve Bank's prudential regulatory requirements</p>
<b>Amendments are binding on all Holders</b>	<p>Amendments made in accordance with the conditions of the Notes are binding on you even if you did not agree to them</p>

## 5.7 Ranking

### Ranking of your Notes

Your Notes are unsecured subordinated debt securities issued by WNZL. In a liquidation of WNZL, each Note gives you the right to payment of an amount equal to the Face Value plus accrued but unpaid interest. Your right to payment of this amount will rank:

- behind the claims of all depositors and other creditors of WNZL, except for the claims and rights described below;
- equally with the claims of other Holders and holders of any other securities and obligations of WNZL that rank equally with your Notes; and
- ahead of the rights of WNZL's shareholders and holders of any other securities and obligations of WNZL that rank behind the Notes.

In a liquidation of WNZL, it is unlikely that there will be surplus assets available for the liquidator to pay any amount to you in respect of your Notes.

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

Higher ranking	Ranking in a liquidation of WNZL	Description	Examples	Liabilities and equity of WNZL as at 31 March 2022 (NZ\$m)	
	<b>Liabilities that rank in priority to the Notes</b>	Secured debt and creditors preferred by law	Secured liabilities (including covered bonds, repurchase agreements, and collateralised derivatives)	4,840	
				Liabilities given preference by law including employee entitlements and certain taxes	84
		Unsubordinated unsecured debt	Depositors and other unsubordinated creditors	85,865	
			Unsecured unsubordinated notes and bonds	15,525	
	<b>Liabilities that rank equally with the Notes (including the Notes)</b>	Term subordinated debt	<b>The Notes</b>	100	
Lower ranking	<b>Liabilities that rank below the Notes and preferred equity</b>	Perpetual subordinated debt, preference shares and other equally ranked instruments	WNZL convertible notes issued to WBC NZ branch in September 2017	1,492	
	<b>Equity</b>	Equity (other than preferred equity)	Ordinary shares, reserves and retained earnings	8,497	

#### Basis of preparation of table

Amounts in the table above (except for the estimated value of the Notes) are indicative amounts derived from WNZL's unaudited financial statements for the 6 months ended 31 March 2022. 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 Notes, 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 Notes to be issued will be announced by WNZL on or about the Rate Set Date (8 September 2022) on [www.westpac.co.nz/westpac-nz-subordinated-notes](http://www.westpac.co.nz/westpac-nz-subordinated-notes).

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.

WNZL has obtained the approval of the Reserve Bank to redeem the 2015 T2 Notes and has given notice to redeem the 2015 T2 Notes at the next payment date on 22 September 2022. When WNZL redeems the 2015 T2 Notes, this will reduce the liabilities that rank equally with the Notes by NZ\$1,119 million (based on the outstanding amount of 2015 T2 Notes as at 31 March 2022).

Amounts shown are presented in millions of New Zealand dollars and may be subject to rounding adjustments.

#### No restrictions on issuing further securities or creating further liabilities

There are no restrictions on WNZL issuing further securities or creating further liabilities after the Notes have been issued that rank equally with, or in priority to, the Notes in a liquidation of WNZL.

WNZL could therefore, at any time after the Issue Date, issue further securities or create further liabilities that rank equally with or in priority to the Notes.

## 6. Risks of investing

### 6.1 Introduction

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

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

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 Notes.

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

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 Notes in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues) and consult your financial adviser.

### 6.2 General risks

An investment in the Notes 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 your Notes; and/or
- result in WNZL not making a payment on your Notes.

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 Notes**

##### **The market price of the Notes may fluctuate up or down and the Notes may trade below their Face Value**

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

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

The market for the Notes 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 Notes 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, including a protracted downturn in economic conditions globally and in New Zealand. WNZL has determined that an investment in the Notes 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 market slowdowns, declines in property prices, conditions affecting specific industry sectors or geographic regions to which WNZL has significant exposures.

The risk of credit-related losses has increased as a result of COVID-19, due to financial stress caused to WNZL's customers and counterparties in a range of industry sectors, and could increase further if there were to be other communicable disease outbreaks or pandemics.

WNZL primarily manages these credit risks through a transaction-managed approach for larger customers (involving a detailed individual customer and transaction risk analysis) and a programme-managed approach for certain high-volume customer credit portfolios (involving management on a statistical basis).

### **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 regulatory oversight, including capital adequacy requirements and conditions of registration specified by the Reserve Bank. Regulation is becoming increasingly extensive and complex. Any significant regulatory developments, or change in regulatory policy, including actions taken by regulators in response to a communicable disease outbreak or a pandemic such as the home loan deferral programme implemented during the COVID-19 pandemic, 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 has implemented a compliance and conduct risk management framework and has dedicated compliance and risk functions to assist with the management of compliance and conduct risks, including the implementation and assessment of associated controls.

### **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 manage these operational risks, these policies and processes may not always be effective and these risks can be heightened by, for example, working from home arrangements which increased significantly as a result of the COVID-19 pandemic.

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, as had been the case during the COVID-19 pandemic.

WNZL has implemented a dedicated operational risk function and management framework to manage such risks, including the implementation and assessment of associated controls.

### **Interest rate risks could adversely impact WNZL's results.**

As a bank, WNZL is subject to risks involving 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 (which increased as a consequence of the COVID-19 pandemic) 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 hedges its exposure to interest rate risk under a market risk management framework through the use of derivatives, but there can be no assurance that the hedging arrangements will be sufficient.

### **WNZL may not be able to obtain funding 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 (ie 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.

A communicable disease outbreak or a pandemic such as the COVID-19 pandemic may have a negative economic impact on WNZL. The ongoing economic impacts of the COVID-19 pandemic remain uncertain and there is a risk that there will be negative movement in WNZL's credit ratings.

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.

WNZL manages liquidity risk through a liquidity risk management framework.

### **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, 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, including as a consequence of a communicable disease outbreak or a pandemic such as the COVID-19 pandemic, where the economic impacts remain uncertain. 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 of default.

It is not possible to forecast precisely the probability or magnitude of any of these risks, and in particular, the financial impact of the COVID-19 pandemic which is still evolving. However, WNZL seeks to reduce their likelihood, and the magnitude of their impact through developed processes including:

- a risk management strategy that includes core risk principles as well as policies and processes for measuring and monitoring risk, and is designed to reflect that everyone in WNZL is responsible for identifying and managing risk and operating within WNZL's desired risk profile as determined by the WNZL board;
- business unit risk profiles designed to identify the key operational and compliance risks, the controls in place to mitigate those risks and facilitate the performance of regular testing to ensure those controls have continued to operate effectively; and
- an independent risk assurance and internal audit function which covers the management of risks across WNZL under each relevant assurance and audit plan.

## **6.4 Risks associated with your Notes specifically**

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

### **In a liquidation of WNZL, it is unlikely that you will receive payment of any amount owing on your Notes.**

The Notes are subordinated. In a liquidation of WNZL, your right to payment of an amount equal to the Face Value plus all accrued but unpaid interest will rank behind depositors and other unsubordinated creditors of WNZL. It is unlikely that there will be surplus assets available for the liquidator to pay any amount to you in respect of your Notes. See Section 5.7 of this LDD (Ranking).

### **You have no rights against WNZL if interest is not paid because the Solvency Condition is not satisfied on the payment date.**

At any time before the Maturity Date (16 September 2032) the payment of interest on your Notes on an Interest Payment Date is conditional on WNZL satisfying the Solvency Condition. If WNZL does not pay interest on an Interest Payment Date because the Solvency Condition is not satisfied, it will not constitute a default by WNZL and you will have no right to take action against WNZL or any other person in respect of that non-payment. See Section 5.2 of this LDD (Interest).

### **The interest rate may go down to 0% per annum.**

The interest rate will be a fixed rate for a period of 5 years until the First Optional Redemption Date, after which it will change to a floating rate that resets at quarterly intervals. The floating rate will be equal to the sum of the applicable 3 Month Bank Bill Rate plus the Issue Margin. The 3 Month Bank Bill Rate changes to reflect market conditions over time, so the 3 Month Bank Bill Rate will likely vary for each Interest Payment Date after the First Optional Redemption Date. 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 Issue Margin is less than 0% per annum, the floating rate will be deemed to be 0% per annum.

This means that, when the interest rate is reset, it may be lower than the rate that applied for a prior period, and may be 0% per annum. See Section 5.2 of this LDD (Interest).



## **You have no right to require early repayment of your Notes and WNZL may not repay your Notes early.**

The Notes are a long term investment with a Term of 10 years. **You have no right to require that your Notes be repaid early.** WNZL is under no obligation to repay the Notes early. There is no certainty that WNZL will choose to repay the Notes:

- on the First Optional Redemption Date or any Interest Payment Date after that date; or
- if a Tax Event or Regulatory Event has occurred,

or that WNZL will be able to satisfy the conditions that apply to early repayment. In particular, there is no certainty that the Reserve Bank would give its approval to an early repayment.

Unless your Notes are repaid early by WNZL, to realise your investment before the Maturity Date you would need to sell your Notes on the NZX Debt Market at the prevailing market price. You may not be able to sell your Notes, and even if you can, the price may be less than what you paid for your Notes. See Section 5.3 of this LDD (Repayment of the Notes).

## **WNZL may repay all or some of your Notes early in certain circumstances.**

In certain circumstances, WNZL can repay all or some of your Notes early (see Section 5.3 of this LDD (Repayment of the Notes)). You may be disadvantaged if all or some of the Notes are repaid early. For instance, if all or some of the Notes are repaid early you may not be able to reinvest the proceeds at a comparable return. See Section 5.3 of this LDD (Repayment of the Notes).

## **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 Notes) for a period during the COVID-19 pandemic.

# **7. Tax**

The returns on the Notes will be affected by taxes. The information set out in this Section 7 and in Section 8 of this LDD is based on the 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 or are non-residents that are engaged in business in New Zealand through a fixed establishment in New Zealand and either (1) hold the Notes for the purpose of that business or (2) are a registered bank in New Zealand and are not associated with WNZL ("**New Zealand Holders**") will have resident withholding tax ("**RWT**") deducted from the interest (including amounts deemed to be interest for New Zealand withholding tax purposes) that is payable under the Notes, unless the Holder has provided the Registry with appropriate evidence that the Holder has RWT-exempt status no later than 5 Business Days before the relevant payment date.

If a Holder is subject to the deduction of RWT, that Holder should provide the Registry with the Holder's IRD number and applicable RWT rate. If the Holder does not provide the Holder's IRD number, RWT will be deducted at the non-declaration rate of 45%. If a Holder provides the Holder's IRD number, but not the Holder's applicable RWT rate, RWT will be deducted at the default rate of 33% (or 28% if the Holder is a company that is not a Māori authority).

There may be other tax consequences from acquiring or disposing of the Notes, and from the redemption or maturity of the Notes.

If you have any questions regarding the tax consequences of investing in the Notes you should seek advice from a tax adviser.

# **8. Tax consequences for overseas Holders**

The information in this Section 8 is based on the New Zealand law in force at the date of this LDD.

If a Holder is not a New Zealand Holder, approved issuer levy ("**AIL**") will be deducted from interest (including amounts deemed to be interest for New Zealand withholding tax purposes) paid to the Holder in lieu of deducting non-resident withholding tax ("**NRWT**") (unless the Holder elects for NRWT to be deducted or the payment of AIL is not effective to reduce the applicable rate of NRWT to 0%). If NRWT is deducted, WNZL will not pay any additional amount in respect thereof.

If WNZL applies the AIL regime as described above, WNZL will apply a zero rate of AIL, if possible. Otherwise, AIL will be deducted at the standard rate of 2% from the interest payment and WNZL will not pay any additional amount in respect thereof.

Where a Holder who is not a New Zealand Holder holds the Note jointly with a person who is a New Zealand tax resident, NRWT must

be deducted from interest paid to the non-resident at the applicable rate of RWT. Payment of AIL does not allow a zero per cent rate of NRWT in this case. Further, if a non-resident Holder is entitled to relief from New Zealand tax on the non-resident's interest income under a double tax agreement, the non-resident must separately apply to Inland Revenue for that relief by filing a return, as double tax agreement relief does not apply at source in this scenario.

Overseas Holders may 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 OFR13371).

### 9.2 WNZL's regulatory capital requirements

The Notes will count as Tier 2 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. 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.

The amount of the Notes that WNZL may count as Tier 2 Capital in its capital ratio calculations will decrease by 20% each year during the final 4 years of the Term before the Maturity Date.

#### 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.

In 2019, the Reserve Bank completed a comprehensive review of the capital framework applying to New Zealand banks. An outcome of the review was that the regulatory capital requirements for New Zealand banks are being increased significantly.

The following table sets out the regulatory capital ratios that WNZL must maintain as at the date of this LDD and the regulatory capital ratios WNZL will be required to maintain once the Reserve Bank's capital reforms are fully implemented in July 2028. The regulatory capital ratios will increase progressively over this period.

Reserve Bank's required ratio of capital to risk weighted assets <sup>1</sup>			
Capital type	Description	July 2022 <sup>2</sup>	July 2028 <sup>3</sup>
<b>Common Equity Tier 1 Capital</b>	Includes ordinary share capital, retained earnings, and certain accounting reserves. Some amounts (eg the value of goodwill) must be deducted to determine the final value of Common Equity Tier 1 Capital.	More than 8%, including a prudential capital buffer of 3.5%	More than 13.5%, including a prudential capital buffer of 9%
<b>Additional Tier 1 Capital</b>	Additional Tier 1 Capital is a lower quality form of capital than Common Equity Tier 1 Capital, but is still freely available to absorb losses. Additional Tier 1 Capital includes perpetual preference shares.	Up to 1.5%	Up to 2.5%
<b>Tier 1 Capital</b>	The sum of Common Equity Tier 1 Capital and Additional Tier 1 Capital	More than 9.5%, including a prudential capital buffer of 3.5%	More than 16%, including a prudential capital buffer of 9%
<b>Tier 2 Capital</b>	Tier 2 Capital is a lower quality form of capital than Tier 1 Capital, but is still available to absorb losses and strengthens a bank's overall capital position. Tier 2 Capital includes subordinated instruments like the Notes.	Up to 2%	Up to 2%

<sup>1</sup> These ratios include the minimum capital ratios that banks must maintain and the prudential capital buffer above the minimum capital ratios that banks must maintain to avoid restrictions on distributions (among other things).

<sup>2</sup> These are the ratios that apply to systemically important New Zealand banks, including WNZL, as at the date of this LDD.

<sup>3</sup> These are the ratios that will apply to systemically important New Zealand banks, including WNZL, from 1 July 2028.

## Reserve Bank's required ratio of capital to risk weighted assets<sup>1</sup>

<b>Total Capital</b>	The sum of Tier 1 Capital and Tier 2 Capital	More than 11.5%, including a prudential capital buffer of 3.5%	More than 18%, including a prudential capital buffer of 9%
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### 9.2.2 Loss absorbing features of the Notes

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 demand that payments are made on the instrument.

The Notes will count as Tier 2 Capital, and the conditions of the Notes include loss absorbing features. For example:

- at any time before the Maturity Date (16 September 2032) or the liquidation of WNZL, the payment of interest on your Notes is conditional on WNZL satisfying the Solvency Condition;
- you have no right to require early repayment of your Notes;
- any early repayment of your Notes is at WNZL's option and is subject to certain conditions being met (including the Solvency Condition being satisfied and WNZL obtaining the Reserve Bank's prior approval); and
- the Notes are subordinated to unsubordinated creditors of WNZL (including depositors) in the event of a liquidation of WNZL.

### 9.3 WNZL's capital management strategy

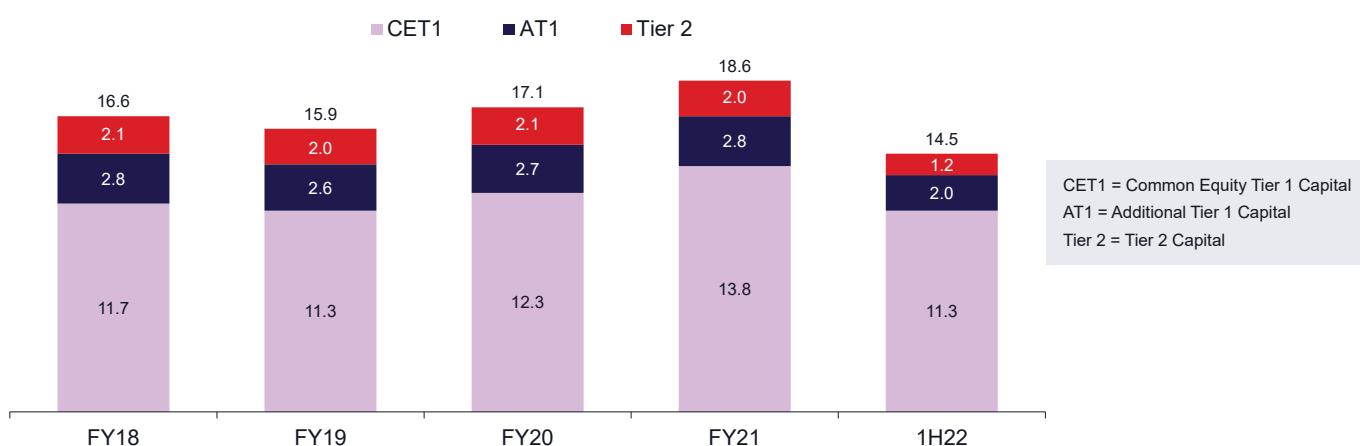
The primary objectives of WNZL's capital management are to ensure that WNZL complies with the regulatory capital requirements prescribed by the Reserve Bank, maintains strong credit ratings and holds a strong capital position in order to support its business objectives and maximise shareholders' value.

WNZL manages its capital structure and makes adjustments to this in light of changing economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, WNZL may adjust the amount of dividend payments to shareholders, reduce discretionary expenditure, return or issue capital to shareholders or issue capital securities.

### 9.4 WNZL's regulatory capital position

The graph below shows WNZL's historical regulatory capital position under the applicable Reserve Bank rules since 2018.

WNZL regulatory capital ratios (%)



In January 2022, the Reserve Bank introduced a standardised floor on risk weighted assets which increased the value of WNZL's risk weighted assets and reduced WNZL'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 WNZL. The information does not, for instance, take into account the redemption of the 2015 T2 Notes intended to occur on 22 September 2022 as described in Section 5.7 ("Ranking").

## 10. Other information relating to the Offer

### 10.1 Selling restrictions

The Notes 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 Notes, 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 Notes to investors in 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 Notes, or possession or distribution of any offering material in respect of the Notes, in any country or jurisdiction where action for that purpose is required (other than New Zealand). The Notes 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.

Any disclosure statement, information memorandum, prospectus, circular, advertisement or other offering material in respect of the Notes 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

This LDD does not constitute a recommendation by the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to subscribe for, or purchase, any Notes.

The role of the Arranger in relation to the Offer is to provide assistance with arranging the Offer and organising the Bookbuild. The Joint Lead Managers will assist with the Bookbuild and with the marketing and distribution of the Notes but are not otherwise involved in the Offer.

Each recipient of this LDD must make their own independent investigation and assessment of the financial condition and affairs of WNZL before deciding whether or not to invest in the Notes.

## 11. How to complain

Complaints about the Notes can be directed to WNZL via the contact details in Section 14 of this LDD (Contact information).

WNZL is also a member of the Banking Ombudsman Scheme, which is an approved dispute resolution scheme. Complaints about the Notes can be directed to the scheme at:

Banking Ombudsman  
Freepost 218002  
PO Box 25327  
Featherston Street  
Wellington 6146

Phone: 0800 805 950 or +64 4 915 0400  
Email: [help@bankomb.org.nz](mailto:help@bankomb.org.nz)

The Banking Ombudsman Scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Complaints may also be directed to the Financial Markets Authority through its website at [www.fma.govt.nz](http://www.fma.govt.nz).

## 12. Where you can find more information

### 12.1 Disclose Register

Further information relating to WNZL and the Notes 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 OFR13371). A copy of the information on the Disclose Register is also available on request to the Registrar of Financial Service Providers at [www.fsp-register.companiesoffice.govt.nz](http://www.fsp-register.companiesoffice.govt.nz). The information contained on the Disclose Register includes a copy of the Deed Poll, the investor presentation for the Offer, a credit rating report from each of S&P and Moody's in relation to the Notes, and other material information.

### 12.2 NZX

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

### 12.3 Disclosure statements

WNZL's half-yearly 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).

## 13. How to apply

### 13.1 How to apply

All of the Notes 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 Notes. This means you can only apply for the Notes 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 Notes; 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 Notes (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.

### 13.2 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 FIN.

## 14. 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

Phone: 0800 772 142

### Joint Lead Managers:

#### Bank of New Zealand

Level 6  
80 Queen Street  
Auckland 1010  
New Zealand

Phone: 0800 284 017

#### Craigs Investment Partners Limited

Level 32, Vero Centre  
48 Shortland Street  
Auckland 1010  
New Zealand

Phone: 0800 226 263

#### Forsyth Barr Limited

Level 23, Shortland & Fort  
88 Shortland Street  
Auckland 1010  
New Zealand

Phone: 0800 367 227

#### Hobson Wealth Partners Limited

Level 4, Australis Nathan Buildings  
37 Galway Street, Britomart  
Auckland 1010  
New Zealand

Phone: 0800 742 737

#### Jarden Securities Limited

Level 32, PwC Tower  
15 Customs Street West Commercial Bay  
Auckland 1010  
New Zealand

Phone: 0800 005 678

#### 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

Phone: 0800 772 142

## 15. Glossary

	in relation to an Interest Payment Date after the First Optional Redemption Date: <ul style="list-style-type: none"> <li>the FRA rate administered by the New Zealand Financial Benchmark Facility ("<b>NZFBF</b>") (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 previous Interest Payment Date on Bloomberg BKBM page 'GDCO 2805' (or any successor page); or</li> <li>if that rate is not displayed by 10.45am (New Zealand time) 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>3 Month Bank Bill Rate</b>	
<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 Notes and, on the basis of those bids, WNZL, in consultation with the Joint Lead Managers, determines the Issue Margin and allocations of the Notes.
<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 2 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>Deed Poll</b>	the deed poll made by WNZL under which the Notes will be issued.
<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>Face Value and Issue Price</b>	NZ\$1.00 per Note.
<b>First Optional Redemption Date</b>	the "First Optional Redemption Date" specified in Section 2 of this LDD (Key dates and Offer process).
<b>Holder</b>	a person whose name is entered in the Register as a holder of Notes.
<b>Interest Payment Date</b>	each 16 September, 16 December, 16 March and 16 June during the Term and the date on which your Notes are repaid (see Section 5.2 of this LDD (Interest)), subject to the Business Day convention described in Section 5.5 of this LDD (Payments).
<b>Issue Date</b>	the "Issue Date" specified in Section 2 of this LDD (Key dates and Offer process).
<b>Issue Margin</b>	the percentage rate per annum determined by WNZL in consultation with the Joint Lead Managers through the Bookbuild and announced by WNZL on <a href="http://www.westpac.co.nz/westpac-nz-subordinated-notes">www.westpac.co.nz/westpac-nz-subordinated-notes</a> on or about the Rate Set Date.
<b>Joint Lead Managers</b>	Bank of New Zealand, Craigs Investment Partners Limited, Forsyth Barr Limited, Jarden Securities Limited, Hobson Wealth Partners Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
<b>LDD</b>	this Limited Disclosure Document.
<b>Maturity Date</b>	the "Maturity Date" specified in Section 2 of this LDD (Key dates and Offer process).
<b>Moody's</b>	Moody's Investors Service
<b>Notes</b>	the unsecured subordinated notes offered by WNZL under this LDD.
<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 from time to time by NZX.
<b>NZX Listing Rules</b>	means the listing rules of NZX, as amended, varied or waived (whether in respect of WNZL or generally) from time to time.
<b>Offer</b>	the offer of Notes made in this LDD.

<b>Opening Date</b>	the "Opening Date" specified in Section 2 of this LDD (Key dates and Offer process).
<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 2 of this LDD (Key dates and Offer process).
<b>Register</b>	the register of Holders of Notes established and maintained by or 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 (Repayment of the Notes).
<b>Reserve Bank</b>	the Reserve Bank of New Zealand.
<b>S&amp;P</b>	S&P Global Ratings.
<b>Selling Restrictions</b>	has the meaning given in Section 10.1 of this LDD (Selling restrictions).
<b>Solvency Condition</b>	<p>a condition to the payment of interest or principal in respect of a Note at any time before the Maturity Date or the liquidation of WNZL, requiring the following:</p> <ul style="list-style-type: none"> <li>• WNZL must be Solvent at the time the payment is due; and</li> <li>• WNZL must be able to pay the amount and still be Solvent immediately after paying the amount.</li> </ul>
<b>Solvent</b>	satisfying the solvency test contained in section 4 of the Companies Act 1993.
<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 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.
<b>Tax Event</b>	has the meaning given in Section 5.3 of this LDD (Repayment of the Notes).
<b>Term</b>	the term of the Notes, being 10 years ending on the Maturity Date if not repaid earlier.
<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>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 under section 74 of the BPS Act (as amended from time to time).



