

Final Terms Sheet



For an issue of NZ\$600 million Westpac New Zealand Limited
Unsecured Subordinated Notes.

8 September 2022

Joint lead managers:



Westpac New Zealand Limited.

Classification: PROTECTED

This terms sheet (**Terms Sheet**) is a summary only. More details are contained in the Limited Disclosure Document (**LDD**) dated 30 August 2022. The LDD is available free of charge on the online Disclose Register maintained by the Companies Office at www.disclose-register.companiesoffice.govt.nz (offer number OFR13371) or can be obtained from the Joint Lead Managers or your usual financial advice provider.

This investment is riskier than a bank deposit. The Westpac New Zealand Limited (**WNZL**) unsecured subordinated notes (**Notes**) are complex financial products that are not suitable for many investors. If you do not fully understand how they work or the risks associated with them, you should not invest in them. You should read the LDD and you can seek advice from a financial advice provider to help you make an investment decision.

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

Key dates for the Offer

LDD Registration	Tuesday, 30 August 2022
Opening Date	Monday, 5 September 2022
Closing Time	Thursday, 11.00am on 8 September 2022
Rate Set Date	Thursday, 8 September 2022
Issue Date/Allotment Date	Friday, 16 September 2022
Expected date of initial quotation and trading of the Notes on the NZX Debt Market	Monday, 19 September 2022

Key dates for the Notes

First Interest Payment Date	16 December 2022
Interest Payment Dates	<ul style="list-style-type: none">Quarterly in arrear on each 16 September, 16 December, 16 March and 16 June during the term of the Notes, commencing on 16 December 2022; andon the date on which the Notes are repaid
First Optional Redemption Date	16 September 2027
Maturity Date	16 September 2032

Key risks

Investments in debt securities have risks. A key risk is that WNZL does not meet its commitments to repay you or pay you interest. Section (6) of the LDD discusses the main factors that give rise to this risk.

Overview of the Notes

Issuer	WNZL.												
Description of the Debt Securities	Unsecured subordinated notes.												
Ranking in Liquidation	<p>In a liquidation of WNZL, each Note gives the Holder the right to payment of an amount equal to the Face Value and all accrued but unpaid interest. The right of Holders to payment of this amount will rank:</p> <ul style="list-style-type: none"> • 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 that rank equally with the 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. <p>In a liquidation of WNZL, it is unlikely that there will be surplus assets available for the liquidator to pay any amount to Holders in respect of the Notes.</p>												
Offer Amount	NZ\$600 million.												
Purpose	<p>The Offer will raise Tier 2 Capital to help WNZL meet its regulatory capital requirements and manage its capital position.</p> <p>The proceeds of the Offer will be used for WNZL's general corporate purposes.</p>												
Regulatory Capital	The Notes will be treated as Tier 2 Capital.												
Credit Ratings	<table border="1"> <thead> <tr> <th></th> <th>Senior Credit Rating of the Issuer</th> <th>Notes Credit Rating</th> </tr> </thead> <tbody> <tr> <td>S&P Global Ratings</td> <td>AA- (Stable)</td> <td>A-</td> </tr> <tr> <td>Moody's Investors Service</td> <td>A1 (Stable)</td> <td>A3</td> </tr> <tr> <td>Fitch Ratings</td> <td>A+ (Stable)</td> <td>n/a</td> </tr> </tbody> </table> <p>A credit rating is not a recommendation to buy, sell or hold the Notes or any securities issued by WNZL. Ratings are subject to suspension, revision or withdrawal at any time.</p>		Senior Credit Rating of the Issuer	Notes Credit Rating	S&P Global Ratings	AA- (Stable)	A-	Moody's Investors Service	A1 (Stable)	A3	Fitch Ratings	A+ (Stable)	n/a
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S&P Global Ratings	AA- (Stable)	A-											
Moody's Investors Service	A1 (Stable)	A3											
Fitch Ratings	A+ (Stable)	n/a											
No Guarantee	The Notes are not guaranteed by any member of the WNZL Group, Westpac Banking Corporation or any other person.												
Not Deposit Liabilities	<p>The Notes are not deposit liabilities of, or protected accounts with, WNZL or any other member of the WNZL Group.</p> <p>WNZL is not an authorised deposit-taking institution under the Banking Act 1959 of Australia (Australian Banking Act). The depositor protection provisions of Australian banking legislation (including the Australian Government guarantee of certain bank deposits) do not apply to WNZL.</p>												
Repayment	Subject to an Early Redemption (see below), the Notes must be repaid by WNZL on the Maturity Date (16 September) 2032.												

Amount that is Payable to Holders if the Notes are Repaid	Holders will receive the Face Value of the Notes plus all accrued but unpaid interest on the Notes when the Notes are repaid.
Early Redemption	<p>WNZL may choose to repay:</p> <ul style="list-style-type: none"> • all or some of the Notes early on the First Optional Redemption Date or on any Interest Payment Date after that date; and • all of the Notes early on any Interest Payment Date if a Tax Event or a Regulatory Event has occurred. <p>Early Redemption is subject to certain conditions, including WNZL obtaining the Reserve Bank's prior approval (which the Reserve Bank may not provide) and WNZL satisfying the Solvency Condition.</p> <p>Holders have no right to require early redemption, and Holders should not assume that WNZL will choose to repay the Notes prior to the Maturity Date or that WNZL will be able to satisfy the conditions that apply to Early Redemption.</p>
Interest Rate	<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) is 6.19% per annum, which is 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>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>
Issue Margin	2.10% per annum. The Issue Margin for the Notes will not change.
Swap Rate	<p>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 ICN4 (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.</p>
3 Month Bank Bill Rate	<p>In relation to an Interest Payment Date after the First Optional Redemption Date, the FRA rate administered by the New Zealand Financial Benchmark Facility (NZFBF) (or any person that takes over the administration of that rate) for bank bills having a term of, or of about, 3 months as displayed at or about 10.45am 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 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, 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>

Calculation of Interest Payments	<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>
Solvency Condition	<p>The payment of interest or principal in respect of a Note at any time before the Maturity Date or the liquidation of WNZL is subject to the following conditions:</p> <ul style="list-style-type: none"> • WNZL must be Solvent at the time the payment is due; and • WNZL must be able to pay the amount and still be Solvent immediately after paying the amount. <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>
No Event of Default for Failure to Satisfy the Solvency Condition	<p>No Event of Default arises if WNZL fails to pay an amount on the Notes on account of not satisfying the Solvency Condition.</p>
Unpaid Interest Accumulates	<p>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.</p>
Events of Default	<p>The Notes have very limited events of default, as described below:</p> <ul style="list-style-type: none"> • Payment default: an event of default will occur if WNZL does not pay any Face Value due in respect of the Notes within 7 Business Days of its due date or WNZL does not pay any interest due in respect of the Notes within 14 Business Days of its due date. • Commencement of liquidation: an event of default will occur on the commencement of liquidation of WNZL.
Limited Enforcement Rights and Rights in Liquidation of WNZL	<p>Holders' rights are limited if an event of default occurs, as described below:</p> <p>If a payment default occurs, Holders may only bring proceedings:</p> <ul style="list-style-type: none"> • to recover any amount then due and payable but unpaid on the Notes (subject to satisfaction of the Solvency Condition if the payment of the unpaid amount was subject to the Solvency Condition); • to obtain an order for specific performance of any other obligation in respect of the Notes; or • for the liquidation of WNZL. <p>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 (on a subordinated basis).</p>
No Restrictions on Issuing Further Securities or Creating Further Liabilities	<p>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.</p> <p>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.</p>
Business Days (for Interest Payment Purposes)	<p>A day on which commercial banks are open for general business in Auckland and Wellington.</p>

Business Day Convention	<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>
Record Date (for Payment Purposes)	<p>In the case of:</p> <ul style="list-style-type: none"> • a payment of interest, the date which is 10 days before the relevant Interest Payment Date; or • a payment of any other amount, a date determined by WNZL and notified to NZX, the Registry and Holders, <p>or in either case such other date as may be required by NZX.</p>
Brokerage	0.50% on firm allocations plus 0.50% brokerage, payable by WNZL.
Minimum Subscription Amount	NZ\$5,000 and in multiples of NZ\$1,000 thereafter.
Face Value / Issue Price	NZ\$1.00 per Note.
ISIN	NZWNZD01T2L9
Quotation	<p>WNZL intends to quote the Notes on the NZX Debt Market. NZX ticker code WNZ1T2 has been reserved for the Notes.</p> <p>NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the Financial Markets Conduct Act 2013.</p>
Documents	<p>LDD relating to the offer of Notes dated 30 August 2022.</p> <p>Deed Poll and Conditions of the Notes.</p> <p>Other documents and information are available on the online Disclose Register maintained by the Companies Office at www.disclose-register.companiesoffice.govt.nz (offer number OFR13371).</p>
Governing Law	New Zealand.
Approved Issuer Levy	<p>WNZL intends to register the Notes for approved issuer levy (AIL) and, where it is eligible to do so in respect of interest paid to a non-resident Holder that is subject to the non-resident withholding tax rules (and unless otherwise elected by the Holder), to pay AIL in lieu of deducting non-resident withholding tax. If the Notes qualify for the 0% rate of AIL, WNZL intends to apply the 0% rate, otherwise it will apply AIL at the applicable rate. The amount of any AIL paid will be deducted from payments to you.</p>
Selling Restrictions	<p>The LDD constitutes an offer of Notes to investors in New Zealand.</p> <p>The Notes may only be offered for sale or sold in New Zealand.</p> <p>WNZL has not taken and will not take any action which would permit a public offering of 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).</p>

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

