

PRODUCT DISCLOSURE STATEMENT

Medium Term Note Programme of Westpac New Zealand Limited as Issuer

20 December 2023

This document is a replacement product disclosure statement, replacing the product disclosure statement dated 20 December 2022 for the Medium Term Note Programme of Westpac New Zealand Limited.

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 companiesoffice.govt.nz/disclose, offer number OFR11771. 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 adviser to help you to make an investment decision.



1. Key information summary

What is this?

This is an offer of unsecured, unsubordinated medium term notes (**Notes**). Notes are debt securities issued by Westpac New Zealand Limited NZBN 9429034324622 (**WNZL**). You give WNZL money, and in return WNZL promises to pay you interest (as applicable) 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 WNZL and its subsidiaries (WNZL Group).

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

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, including its consolidated financial statements, is published in disclosure statements required under the Banking (Prudential Supervision) Act 1989. 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/.

Purpose of this offer.

The purpose of the offer of Notes is to raise funds which will be used for WNZL's general corporate purposes, including making loans available to WNZL's customers.

Key terms of the offer.

Issuer	WNZL
Description	A retail programme for the issuance of unsecured, unsubordinated medium term notes.
Series and tranches	<p>The Notes are issued in series, and each series may be made up of one or more tranches of Notes issued on different dates. All the Notes in a series will have identical terms, except that different tranches within the series will have different issue dates, and may have different issue prices, first interest payment dates and interest commencement dates.</p> <p>Final terms will be prepared for each tranche of Notes, setting out the specific details for that tranche (see section 2 (Terms of the Offer) for further details about the final terms).</p>
Issue price	Notes may be issued at an issue price equal to, above or below their principal amount, as set out in the final terms.
Term	The term until maturity of any Notes will be set out in the final terms.
Interest rate	<p>Notes may bear interest at either:</p> <ul style="list-style-type: none">– a fixed rate for the whole term of the Notes; or– a floating rate calculated as a specific margin (which will apply for the whole term of the Notes) over the bank bill rate (as set on the first day of each interest period). <p>Non-interest bearing (zero coupon) Notes may also be issued.</p> <p>Any interest rate, or the method by which any interest rate will be determined (and any relevant additional fallback provisions for unavailability of the bank bill rate), will be specified in the final terms.</p>
Interest periods	Interest (if any) will be payable periodically in arrear on the interest payment dates, or after each interest period, specified in the final terms. The first and/or last interest period of any tranche of Notes may be short or long, if so specified in the final terms.
Further payments, fees or charges	<p>By subscribing for or otherwise acquiring Notes, you agree to indemnify WNZL for any loss suffered by it as a result of any breach by you of the selling restrictions set out in section 4 of this document (Key Features of the Notes) or specified in the final terms.</p> <p>Taxes may be deducted from interest payments on the Notes. See section 6 of this document (Tax) for further details.</p>
Application amounts	The minimum subscription amount is \$10,000 and higher multiples of \$1,000, unless otherwise specified in the final terms.

No guarantee.

The Notes are not guaranteed by any member of the WNZL Group, Westpac Banking Corporation ABN 33 007 457 141 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.

If at any time WNZL is substituted as the issuer of the Notes (see section 4 of this document (Key Features of the Notes) for further details), then WNZL will provide an unconditional and irrevocable guarantee of the Notes.

The Notes are not expected to be protected deposits under, or otherwise have the benefit of, the depositor compensation scheme established by the Deposit Takers Act 2023.

How you can get your money out early.

You cannot redeem the Notes before their maturity date unless there is an event of default in respect of the Notes (see section 4 of this document (Key Features of the Notes) for further details).

If any call option dates are specified in the final terms, WNZL may redeem Notes at its option on a call option date.

WNZL does not intend to quote these Notes on a market licensed in New Zealand but they will be able to be traded through dealers on established 'over-the-counter' (OTC) markets. This means that you may be able to sell them through dealers on such OTC markets 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.

There may not be an active trading market in the Notes and an investment in the Notes may not be very liquid. See section 5 of this document (Risks of Investing) for further details.

If you wish to sell your Notes on an OTC market, you should contact your broker or financial adviser for assistance. For any such sale of your Notes, you will be required to comply with any terms set by the broker or financial adviser, and are likely to pay brokerage fees at applicable rates.

How the Notes rank for repayment.

If WNZL goes into liquidation, your right to repayment will rank:

- **behind** WNZL's secured creditors and creditors preferred by law (for example, Inland Revenue and employees).
- **equally** with other unsecured unsubordinated creditors of WNZL (including other holders of Notes).
- **ahead** of WNZL's subordinated creditors (including any subordinated noteholders) and shareholders.

You should also read section 4 of this document (Key Features of the Notes).

No security.

The Notes are unsecured.

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 5 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 a higher risk of defaulting on their commitments. You need to decide whether the offer is fair.

WNZL considers that the most significant risk factors are:

- As a bank, WNZL faces particular risks that its customers and counterparties may default on their obligations. If that occurs its business could be adversely affected.

- WNZL operates in a highly regulated environment. Any significant regulatory developments or change in regulatory policy, or failure to comply with these and other laws, regulations or codes of practice could have an adverse effect on how WNZL's business is conducted and/or on the results of its operations.
- WNZL is subject to risks relating to the availability and cost of funding. Adverse movements in the level and volatility of interest rates, or a failure by WNZL to maintain its current credit ratings, may adversely affect WNZL's ability to meet its liquidity and funding needs and the cost of WNZL's funding.
- WNZL may be adversely affected by events that relate to its business operations generally.

This summary does not cover all of the risks of investing in the Notes. You should also read section 5 of this document (Risks of Investing) and section 4 of this document (Key Features of the Notes).

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 programme under which the Notes are offered has been rated by S&P Global Ratings (**S&P**) and Moody's Investors Service (**Moody's**).

S&P gives ratings from AAA through to C. S&P ratings may be modified with a (+) or (-) sign to show relative standing within a rating category.

Moody's gives ratings from Aaa through to Ca. Moody's ratings may be modified with a number, 1 to 3, indicating whether the obligation ranks at the higher end (1), mid-range (2), or lower end (3) of a rating category.

A credit rating is not a recommendation to buy, sell or hold Notes.

Credit ratings of the programme under which the Notes are offered.

As set out in the table below, at the date of this document the programme is rated **AA-** by S&P and **A1** by Moody's.

Summary of S&P's description of issuer's capacity to meet its financial commitments	S&P	Moody's
Extremely strong	AAA	Aaa
Very strong	AA Programme rating: AA-	Aa
Strong	A	A Programme rating: A1
Adequate	BBB	Baa
Less vulnerable	BB	Ba
More vulnerable	B	B
Currently vulnerable	CCC	Caa
Currently highly vulnerable	CC to C	Ca to C*
In default	D	-

*If a rating of "C" is given by Moody's, the issuer is typically in default.

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2. Terms of the offer

Issuer	Westpac New Zealand Limited (WNZL)
Description	A retail programme for the issuance of unsecured, unsubordinated medium term notes (Notes).
Currency	The Notes will be denominated in New Zealand dollars.
Dealers	WNZL may appoint dealers and managers for particular Note issuances from time to time at its discretion.
Programme documents	<p>The Notes are constituted and issued under:</p> <ul style="list-style-type: none"> – a note deed poll dated 21 November 2016, as amended or replaced from time to time (Note Deed Poll). The Note Deed Poll is a contract binding on both WNZL and holders, and the general terms and conditions of the Notes are appended to it; and – final terms, which will be prepared in respect of each tranche of Notes. The final terms set out the details for that specific tranche (including the issue date, maturity date, interest payment dates and interest rate (if any)). They modify the general terms and conditions appended to the Note Deed Poll for that tranche. <p>You should also read the Note Deed Poll and the final terms. Copies of the Note Deed Poll and (after they have been prepared) final terms may be obtained from the offer register at companiesoffice.govt.nz/disclose, offer number OFR11771.</p>
Series and tranches	The Notes are issued in series, and each series may be made up of one or more tranches of Notes issued on different dates. All the Notes in a series will have identical terms, except that different tranches within the series will have different issue dates, and may have different issue prices, first interest payment dates and interest commencement dates.
Issue price	Notes may be issued at an issue price equal to, above or below their principal amount, as set out in the final terms. If you purchase or subscribe for Notes at a price above their principal amount, you may receive less than your original investment, resulting in negative returns overall (particularly in a low or negative interest rate environment).
Term	The term until maturity of any Notes will be set out in the final terms.
Redemption	Unless previously redeemed (see “Issuer call” and “Events of default” in section 4 of this document (Key Features of the Notes)) or purchased by WNZL and cancelled, the outstanding principal amount of each Note and any accrued interest will, subject to any deductions on account of tax, be payable at maturity.
Interest rate	<p>Notes may bear interest at either:</p> <ul style="list-style-type: none"> – a fixed rate for the whole term of the Notes; or – a floating rate calculated as a specific margin (which will apply for the whole term of the Notes) over the bank bill rate (as set on the first day of each interest period). <p>Non-interest bearing (zero coupon) Notes may also be issued.</p> <p>Any interest rate, or the method by which any interest rate will be determined (and any relevant additional fallback provisions for unavailability of the bank bill rate), will be specified in the final terms.</p>
Interest periods	Interest (if any) will be payable periodically in arrear on the interest payment dates, or after each interest period, specified in the final terms. The first and/or last interest period of any tranche of Notes may be short or long, if so specified in the final terms.
Ranking	<p>If WNZL goes into liquidation, your right to repayment will rank:</p> <ul style="list-style-type: none"> – behind WNZL’s secured creditors and creditors preferred by law (for example, Inland Revenue and employees). – equally with other unsecured unsubordinated creditors of WNZL (including other holders of Notes). – ahead of WNZL’s subordinated creditors (including any subordinated noteholders) and shareholders. <p>You should also read section 4 of this document (Key Features of the Notes).</p>
Further payments, fees or charges	<p>By subscribing for or otherwise acquiring Notes, you agree to indemnify WNZL for any loss suffered by it as a result of you breaching the selling restrictions set out in section 4 of this document (Key Features of the Notes) or specified in the final terms.</p> <p>Taxes may be deducted from interest payments on the Notes. See section 6 of this document (Tax) for further details.</p>
Application amounts	The minimum subscription amount is \$10,000 and higher multiples of \$1,000, unless otherwise specified in the final terms.
Note Registrar and Paying Agent	Link Market Services Limited

3. Purpose of the offer

The purpose of the offer of Notes is to raise funds which will be used for WNZL’s general corporate purposes, including making loans available to WNZL’s customers.

4. Key features of the Notes

Form and status of the Notes.

Each Note is a registered debt obligation of WNZL constituted by, and owing under, the Note Deed Poll. Title to each Note will be conclusively determined by the name of the holder entered in the Note register, subject to correction for fraud or error. WNZL is entitled to deal exclusively with the person(s) named in the Note register for all purposes, including when making any payments.

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of WNZL, ranking equally among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of WNZL, except for liabilities mandatorily preferred by law. See below under the heading “Ranking”.

Ranking.

If WNZL goes into liquidation, your right to repayment will rank:

- **behind** WNZL’s secured creditors and creditors preferred by law (for example, Inland Revenue and employees).
- **equally** with other unsecured unsubordinated creditors of WNZL (including other holders of Notes).
- **ahead** of WNZL’s subordinated creditors (including any subordinated noteholders) and shareholders.

After the issuance of any Notes, WNZL may from time to time borrow or raise additional debt, or otherwise incur liabilities, that:

- rank in priority to the Notes. This may include secured bonds, other secured borrowing of WNZL, and liabilities preferred by law; or
- rank equally with or below the Notes. This may include further issuances of Notes, other unsubordinated, unsecured borrowings of WNZL, and subordinated debt.

WNZL is not restricted from creating such further liabilities, and may do so without your consent. The creation of such further liabilities may reduce the amount recoverable by you in the case of liquidation of WNZL.

The below diagram summarises the ranking of the Notes on a liquidation of WNZL.

Ranking of the Notes on a liquidation of WNZL.

Ranking	Ranking in a liquidation of WNZL	Description	Examples
 High	Liabilities that rank in priority to the Notes	Secured debt and creditors preferred by law	Secured liabilities Liabilities given preference by law including employee entitlements and certain taxes
	Liabilities that rank equally with Notes (including the Notes)	Unsubordinated unsecured debt	Depositors and other unsubordinated creditors The Notes and other unsecured unsubordinated notes and bonds
	Liabilities that rank below the Notes and preferred equity	Subordinated debt, preference shares and other subordinated instruments	WNZL unsecured subordinated notes
	Low	Equity	Equity (other than preferred equity)

A ranking diagram, including indicative amounts based on the financial position of the WNZL Group as at its most recent balance date, is incorporated by reference into this document and is available on the offer register at companiesoffice.govt.nz/disclose, offer number OFR11771.

Events of default.

If an event of default as set out in the Note Deed Poll occurs and continues unremedied in relation to any Notes in a series, you may, by notice in writing to WNZL (with a copy to the Note Registrar) require your Notes in that series to be repaid early at their principal amount together with accrued interest, subject to any deductions on account of tax.

The events of default include (among others) failure by WNZL to pay any interest or principal in respect of the relevant series of Notes within 14 days of the relevant due date.

Issuer call.

If any call option dates are specified in the final terms, WNZL may at its option redeem any Notes on a call option date. WNZL will provide notice of any such redemption at least 30 days (and not more than 60 days) (or any other period specified in the final terms) before the relevant redemption date.

On any such redemption the Notes will be repaid at their principal amount together with accrued interest, subject to any deductions on account of tax.

Selling restrictions.

WNZL is not offering Notes to the public in any jurisdiction other than New Zealand (except to the extent specified in any final terms).

You may only offer for sale or sell any Note in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered. No product disclosure statement, information memorandum, advertisement or other offering material in respect of any Note may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws.

WNZL has not taken and will not take any action which would permit a public offering or sale or ownership 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).

By subscribing for or otherwise acquiring Notes, you agree to indemnify WNZL for any loss suffered by it as a result of any breach of the above selling restrictions by you.

Transfers.

You may transfer any of your Notes by:

- a written instrument of transfer in any commonly used form that complies with the standard form and procedures of the Note Registrar and applicable law;
- instructing the Note Registrar to transfer the Notes into the name(s) of the transferee(s) through NZClear in accordance with the standard form and procedures of the Note Registrar; or
- any other method of transfer of marketable securities that is not contrary to any law and that is approved by WNZL.

Any transfer request must be accompanied by any evidence reasonably required by the Note Registrar or WNZL to prove the title of the person transferring the Notes, or otherwise in accordance with the Note Deed Poll.

Interests in Notes entered into NZClear will be transferable in accordance with NZClear's rules and operating guidelines. See further below under the heading "Notes held in NZClear".

You may not transfer part of your holding if it would result in you or the transferee holding or continuing to hold Notes with an aggregate principal amount that is less than \$10,000 or is not a higher multiple of \$1,000 (or such other denominations as may be specified in the final terms).

Payments and record dates.

Payment in respect of each Note will be made to the person whose name appears in the Note register as the holder on the record date.

The record date for any payment due in respect of the Notes, other than non-interest bearing (zero coupon) Notes, is the close of business on the tenth day before the due date for that payment. The record date in respect of zero coupon Notes is the close of business on the day before the due date for payment.

If more than one person is named in the Note register, payment will be made to the first person named.

- For Notes which are not held in NZClear, payment will be made by the Paying Agent by direct credit to a bank account specified by you by notice in writing to the Note Registrar.
- For Notes held in NZClear, payment will be made by WNZL crediting on the relevant payment date the amount due to the account of the Paying Agent or other account previously notified by the Paying Agent or NZClear to WNZL.

During the period from a record date until the relevant payment date, the Note Registrar may refuse to register the transfer of any Notes.

Fixed Rate Notes - interest calculations and payment days.

Unless otherwise specified in the final terms, for Notes that bear fixed rate interest:

- Interest payments will be made in equal amounts for each interest period (except for any irregular first or last interest period).
- If the due date for any payment is not a business day, payment will be made (without adjustment) on the next date which is a business day.
- In a low or negative interest rate environment you may receive less than your original investment, resulting in negative returns overall.

Floating Rate Notes - interest calculations and payment days.

Unless otherwise specified in the final terms, for Notes that bear floating rate interest:

- The interest rate will be calculated as a specific margin (which will apply for the whole term of the Notes) over the bank bill rate (as set on the first day of each interest period), as determined by WNZL in accordance with the Note Deed Poll (and, where applicable, any additional fallback provisions for the unavailability of the bank bill rate in the final terms).
- The amount of interest that accrues during each interest period will be based on the actual number of days in that interest period.
- If the due date for any payment is not a business day, payment will be made on the next date which is a business day, unless that day falls in the next calendar month in which case payment will be made on the first preceding day that is a business day, and the calculation of any accrued interest will be adjusted up or down accordingly.
- In a low or negative interest rate environment, you may receive limited or no interest payments and a low or negative return. However, the interest rate will not be less than zero unless otherwise specified in the final terms.

Zero Coupon Notes - payment days.

Unless otherwise specified in the final terms, if the due date for payment on a non-interest bearing (zero coupon) Note is not a business day, payment will be made (without adjustment) on the next date which is a business day.

In a low or negative interest rate environment, you may receive a low or negative return based on the price at which you subscribed for or purchased the Notes.

Issuer substitution.

WNZL may, without the consent of holders of Notes, substitute another company or other body corporate as issuer of the Notes (and any such issuer may subsequently substitute another company or other body corporate as issuer of the Notes) provided that in those circumstances, references to WNZL in this document include the substituted issuer.

Such substitution may only occur if certain requirements in the Note Deed Poll are met, including that WNZL (or, as the case may be, the existing issuer) provides an unconditional and irrevocable guarantee of the Notes.

Meetings and variation of the Notes.

Meetings of holders of Notes may be called to consider matters affecting their interests generally. In such meetings, defined majorities may bind you and all other holders, even if you did not attend and vote at the relevant meeting or voted in a manner contrary to the majority.

The Notes may also be varied without your consent in certain limited circumstances, including:

- in the case of a substitution of the issuer as described under the heading “Issuer substitution” above; or

- if (in the reasonable opinion of WNZL) the variation is necessary or advisable to comply with any law, is of a formal, technical or administrative nature only, is made to cure any ambiguity or is not materially prejudicial to the interests of holders of the Notes as a whole.

Notes held in NZClear.

Notes offered to institutional and other investors may be held in NZClear. Investors may acquire interests in those Notes if they are members of NZClear, or through a nominee who is a member. If your Notes are held in NZClear, your rights (and the rights of each other person holding an interest in the Notes) are subject to NZClear's rules and operating guidelines.

WNZL is not responsible for anything that NZClear does or omits to do or for any loss occasioned by the failure of NZClear.

Governing law.

The Notes and the Note Deed Poll are governed by New Zealand law. Accordingly, future judicial decisions and changes to New Zealand law or administrative practices may affect the interpretation of the Notes.

5. Risks of investing

Introduction.

This Section 5 describes the following potential risks associated with an investment in the Notes:

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

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 document. 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 document) before deciding to invest in the Notes.

This Section 5 does not cover all of the risks of investing in the Notes.

The statement of risks in this Section 5 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.

General risks.

Your investment in the Notes is subject to the following general risks:

Credit risk on WNZL.

The principal risk of WNZL not meeting its obligations to holders under the Notes is that WNZL may become insolvent, may be placed in receivership, liquidation or statutory management or otherwise may be unable to and/or fail to make any payment. In that event, you might not recover all your principal investment or receive the expected returns.

Secondary market risk.

The Notes will be able to be traded through brokers on established 'over-the-counter' (OTC) markets. However, there may be no active trading market and an investment in Notes may not be very liquid. In particular, the nature of OTC markets means there is no organised central location for investors to buy and sell Notes and it may be more difficult for brokers to find buyers and sellers for Notes at any time than it is in comparison to highly liquid securities. The price at which you may be able to sell Notes may also be affected by factors related to the creditworthiness of WNZL, and market-related factors such as movements in market interest rates. The price may also be affected by regulatory changes affecting registered bank investors in the Notes. The Reserve Bank of New Zealand (**Reserve Bank**) is currently reviewing its liquidity policy. An outcome of this review may be to reduce the amount registered banks invest in securities such as the Notes, reducing overall demand and liquidity.

Therefore, you may not be able to sell your Notes easily or at prices that will provide you with a return comparable to similar investments that have a developed secondary market, and you may receive less from a sale of your Notes than the amount you paid for them.

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 (for example, in New Zealand and those of its key trading partners, including China and Australia), inflationary pressures and related market interest rate increases, declines in property prices, and conditions affecting specific industry sectors or geographic regions to which WNZL has significant exposures, including as a result of climate related events.

WNZL 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, 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 related 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 prevent and manage these operational risks as they arise, these policies and processes may not always be effective and these risks can be heightened by, for example, working from home arrangements, new technologies (including artificial intelligence) and geopolitical tensions, conflicts or instability.

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

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

WNZL has implemented a dedicated operational risk function and management framework to manage such risks, including the implementation and assessment of related 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 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 is no assurance that the hedging arrangements will be sufficient in all circumstances.

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

In order to carry on its business WNZL requires access to significant amounts of funding on an ongoing basis. It is exposed to the risk that it may not be able to fund its assets, or meet its payment obligations as they come due, which can lead to losses. This liquidity risk is inherent in WNZL's balance sheet because principal repayments under WNZL's lending and borrowing activities are required to be made at different times (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.

For example, customer deposits fund a significant portion of WNZL's balance sheet. WNZL could experience deposit withdrawals or a reduction in new deposit volumes if WNZL is not able to compete successfully for customer deposits, there is a shift in investment preferences, or market conditions deteriorate due to economic, financial, political, geopolitical, regulatory, fiscal or monetary policy or other reasons (including as a result of a loss of confidence in certain financial institutions) and there is a loss of confidence in bank deposits. These events can transpire quickly and be exacerbated by information transmission on social media. This could increase funding costs, constrain WNZL's liquidity, funding and lending activities, and/or threaten WNZL's financial solvency.

WNZL is also subject to the risk of an inadequate level or composition of capital to support normal business activities, to meet increasing regulatory capital requirements under normal operating environments or stressed conditions, and to maintain its solvency. Even robust levels of capital may not be sufficient to ensure the ongoing sustainability of WNZL in certain circumstances including adverse macroeconomic conditions, unexpected losses on loans, unfavourable regulatory changes or an unexpected volume of deposit withdrawals.

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

WNZL manages liquidity risk through a liquidity risk management framework.

Further information about the risks faced by WNZL and its business more generally is contained in the disclosure statements that WNZL publishes under the Banking (Prudential Supervision) Act 1989. The most recent disclosure statements that WNZL has published can be viewed and downloaded from WNZL's website at www.westpac.co.nz/about-us/legal-information-privacy/disclosure-statements/.

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, 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. 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
- risk assurance and internal audit functions which cover the management of risks across WNZL under relevant assurance and audit plans by providing reasonable and limited assurance as applicable.

6. Tax

New Zealand tax residents (and non-residents who receive payments of interest subject to the resident withholding tax rules) will have resident withholding tax deducted from the interest that is payable under the Notes, unless they produce to the Note Registrar acceptable evidence of resident withholding tax exempt status on or before the record date for the relevant payment.

If you receive payments of principal or interest on the Notes subject to the non-resident withholding tax rules, an amount equal to the approved issuer levy payable will be deducted from payments to you in lieu of deducting non-resident withholding tax (except where you elect otherwise and WNZL agrees, or the payment of approved issuer levy will not reduce the rate of non-resident withholding tax to nil, or it is not possible under applicable law, in which case non-resident withholding tax will be deducted). In the event of any change of law to the approved issuer levy regime, WNZL reserves the right not to pay approved issuer levy. See the Note Deed Poll for further details.

If, in respect of any of your Notes, the Paying Agent or WNZL becomes liable to account for withholding taxes, or make any payment of, or on account of, tax payable by you, then the Paying Agent and WNZL shall be indemnified by you in respect of such liability. See the Note Deed Poll for further details.

There may be other tax consequences from acquiring or disposing of the Notes.

The above generalised summary is based on the taxation laws in force in New Zealand as at the date of this document. Future changes to these or other laws may affect the tax consequences of an investment in the Notes. See also “Governing law” in section 4 of this document (Key Features of the Notes).

If you have any queries relating to the tax consequences of an investment in the Notes, you should obtain professional advice on those consequences.

7. How to complain

Complaints about the Notes can be directed to WNZL at:

The Treasurer

Westpac New Zealand Limited
Westpac on Takutai Square
53 Galway Street
Auckland 1010
Tel: (09) 367 3539
Email: treasurer@westpac.co.nz

If you have any queries about the administration of the Notes (including in relation to payments in respect of the Notes) you should contact the Note Registrar in first instance at:

Link Market Services Limited

Link Market Services Limited
Level 30, PwC Tower
15 Customs Street West
Auckland 1010
Tel: (09) 375 5998
Email: enquiries@linkmarketservices.co.nz

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:

The Banking Ombudsman

Banking Ombudsman
Freepost 218002
PO Box 25327
Wellington 6140
Tel: 0800 805 950

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 fma.govt.nz.

8. Where you can find more information

Further information relating to WNZL and the Notes is available on the offer register at companiesoffice.govt.nz/disclose, offer number OFR11771. A copy of information on the offer register is available on request to the Registrar of Financial Service Providers.

Further information about WNZL is contained in WNZL's most recent disclosure statement (which includes WNZL's most recent consolidated financial statements). WNZL's most recent disclosure statement, and other information about WNZL, can be viewed and downloaded from WNZL's website at www.westpac.co.nz/about-us/legal-information-privacy/disclosure-statements/.

Enquiries about the Notes can be made, and copies of the Note Deed Poll and further copies of this document can be obtained free of charge, on request, by contacting the Note Registrar (see section 10 of this document (Contact Information)).

9. How to apply

You may apply for Notes by contacting the Note Registrar or WNZL (see section 10 of this document (Contact Information)).

10. Contact information

WNZL may be contacted at:

Westpac New Zealand Limited
Westpac on Takutai Square
53 Galway Street
Auckland 1010
Tel: (09) 367 3539
Email: treasurer@westpac.co.nz

The Note Registrar may be contacted at:

Link Market Services Limited
Level 30, PwC Tower
15 Customs Street West
Auckland 1010
Tel: (09) 375 5998
Email: enquiries@linkmarketservices.co.nz

