

# Final Terms Sheet



for an issue of NZ\$375 million Westpac New Zealand Limited perpetual preference shares

6 September 2024

Joint Lead Managers:



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

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

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

## Key dates for the Offer

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

## Key dates for the PPS

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

## Dates may change

The Distribution Payment Dates are subject to the Business Day convention described below. Other dates may also be adjusted if they do not fall on a Business Day.

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

## Key risks

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

## Overview of the PPS

<b>Issuer</b>	Westpac New Zealand Limited.		
<b>Description</b>	Perpetual preference shares.		
<b>Offer amount</b>	NZ\$375 million.		
<b>Issue Price</b>	NZ\$1.00 per PPS.		
<b>Purpose</b>	The Offer will raise Additional Tier 1 Capital to help WNZL meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for WNZL's general corporate purposes.		
<b>Regulatory treatment</b>	Additional Tier 1 Capital.		
<b>Credit ratings</b>		<b>Senior credit rating of WNZL</b>	<b>PPS credit rating</b>
	Moody's Investors Service	A1 (Stable)	n/a
	S&P Global Ratings	AA- (Stable)	BBB+
	Fitch Ratings	A+ (Stable)	n/a
	<b>A credit rating is not a recommendation to buy, sell or hold the PPS or any securities issued by WNZL. Ratings are subject to suspension, revision or withdrawal at any time.</b>		
<b>Legal form</b>	Equity		
<b>Accounting form</b>	Equity		
<b>Ranking in liquidation</b>	In a liquidation of WNZL, each PPS gives the Holder the right to payment of a maximum amount equal to the Issue Price, which ranks:		

	<ul style="list-style-type: none"> <li>• <b>behind</b> the claims of all depositors and other creditors of WNZL (including holders of Tier 2 Capital instruments of WNZL), except for the claims and rights described below;</li> <li>• <b>equally with</b> the rights of other Holders and the rights and claims of holders of any other preference shares or other instruments of WNZL that rank equally with the PPS; and</li> <li>• <b>ahead</b> of the rights of WNZL's ordinary shareholders.</li> </ul> <p>In a liquidation of WNZL, it is highly unlikely that there will be surplus assets available for the liquidator to pay any amount to Holders in respect of the PPS.</p>
<b>No guarantee and not deposit liabilities</b>	WNZL is a subsidiary of Westpac Banking Corporation ( <b>WBC</b> ). The PPS are not deposit liabilities, protected accounts or protected deposits of WNZL or WBC for the purposes of the Banking Act 1959 of Australia or the Deposit Takers Act 2023. The PPS are not guaranteed by any person. No material obligations of WNZL are guaranteed by any person (including by WBC).
<b>No fixed maturity date</b>	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by WNZL.
<b>Redemption</b>	<p>WNZL may redeem all of the PPS:</p> <ul style="list-style-type: none"> <li>• on an Optional Redemption Date; or</li> <li>• at any time if a Tax Event or a Regulatory Event has occurred.</li> </ul> <p>Redemption is subject to certain conditions being met, including WNZL satisfying the Solvency Condition and obtaining the approval of each of the Reserve Bank and WBC.</p> <p><b>Any redemption of the PPS is at the option of WNZL, subject to conditions and may not occur. Holders should not expect that the PPS will be redeemed, and have no right to require that the PPS be redeemed for any reason.</b></p>
<b>Amount that is payable to Holders if the PPS are redeemed</b>	Holders will receive the Issue Price if the PPS are redeemed for any reason.
<b>Distributions</b>	<p>Distributions on the PPS are expected to be fully imputed. This means the return a Holder receives when a distribution is paid is expected to comprise:</p> <ul style="list-style-type: none"> <li>• a cash amount; and</li> <li>• imputation credits.</li> </ul> <p>Based on the corporate income tax rate of 28% as at the date of this Terms Sheet, if a distribution is fully imputed a Holder will receive 28 cents of imputation credits for every 72 cents of the cash amount. If a distribution is not fully imputed, the cash amount will be increased by an amount corresponding to the shortfall in imputation credits.</p>
<b>Distribution Rate</b>	<p>The Distribution Rate will be a fixed rate for a period of 5 years, after which it will change to a floating rate that resets at quarterly intervals.</p> <p>The Distribution Rate until the First Optional Redemption Date (13 September 2029) is 7.10% per annum, which is equal to the sum of the Swap Rate on the Rate Set Date (6 September 2024) plus the Margin.</p> <p>The Distribution Rate after the First Optional Redemption Date will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate plus the same Margin.</p>

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

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

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**Margin**

3.50% per annum.

The Margin for the PPS will not change.

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**Swap Rate**

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

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**3 Month Bank Bill Rate**

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

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

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

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

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

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

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

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

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

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

*Distributions made after the First Optional Redemption Date*

- The cash distribution payable on each PPS on each Distribution Payment Date after the First Optional Redemption Date and on the date the PPS are redeemed (if they are redeemed on a date after the First Optional Redemption Date) is calculated in accordance with the following formula:
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$$\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price} \times A}{365}$$

#### *Determining the cash amount*

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

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

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

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

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#### **Distributions are discretionary and subject to conditions**

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

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

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#### **Solvency Condition**

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

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

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

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#### **Distributions are non-cumulative**

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

**WNZL Group** has the meaning given to "banking group" in the conditions of registration or licence imposed on WNZL by the Reserve Bank (as amended from time to time).

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#### **Restrictions on ordinary shares if distributions are not paid**

If for any reason a distribution is not paid in full on the relevant Distribution Payment Date, WNZL must not authorise or pay a dividend on its ordinary shares, or undertake any discretionary buy back or capital reduction in respect of its ordinary shares.

These restrictions will apply unless and until:

- WNZL pays the distribution in full within 20 Business Days of the Distribution Payment Date;
- WNZL pays a distribution on the PPS in full on a subsequent Scheduled Distribution Payment Date; or

	<ul style="list-style-type: none"> <li>the PPS have been redeemed.</li> </ul> <p>In addition, these restrictions do not apply to other instruments issued by WNZL, such as debt securities or other Additional Tier 1 Capital instruments. This means WNZL could pay a distribution or interest on other preference shares or debt securities issued by WNZL, even though a distribution was not paid on the PPS.</p>
<b>Limited enforcement rights</b>	<p>The Terms do not include events of default or any other provisions entitling Holders to require that the PPS be redeemed.</p> <p> Holders have no right to apply for the liquidation or administration of WNZL or any other member of the WNZL Group, or to cause a receiver or receiver and manager to be appointed in respect of WNZL or any other member of the WNZL Group, on the grounds of WNZL's failure or potential failure to pay distributions on the PPS or for any other reason in connection with WNZL's compliance with the terms of the PPS.</p>
<b>No restrictions on issuing further securities or incurring further liabilities</b>	<p>There are no restrictions on WNZL issuing further securities or incurring further liabilities after the PPS have been issued that rank equally with, or in priority to, the PPS in a liquidation of WNZL.</p> <p>WNZL could therefore, at any time after the Issue Date, issue further securities or incur further liabilities that rank equally with or in priority to the PPS.</p>
<b>No voting or other rights</b>	<p>The PPS confer no rights on a Holder to:</p> <ul style="list-style-type: none"> <li>vote at any general meeting of WNZL or participate in any other decision or resolution of WNZL's ordinary shareholders;</li> <li>participate in the issue of any other securities of WNZL or any other member of the WNZL Group or to participate in any bonus issues of securities of WNZL or any other member of the WNZL Group; or</li> <li>otherwise participate in the profits or property of WNZL, except by receiving payments as described in this Terms Sheet.</li> </ul> <p><b>The features of the PPS mean that the PPS do not have the same rights (including voting rights) or privileges, or the same opportunity to increase in value, as ordinary shares.</b></p>
<b>Conversion, exchange or non-viability triggers</b>	<p>The PPS have no conversion or exchange options and no non-viability triggers.</p>
<b>Business Days (for payment purposes)</b>	<p>A day on which commercial banks are open for general business in Auckland and Wellington.</p>
<b>Business Day convention</b>	<p>If a Distribution Payment Date on or before the First Optional Redemption Date is not a Business Day, WNZL will make payment on the next Business Day, but no adjustment will be made to the amount of the distribution payable as a result of the delay in payment.</p> <p>If a Distribution Payment Date after the First Optional Redemption Date is not a Business Day, the Distribution Payment Date will be the next Business Day, unless that day falls in the next calendar month, in which case it will be the preceding Business Day, and, in either case, the amount of the distribution paid will be adjusted to reflect the actual payment date.</p>
<b>Record Date (for payment purposes)</b>	<p>In the case of:</p> <ul style="list-style-type: none"> <li>distributions, the date which is 10 days before the relevant Distribution Payment Date; or</li> <li>any redemption, a date determined by WNZL and notified to Holders,</li> </ul>

	or in either case such other date as may be required by NZX.
<b>Brokerage</b>	0.50% on firm allocations plus 0.50% brokerage, payable by WNZL.
<b>Minimum holding amount</b>	5,000 PPS and in multiples of 1,000 PPS after that.
<b>ISIN</b>	NZWNZD0001S1
<b>Quotation</b>	<p>WNZL intends to quote the PPS on the NZX Debt Market. NZX ticker code WNZHA has been reserved for the PPS.</p> <p>NZX takes no responsibility for the content of this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the Financial Markets Conduct Act 2013.</p>
<b>Documents</b>	<ul style="list-style-type: none"> <li>• LDD relating to the offer of PPS dated 29 August 2024.</li> <li>• WNZL's constitution.</li> <li>• Terms of the PPS.</li> </ul> <p>Other documents and information are available on the online Disclose Register maintained by the Companies Office at <a href="http://www.disclose-register.companiesoffice.govt.nz">www.disclose-register.companiesoffice.govt.nz</a> (offer number OFR13796).</p>
<b>Governing law</b>	New Zealand.
<b>No gross up</b>	There will be no gross up for RWT, NRWT or any other form of withholding.
<b>Selling Restrictions</b>	<p>The LDD constitutes an offer of PPS to investors in New Zealand.</p> <p>The PPS may only be offered for sale or sold in New Zealand.</p> <p>WNZL has not taken and will not take any action which would permit a public or regulated offering of the PPS, or possession or distribution of any offering material in respect of the PPS, in any country or jurisdiction other than New Zealand.</p> <p>Following their issue, the PPS may only be offered for sale or sold in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.</p>
<b>Arranger</b>	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) ( <b>Westpac</b> ).
<b>Joint Lead Managers</b>	Bank of New Zealand, Craigs Investment Partners Limited, Forsyth Barr Limited, Jarden Securities Limited and Westpac.
<b>Registry</b>	<p>Link Market Services Limited.</p> <p>The PPS will be accepted for settlement within the NZClear System.</p>



