

OFFERING MEMORANDUM

WESTPAC NEW ZEALAND LIMITED

(incorporated with limited liability in New Zealand, company number 1763882)

US\$10,000,000,000

US Medium-Term Notes

Due one year or more from date of issue

Westpac New Zealand Limited, a New Zealand company (“WNZL”), may from time to time offer its US medium-term notes (the “Notes”). The aggregate principal amount of Notes outstanding at any one time may not exceed US\$10,000,000,000 (or its equivalent based upon the applicable exchange rate at the time of issuance, if any Notes are denominated in one or more non-US currencies or currency units as may be designated by WNZL), subject to increase as described in this Offering Memorandum. The Notes are not guaranteed by any person, government or other entity, including WNZL’s ultimate parent, Westpac Banking Corporation.

The Notes will be unsecured senior obligations ranking equally in right of payment to WNZL’s other unsecured and unsubordinated obligations, except such obligations as are preferred by law, and senior to all of its existing and future subordinated obligations. The Notes will have maturities of one year or more. Additionally, the Notes may be subject to redemption or repayment in whole or in part prior to maturity if so indicated in the applicable pricing supplement (defined below). Unless otherwise specified in the applicable pricing supplement, the Notes offered hereby will be issued in denominations of US\$200,000 (or its equivalent based upon the applicable exchange rate at the time of sale, if any Notes are denominated in one or more non-US currencies or currency units as may be designated by WNZL) and integral multiples of US\$1,000 in excess thereof (or in the case of Notes not denominated in US dollars, 1,000 units of such currency). The specific terms of the Notes WNZL may offer to sell pursuant to this Offering Memorandum will be described in a separate pricing supplement for each offering of Notes (each of which is referred to herein as the “applicable pricing supplement”). You should read this Offering Memorandum and the applicable pricing supplement carefully before you invest.

Notes may be issued with terms and provisions in addition to or different from those contemplated herein, in which case the applicable pricing supplement will describe the additional or different terms and provisions. Unless otherwise specified in the applicable pricing supplement, the Notes will not be listed on any securities exchange or quoted on any quotation system.

The Notes are not protected accounts or deposit liabilities and neither the Notes nor any of WNZL’s obligations under the Notes are insured or guaranteed by the Sovereign in right of New Zealand acting by and through the Minister of Finance, the United States of America, the United States Federal Deposit Insurance Corporation or any other government or governmental agency or instrumentality of the United States, New Zealand, Australia or any other jurisdiction.

Investing in the Notes involves a number of risks. See “Risk Factors” beginning on page 6 of this Offering Memorandum.

Each initial and subsequent purchaser of Notes offered hereby in making its purchase of Notes will be deemed to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer of Notes and may in certain circumstances be required to provide confirmation of compliance with such resale or transfer restrictions described below and in “Notice to Investors” and “Plan of Distribution.”

The Notes are being offered and sold without registration under the United States Securities Act of 1933, as amended (the “Securities Act”), to: (A) “qualified institutional buyers” (“QIBs”) as defined in Rule 144A under the Securities Act (“Rule 144A”) in reliance upon the exemptions provided by Section 4(a)(2) of, and Rule 144A under, the Securities Act; and (B) certain persons in reliance upon Regulation S under the Securities Act (“Regulation S”). Prospective purchasers are hereby notified that the seller of the Notes may be relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on resales and transfers, see “Notice to Investors” and “Plan of Distribution.”

WNZL may offer or sell the Notes to or through one or more Agents (as defined herein), including the Agents listed below. The Agents listed below have agreed to use reasonable efforts to solicit purchases of Notes. WNZL may also sell Notes to an Agent acting as principal for its own account for resale to investors and other purchasers, to be determined by such Agent. WNZL has also reserved the right to sell Notes directly to investors on its own behalf or to appoint additional Agents. WNZL reserves the right to withdraw, cancel or modify the offer made hereby without notice. WNZL or any Agent may reject any order in whole or in part.

The Notes will be issued in registered, book-entry form only and will be eligible for clearance through the facilities of The Depository Trust Company (“DTC”) and its direct and indirect participants, including Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, SA (“Clearstream, Luxembourg”).

Arranger and Lead Agent

Citigroup

**Barclays
Deutsche Bank Securities
HSBC
Morgan Stanley
TD Securities**

**BofA Securities
Goldman Sachs & Co. LLC
J.P. Morgan
RBC Capital Markets
UBS Investment Bank**

Westpac Banking Corporation

The date of this Offering Memorandum is December 21, 2022.

WNZL has prepared this Offering Memorandum based on information that WNZL has or has obtained from sources it believes to be reliable. Summaries of documents contained in this Offering Memorandum may not be complete; WNZL will make copies of actual documents available to you upon request. Neither WNZL nor any Agent represents that the information herein is complete. The information in this Offering Memorandum is current only as of the date on the cover and information incorporated by reference is current only as of the date of the document in which it is contained, and WNZL's business or financial condition and other information contained or incorporated by reference in this Offering Memorandum may change after the date of the document in which it is contained. You should consult your own legal, tax and business advisors regarding an investment in the Notes. Information in this Offering Memorandum does not constitute legal, tax, financial or business advice.

Each person receiving this Offering Memorandum and any supplement (including any applicable pricing supplement) acknowledges that (i) it has been afforded an opportunity to request from WNZL and to review, and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information contained or incorporated by reference herein, (ii) it has not relied on any Agent or any person affiliated with any Agent in connection with its investigation of the accuracy and completeness of such information or its investment decision and (iii) no person has been authorized to give any information concerning WNZL or the Notes offered hereby other than the information contained or incorporated by reference herein or in the applicable pricing supplement and, if given or made, such other information should not be relied upon as having been authorized by WNZL or any Agent.

The Notes are being offered and sold in reliance on an exemption from registration under the Securities Act for an offer and sale of securities that does not involve a public offering and in transactions not subject to the registration requirements of the Securities Act. Accordingly, if you purchase the Notes, you will be deemed to have made certain acknowledgments, representations and warranties as set forth under "Notice to Investors". The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws of any state or other jurisdiction of the United States pursuant to registration under such laws or exemption therefrom. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period.

Neither WNZL nor any Agent is making any solicitation in respect of the Notes or an offer to sell the Notes in any jurisdiction where the offer and sale of the Notes is not authorized or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Notes or the distribution of this Offering Memorandum or supplement in any jurisdiction where such action is required. WNZL makes no representation to you that the Notes are a legal investment for you.

Each prospective purchaser of the Notes must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Notes and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither WNZL nor any Agent shall have any responsibility therefor.

WNZL has prepared this Offering Memorandum solely for use in connection with the offer of the Notes to QIBs under Rule 144A and to certain persons pursuant to Regulation S. You agree that you will hold the information contained in this Offering Memorandum and the transaction contemplated hereby in confidence. You may not distribute this Offering Memorandum to any person, other than a person retained to advise you in connection with the purchase of the Notes.

The Notes do not represent protected accounts, deposits or other liabilities of WNZL's ultimate parent, WBC.

The holding of Notes is subject to investment risk, including possible delays in repayment and loss of income and principal invested. WNZL is not an authorized deposit-taking institution ("ADI") under the Banking Act 1959 of the Commonwealth of Australia (the "Banking Act"). Neither WBC nor any Agent in any way stands behind the value and/or performance of the Notes, or guarantees the payment of interest or the repayment of

principal due on the Notes. None of the obligations of WNZL in respect of the Notes are guaranteed in any way by WBC or any of its controlled entities.

The Notes may not be, directly or indirectly, offered for issue or sale, nor may applications for the issue, sale or purchase of any Notes be invited, in New Zealand (including an offer or invitation which is received by a person in New Zealand) and neither this Offering Memorandum nor any other offering material relating to the Notes may be distributed or published in New Zealand other than to wholesale investors within the meaning of clauses 3(2) of Schedule 1 to the Financial Markets Conduct Act 2013 of New Zealand (the “New Zealand FMCA”), which includes (a) a person who is: (i) an “investment business”; (ii) “large”; or (iii) a “government agency”; in each case as defined in Schedule 1 to the New Zealand FMCA or (b) a person who meets the “investment activity criteria” specified in clause 38 of Schedule 1 to the New Zealand FMCA, provided (for the avoidance of doubt) that the Notes may not be offered to or acquired by, and any offering memorandum (including this Offering Memorandum) or any advertisement in relation to any offer of Notes may not be distributed to, any “eligible investor” (as defined in clause 41 of Schedule 1 to the New Zealand FMCA).

Neither this Offering Memorandum nor any equivalent disclosure document has been filed with, or approved by, the Financial Conduct Authority, which is the United Kingdom’s competent authority for the purposes of Regulation (EU) 2017/1129 as it forms part of the domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (the “EUWA”) (as amended, the “UK Prospectus Regulation”). Neither this Offering Memorandum nor any supplement (including any applicable pricing supplement) constitutes a prospectus for the purpose of Regulation (EU) 2017/1129 (the “EU Prospectus Regulation”) or the UK Prospectus Regulation. This Offering Memorandum and any supplement (including any applicable pricing supplement) have been prepared on the basis that any offer of the Notes in any Member State of the European Economic Area (“EEA”) or in the United Kingdom will be made pursuant to an exemption under the EU Prospectus Regulation or the UK Prospectus Regulation (as applicable) from the requirement to publish a prospectus for offers of the Notes. The communication of this Offering Memorandum, any supplement (including any applicable pricing supplement) and any other document or materials relating to the issue of the Notes offered hereby is not being made, and such documents and/or materials have not been approved, by an authorized person for the purposes of section 21 of the United Kingdom’s Financial Services and Markets Act 2000, as amended (the “FSMA”). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. This document and such other documents and/or materials are for distribution only to persons who (i) have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Financial Promotion Order”)), (ii) fall within Article 49(2)(a) to (d) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as “relevant persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum, any supplement (including any applicable pricing supplement) and any other document or materials relates will be engaged in only with relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Offering Memorandum or any supplement (including any applicable pricing supplement) or any of their contents.

This Offering Memorandum has not been and will not be registered as a prospectus under the Securities and Futures Act 2001 (the “SFA”) by the Monetary Authority of Singapore, and the offer of the Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than to (i) an institutional investor as defined in Section 4A of the SFA (an “Institutional Investor”) pursuant to Section 274 of the SFA, (ii) an accredited investor as defined in Section 4A of the SFA (an “Accredited Investor”) or other relevant person as defined in Section 275(2) of the SFA (a “Relevant Person”) and pursuant to Section 275(1) of the SFA, or any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Notes are subscribed for or acquired pursuant to an offer made in reliance on Section 275 of the SFA by a Relevant Person which is:

(a) a corporation (which is not an Accredited Investor), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or

(b) a trust (where the trustee is not an Accredited Investor), the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor,

securities or securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation and the beneficiaries' rights and interests (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has subscribed for or acquired the Notes except: (i) to an Institutional Investor, an Accredited Investor, a Relevant Person, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4) of the SFA (in the case of that trust), (ii) where no consideration is or will be given for the transfer, (iii) where the transfer is by operation of law, (iv) as specified in Section 276(7) of the SFA, or (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS—If the applicable pricing supplement in respect of any Notes includes a legend titled “Prohibition of Sales to EEA Retail Investors,” the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”) or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “EU PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UNITED KINGDOM RETAIL INVESTORS—If the applicable pricing supplement in respect of any Notes includes a legend titled “Prohibition of Sales to United Kingdom Retail Investors,” the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law in the United Kingdom by virtue of the EUWA or (ii) a customer within the meaning of the provisions of the United Kingdom’s Financial Services and Markets Act 2000, as amended (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of the domestic law in the United Kingdom by virtue of the EUWA (the “UK MiFIR”). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of the domestic law in the United Kingdom by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET—The applicable pricing supplement in respect of any of the Notes may include a legend titled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes, as well as which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “MiFID II distributor”) should take into consideration the target market assessment; however, a MiFID II distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID product governance rules under EU Delegated Directive 2017/593 (as amended, the “MiFID Product Governance Rules”), any Agent subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger, Lead Agent nor the Agents nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET—The applicable pricing supplement in respect of any of the Notes may include a legend titled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes, as well as which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “UK MiFIR distributor”) should take into consideration the target market assessment; however, a UK MiFIR distributor subject to the Financial Conduct Authority Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Agent subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger, Lead Agent nor the Agents nor any of their respective affiliates will be a manufacturer for the purpose of the MiFIR Product Governance Rules.

Neither this Offering Memorandum nor any disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia, as amended, nor any successor act (the “Australian Corporations Act”)), in relation to the Notes has been lodged with the Australian Securities and Investments Commission (“ASIC”). Notes may not be, directly or indirectly, offered for issue or sale, nor may applications for the issue, sale or purchase of, any Notes be invited, in Australia (including an offer or invitation which is received by a person in Australia) and no preliminary or final offering memorandum, advertisement or other offering material relating to the Notes may be distributed or published in Australia unless (i) the aggregate consideration payable by each offeree or invitee is a minimum of A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding monies lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Australian Corporations Act, (ii) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Australian Corporations Act, (iii) such action complies with all applicable Australian laws and directives (including, without limitation, the licensing requirements of Chapter 7 of the Australian Corporations Act) and (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

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In this Offering Memorandum, references to “WNZL”, the “Issuer”, “we”, “our” or “us” are to Westpac New Zealand Limited and its controlled entities, taken as a whole, unless otherwise specified or the context otherwise requires; and references to “WBC”, “Westpac Banking Corporation” or the “WBC Group” are to Westpac Banking Corporation (ABN 33 007 457 141) and its controlled entities, taken as a whole, unless otherwise specified or the context otherwise requires.

References herein to the “Notes”, the “medium-term notes” or these “Notes” are to the US medium-term notes issued under the Fiscal Agency Agreement, dated as of September 2, 2022, as the same may be amended or supplemented from time to time, between WNZL and the Fiscal Agent (as defined below) (the “Fiscal Agency Agreement”).

The consolidated financial statements of WNZL are published in New Zealand dollars. In this Offering Memorandum, unless otherwise stated or the context otherwise requires, references to “dollar amounts”, “\$”, “NZ\$”, “NZD” or “NZ dollars” are to New Zealand dollars, references to “A\$” are to Australian dollars and references to “US\$”, “USD” or “US dollars” are to United States dollars.

NOTICE TO INVESTORS

THE NOTES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR THE SECURITIES AUTHORITY OF ANY OTHER JURISDICTION. NEITHER THE SEC NOR THE SECURITIES

AUTHORITY OF ANY OTHER JURISDICTION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM OR ANY SUPPLEMENT HERETO. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE NOTES ARE BEING OFFERED AND SOLD TO QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF, AND IN RELIANCE UPON, THE EXEMPTION PROVIDED BY SECTION 4(a)(2) OF, AND RULE 144A UNDER, THE SECURITIES ACT AND TO CERTAIN PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

Each initial and subsequent purchaser of a Note or Notes will be deemed to have acknowledged, represented and agreed as follows:

(1) The Notes have not been and will not be registered under the Securities Act or any other applicable securities law and, accordingly, the Notes may not be offered, sold, transferred, pledged, encumbered or otherwise disposed of unless in a transaction exempt from registration under the Securities Act and any other applicable securities law.

(2) (A) It is a QIB, as defined in Rule 144A under the Securities Act and is purchasing Notes for its own account or solely for the account of one or more accounts for which it acts as a fiduciary or agent, each of which is a QIB, and such purchaser acknowledges that it is aware that the seller may rely upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder or (B) it is acquiring such Notes in an offshore transaction in compliance with Rule 903 or 904 under the Securities Act and, prior to the expiration of forty days from the later of (i) the date on which the Notes of such series were first offered and (ii) the date of issuance of such Notes, it is not a “US person” (and is not acquiring such Notes for the account or benefit of a US person) within the meaning of Regulation S.

(3) It agrees on its own behalf and on behalf of any account for which it is purchasing Notes, to offer, sell or otherwise transfer such Notes (A) only in principal amounts of US\$200,000 (or its equivalent based upon the applicable exchange rate at the time of sale, if any Notes are denominated in one or more non-US currencies or currency units as may be designated by WNZL) and (B) in integral multiples of US\$1,000 in excess thereof (or, in the case of Notes not denominated in US dollars, 1,000 units of such currency) or such other principal amounts as may be set forth in the applicable pricing supplement.

(4) It agrees, on its own behalf and on behalf of any account for which it is purchasing Notes, to offer, sell or otherwise transfer such Notes only (A) in accordance with the exemption from the registration requirements of the Securities Act provided by Rule 144A, (B) in an offshore transaction in compliance with Regulation S or (C) to WNZL or any of its controlled entities. It acknowledges that each Note will contain a legend substantially to the effect of the foregoing paragraphs (1), (2) and (3) and this paragraph (4).

(5) Either (A) it is not an employee benefit plan subject to the US Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or a plan subject to Section 4975 of the US Internal Revenue Code of 1986, as amended (the “Code”), it is not purchasing the Notes on behalf of or with “plan assets” of any such plan, and it is not a governmental or church or other plan (“non-ERISA arrangement”) subject to provisions under applicable federal, state, local or foreign law that are similar to the requirements of ERISA or Section 4975 of the Code (“similar law”) or (B) its purchase and holding of such Notes is eligible for exemptive relief under US Department of Labor Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1, 84-14 or another applicable exemption or, in the case of a non-ERISA arrangement, its purchase and holding of such Notes will not constitute or result in a non-exempt violation of the provisions of any similar law.

(6) WNZL, the Agents and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and, if any of the acknowledgments, representations or warranties deemed to have been made by it in connection with its purchase of Notes are no longer accurate, it shall promptly notify WNZL and the Agent through which it purchased any Notes. If it is acquiring any Notes as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

In connection with the issue of any series of the Notes, the Agent or Agents (if any) named as the stabilizing manager(s) (or persons acting on behalf of any stabilizing managers) in the applicable pricing supplement may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the stabilizing manager(s) (or persons acting on behalf of a stabilizing manager) will undertake stabilization action or, if the stabilizing manager(s) (or persons acting on behalf of a stabilizing manager) does undertake stabilization action, that stabilization will necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant series is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series and 60 days after the date of the allotment of the relevant series. Any stabilization action or over-allotment must be conducted by the relevant stabilizing manager(s) (or person(s) acting on behalf of the stabilizing manager(s)) in accordance with all applicable laws and rules.

ABOUT THIS OFFERING MEMORANDUM

This Offering Memorandum should be read and construed with any amendment or supplement hereto and, in relation to any series of Notes, should be read and construed with the applicable pricing supplement.

You should carefully review the information contained or incorporated by reference in this Offering Memorandum. The applicable pricing supplement for each particular issuance of Notes will contain the specific terms and conditions of the Notes to be sold in that offering and certain other information relevant to that offering. Accordingly, you should carefully review the information contained in both this Offering Memorandum and the applicable pricing supplement, including any description of the method of calculating interest on any Note. The applicable pricing supplement may also add to, update, supplement or clarify information contained or incorporated by reference in this Offering Memorandum. In making your investment decision, it is important for you to consider information contained or incorporated by reference in this Offering Memorandum, the applicable pricing supplement, or any amendment or supplement hereto, the Fiscal Agency Agreement and the Notes.

All references to websites in this Offering Memorandum and any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Offering Memorandum are, unless expressly stated otherwise, intended to be inactive textual references for information only and any information contained in or accessible through any such website does not form a part of this Offering Memorandum, unless specifically stated in this Offering Memorandum or in any such document that all or any portion of such information is incorporated by reference in this Offering Memorandum.

DOCUMENTS INCORPORATED BY REFERENCE

In this Offering Memorandum, we incorporate by reference certain information that we make available to prospective purchasers of the Notes, as described below. The information incorporated by reference is considered part of this Offering Memorandum and later information made available to prospective purchasers of Notes as described below will update and, to the extent inconsistent, supersede earlier information included or incorporated in this Offering Memorandum and any supplement hereto.

We incorporate by reference in this Offering Memorandum the following documents contained on the “US Investors” page of our website at <https://www.westpac.co.nz/us-investors/> (the “US Investor Website”):

- our New Zealand disclosure statement for the financial year ended September 30, 2022 (the “2022 Disclosure Statement”), which contains the audited consolidated financial statements and related notes of WNZL, in each case, at and for the financial years ended September 30, 2022 and 2021 (including the independent auditor’s report) (the “2022 WNZL Financial Statements”); and
- our New Zealand disclosure statement for the financial year ended September 30, 2021 (the “2021 Disclosure Statement”), which contains the audited consolidated financial statements and related notes of WNZL, in each case, at and for the financial years ended September 30, 2021 and 2020 (including the independent auditor’s report) (the “2021 WNZL Financial Statements”).

The other materials on the US Investor Website dated prior to the date of this Offering Memorandum are not incorporated by reference herein.

On or after the date of this Offering Memorandum, we may put additional information on the US Investor Website. Unless otherwise stated, such additional information dated on or after the date of this Offering Memorandum shall be deemed to be incorporated by reference in this Offering Memorandum and any supplement hereto and shall be deemed to update and, to the extent inconsistent, supersede prior information included or incorporated by reference in this Offering Memorandum and any supplement hereto. Each person who receives this Offering Memorandum and each purchaser of Notes expressly acknowledges and agrees that the information included or incorporated by reference herein shall for all purposes form a part of this Offering Memorandum and be deemed to have been delivered to such person.

AVAILABLE INFORMATION

In this Offering Memorandum:

- the 2022 WNZL Financial Statements and the 2021 WNZL Financial Statements are collectively referred to as the “WNZL Financial Statements”;
- references to the “Disclosure Statement” refer to the 2022 Disclosure Statement or the 2021 Disclosure Statement, as applicable;
- financial information relating to the financial year ended September 30, 2020 is sourced from the 2021 Disclosure Statement, where information from the financial year ended September 30, 2020 is presented by way of comparison; and
- information in each Disclosure Statement is superseded by information contained in each subsequent Disclosure Statement, and the information in each of the Disclosure Statements is superseded by information contained in this Offering Memorandum, including any amendment hereof or supplement hereto, in each case to the extent that there are any inconsistencies.

While any Notes remain outstanding, WNZL will, during any period in which it is not subject to Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the “Exchange Act”), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any person who holds any Note and intends to resell it pursuant to Rule 144A and any prospective purchaser of such Note who is a QIB designated by such holder of such Note, upon the request of such holder or prospective purchaser, the information concerning WNZL required to be provided to such holder or prospective purchaser by Rule 144A(d)(4) under the Securities Act.

WNZL will provide, without charge, to each person to whom a copy of this Offering Memorandum has been delivered, upon the request of such person, a copy of the Fiscal Agency Agreement. Written requests should be addressed to Westpac New Zealand Limited, 16 Takutai Square, Auckland, 1010, New Zealand, Attention: Managing Director, Global Funding.

ENFORCEABILITY OF FOREIGN JUDGMENTS IN NEW ZEALAND

WNZL is registered under the Companies Act 1993 of New Zealand (the “NZ Companies Act”) and incorporated in New Zealand and has limited liability. All of the Directors and executive officers of WNZL, and the independent accountants named herein, reside outside the United States. Substantially all or a substantial portion of the assets of all or many of such persons are located outside the United States. As a result, it may not be possible for holders of Notes to effect service of process upon such persons. In addition, it may not be possible for the holders of Notes to enforce against WNZL or any of those persons outside of the United States judgments obtained in United States courts, including any judgment predicated upon the civil liability provisions of federal securities laws of the United States. WNZL has expressly submitted to the jurisdiction of New York State and United States federal courts sitting in The City of New York for the purpose of any suit, action or proceedings arising out of the offering and sale of the Notes. WNZL has appointed WBC’s New York branch, 575 Fifth Avenue, 39th Floor, New York, New York 10017-2422, Attention: Legal Department, as its agent upon whom process may be served in any such action.

PRESENTATION OF FINANCIAL INFORMATION

Unless expressly stated otherwise, all financial statements and other financial data included or incorporated by reference in this Offering Memorandum have been prepared in accordance with generally accepted accounting practice in New Zealand, applicable New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”) and other authoritative pronouncements of the External Reporting Board. Such financial statements included or incorporated by reference in this Offering Memorandum comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (the “IASB”). NZ IFRS differs in certain respects from generally accepted accounting principles in the United States (“US GAAP”). No reconciliation to US GAAP of the financial statements presented in this Offering Memorandum has been prepared for the purpose of this Offering Memorandum or for any other purposes. There can be no assurance that a reconciliation would not identify material quantitative differences between such financial statements prepared in accordance with NZ IFRS and such financial statements as prepared on the basis of US GAAP. In making an investment decision, investors must rely upon their own examination of WNZL, the terms of the Notes offered by this Offering Memorandum and the financial information. Potential investors should consult their own professional advisers for an understanding of the differences between NZ IFRS and US GAAP, and how those differences might affect the financial information herein.

This Offering Memorandum uses historical financial information. Where accounting classifications have changed or where changes in accounting policy are adopted retrospectively, comparatives have been restated and may differ from results previously reported.

For the convenience of the reader, this Offering Memorandum contains translations of certain NZ dollar amounts into US dollars using the noon buying rate in New York City for cable transfers in New Zealand dollars as certified for customs purposes by the Federal Reserve Bank of New York for September 30, 2022 of NZ\$1.00 to US\$0.5642 (the “Noon Buying Rate”). These translations should not be construed as representations that the NZ dollar amounts actually represent such US dollar amounts or could be converted into US dollars at the rate indicated. Due to rounding, the numbers presented throughout this Offering Memorandum may not add up precisely and percentages may not precisely reflect absolute figures.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains and incorporates by reference statements that constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Act of 1995. Forward-looking statements are statements about matters that are not historical facts. Forward-looking statements appear in a number of places in this Offering Memorandum and in the information incorporated by reference herein and include statements regarding the intent, belief or current expectations with respect to the business and operations, market conditions and results of operations and financial condition of WNZL, including, without limitation, future loan loss provisions and financial support to certain borrowers. Words such as “will”, “may”, “expect”, “intend”, “plan”, “seek”, “would”, “should”, “could”, “continue”, “estimate”, “anticipate”, “believe”, “probability”, “risk”, “aim”, “outlook”, “forecast” or other similar words are used to identify forward-looking statements. There can be no assurance that future developments will be in accordance with our expectations or that the effect of future developments on us will be those anticipated. Actual results could differ materially from those in the forward-looking statements, including those discussed in the “Risk Factors.” Factors that could cause results to differ from those reflected in forward-looking statements relating to WNZL’s operations and business include, but are not limited to:

- information security risks and breaches, including cyberattacks;
- adverse credit and capital market conditions or depositor preferences;
- the incidence of inadequate capital levels under stressed conditions;
- the risk that governments will default on their debt obligations, will fail to perform contractual obligations or will be unable to refinance their debts as they fall due;
- changes to our credit ratings or the methodology used by credit rating agencies;
- WNZL’s substantial dependence on the New Zealand economy, as well as New Zealand’s economic relationships with Australia and China;
- declines in New Zealand or overseas asset markets, including equity, residential and commercial property markets;
- a weakening of the real estate market in New Zealand;
- an increase in defaults, write-offs and insufficient provisions for expected credit losses;
- the effects of competition, including from established providers of financial services and from non-financial services entities;
- levels of inflation, interest rates (including low or negative interest rates), exchange rates and market and monetary fluctuations and volatility;
- market volatility, including uncertain conditions in funding, equity and asset markets;
- the effectiveness of our risk management policies, including internal processes, systems and employees, and operational risks resulting from ineffective processes and controls, as well as breakdowns in processes and procedures requiring remediation activity;
- poor data quality or poor data retention;
- failure to recruit or retain key personnel;
- the occurrence of environmental change (including as a result of climate change), geopolitical risks or external events in countries in which we or our customers or counterparties conduct our and their operations;

- changes to our critical accounting estimates and judgments and changes to the value of our intangible assets;
- losses due to impairment of capitalized software, goodwill and other intangible assets;
- strategic decisions including diversification, innovation, divestment, acquisitions or business expansion activity, including the integration of new businesses;
- internal and external events which may adversely impact our reputation;
- reliability and security of our technology and risks associated with changes to technology systems;
- the effect of, and changes in, laws, regulations, taxation or accounting standards or practices and government policy, particularly changes to liquidity, leverage and capital requirements;
- the failure to comply with laws, regulations or regulatory policy;
- regulatory investigations, reviews and other actions, inquiries, litigation and other legal proceedings (including class actions), enforcement actions, fines, penalties, restrictions or other regulator imposed conditions, including as a result of our actual or alleged failure to comply with laws (such as Financial Crime Laws (as defined below)), regulations or regulatory policy;
- the failure to comply with financial crime obligations, which has had, and could further have, adverse effects on our business and reputation;
- our ability to incur additional indebtedness and any limitations contained in the agreements governing such indebtedness;
- the inability to syndicate or sell down underwritten securities, particularly during times of heightened market volatility; and
- various other factors beyond our control.

You should read this Offering Memorandum and the information incorporated by reference herein completely and with the understanding that actual future results may be materially different from expectations. All forward-looking statements speak only as of the date made. We are under no obligation, and do not intend, to update any forward-looking statements contained in this Offering Memorandum and the information incorporated by reference herein is qualified by these cautionary statements, whether as a result of new information, future events or otherwise.

OVERVIEW

This overview highlights information contained elsewhere in this Offering Memorandum or incorporated by reference herein. This overview is not complete and does not contain all of the information that you should consider before investing in the Notes. You should carefully read the entire Offering Memorandum and the documents incorporated by reference herein, including the section describing the risks of investing in the Notes under the caption “Risk Factors,” before making an investment decision. Some of the statements in this overview constitute forward-looking statements. For more information, please see “Forward-Looking Statements.”

Westpac New Zealand Limited

WNZL is one of New Zealand’s largest banking organizations and provides a wide range of consumer, business and institutional banking, wealth and insurance products and services to consumers, businesses, government and institutional customers in New Zealand. WNZL was incorporated on February 14, 2006 as a limited liability company under the NZ Companies Act (company number 1763882). This was in response to a requirement from the RBNZ requiring all systemically important banks to be incorporated as local entities in New Zealand. At this time, WBC’s New Zealand consumer and business banking businesses were transferred to WNZL. In 2011, most of the institutional and corporate businesses of WBC’s New Zealand operations were also transferred to WNZL.

WBC has a long-standing commitment to operating in New Zealand, dating from 1861 when, doing business as the Bank of New South Wales, it opened its first seven locations in New Zealand through a New Zealand Branch (the “NZ Branch”). In 1996 the business merged with Trust Bank New Zealand, significantly increasing its presence across the country.

As of September 30, 2022, WNZL had over 1.3 million consumer, business, and institutional banking customers, approximately 4,742 full-time equivalent staff, 115 branches, 439 Westpac-branded ATMs operating throughout New Zealand and approximately 962,000 active consumer users of its online banking and mobile banking app services. WNZL does not rely on any single major customer for its revenue base.

As of September 30, 2022, WNZL had consolidated total assets of \$119.8 billion, loans before impairment charges (“gross loans”) of \$97.3 billion, deposits and other borrowings of \$80.8 billion and debt issues of \$19.9 billion.

The head office of WNZL is situated at Westpac on Takutai Square, 16 Takutai Square, Auckland 1010, New Zealand and the address for service of process on WNZL in New Zealand is Westpac on Takutai Square, 53 Galway Street, Auckland 1010, New Zealand, Attention: General Counsel, New Zealand.

Overview of Terms

The Issuer	Westpac New Zealand Limited (incorporated with limited liability in New Zealand, company number 1763882).
Legal Entity Identifier of the Issuer	549300MW73M5PK1PNG73
The Notes	The medium-term notes of WNZL.
The Agents.....	<p>Citigroup Global Markets Inc. (Arranger and Lead Agent), Barclays Capital Inc., BofA Securities, Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, TD Securities (USA) LLC, UBS Securities LLC and WBC.</p> <p>Any other Agents appointed in accordance with the Distribution Agreement.</p>
Terms of the Notes.....	The Notes, which may be issued at their principal amount or at a premium to or discount from their principal amount, on an unsubordinated basis, may bear interest at a fixed or floating rate or be issued on a fully discounted basis and not bear interest. The interest rate or interest rate formula, if any, issue price, currency, terms of redemption or repayment, if any, stated maturity and other terms not otherwise described in this Offering Memorandum will be established for each Note at the issuance of such Note and will be indicated in the applicable pricing supplement.
Method of distribution	<p>WNZL is offering the Notes from time to time through the Agents. Sometimes, the Agents may make a market in the Notes. The ability of the Agents to make a market in the Notes may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the Notes, including as a result of potential restrictions pursuant to Rule 15c2-11 under the Exchange Act and regulatory implications thereof on the ability of the Agents to publish quotations for the Notes after January 3, 2023.</p> <p>WNZL also may sell Notes to the Agents acting as principals for resale to QIBs and to certain persons that are not US persons (as defined in Regulation S) and may sell Notes directly on its own behalf.</p> <p>See “Notice to Investors” and “Plan of Distribution.”</p>
Maximum amount	The aggregate principal amount (or, in the case of Notes issued at a discount from the principal amount or Indexed Notes (as defined below), the aggregate initial offering price) of Notes outstanding at any time will not exceed US\$10,000,000,000 (or its equivalent based upon the applicable exchange rate at the time of issuance, if any Notes are denominated in one or more non-US currencies or currency units as may be designated by WNZL). WNZL may increase the aggregate principal amount from time to time in accordance with the terms of the Distribution Agreement.

Status of the Notes	<p>The Notes will be direct, unconditional, unsubordinated and unsecured obligations of WNZL and will rank equally among themselves and equally with all other present and future unsecured, unsubordinated obligations of WNZL (except such obligations as are preferred by law).</p> <p>The Notes are not guaranteed by any person, government or other entity, including WNZL's ultimate parent, WBC.</p>
Maturities	<p>Such maturities as may be agreed between WNZL and the relevant purchaser or Agent (as indicated in the applicable pricing supplement), subject to any laws or regulations applicable to WNZL or the relevant currency.</p> <p>At the date of this Offering Memorandum, the minimum term of all Notes is one year. There is no maximum term.</p>
Currency	<p>The currency of payment under the Notes shall be US dollars or, subject to any applicable legal or regulatory restrictions, such currency or currencies or currency units as may be agreed between WNZL and the relevant purchaser or Agent (as indicated in the applicable pricing supplement). See "Description of the Notes—General—Currency of Notes."</p>
Denomination and form	<p>Unless otherwise specified in the applicable pricing supplement, the Notes will be issued in fully registered form in denominations of US\$200,000 (or, in the case of Notes not denominated in US dollars, the equivalent thereof in such currency, rounded down to the nearest 1,000 units of such foreign currency) and integral multiples of US\$1,000 (or, in the case of Notes not denominated in US dollars, 1,000 units of such currency) in excess thereof.</p> <p>Notes sold to QIBs in reliance on Rule 144A will be represented by one or more global Notes, registered in the name of a nominee of DTC. Notes sold to non-US persons in offshore transactions in reliance on Regulation S will be represented by one or more global Notes registered in the name of a nominee of DTC. Definitive Notes will only be issued in limited circumstances. See "Legal Ownership and Book Entry Issuance—What Is a Global Note?—Special considerations for Global Notes."</p> <p>Notes offered and sold to the public in the EEA or in the United Kingdom shall have a minimum denomination of €100,000 or its equivalent.</p>
Interest rates	<p>Interest-bearing Notes may be issued either as Fixed Rate Notes or Floating Rate Notes (each, as defined herein). Fixed Rate Notes, except Zero Coupon Notes (as defined below), will bear interest at the rate specified in the applicable pricing supplement. Floating Rate Notes will bear interest based on an interest rate formula designated in the applicable pricing supplement, which formula may include the Commercial Paper Rate, the Prime Rate, Compounded SOFR, Compounded SOFR Index, the Treasury Rate, the CMT Rate, the CD Rate, the Federal Funds Rate or the New Zealand Bank Bill Rate (each, as defined herein) or such other interest rate formula as may be agreed</p>

between WNZL and the relevant purchaser or Agent.

Unless otherwise specified in the applicable pricing supplement, the interest rate on each Floating Rate Note will be calculated by reference to the specified interest rate (i) plus or minus the Spread (as defined herein), if any, and/or (ii) multiplied by the Spread Multiplier (as defined herein), if any.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both or neither.

Interest payment dates	Unless otherwise indicated in the applicable pricing supplement, interest on Fixed Rate Notes, except Zero Coupon Notes, will be payable annually on or semiannually on the date or dates set forth in the applicable pricing supplement and at the maturity date and interest on Floating Rate Notes will be payable quarterly on the dates set forth in the applicable pricing supplement and at the maturity date.
Optional redemption	In addition to being redeemable at WNZL's option for taxation reasons, as described below, if specified in the applicable pricing supplement, the Notes of any series shall be redeemable, in whole or in part, at WNZL's option, at such time or times or upon the occurrence or satisfaction of such other conditions as shall be specified in the applicable pricing supplement. Unless the applicable pricing supplement provides otherwise, if Notes of any series are redeemable at WNZL's option, WNZL may redeem the Notes of such series, in whole or in part, upon not less than 30 nor more than 60 days' notice, subject to limited exceptions. See "Description of the Notes—Redemption of Notes in Certain Circumstances—Redemption at the Issuer's option."
Redemption for taxation reasons.....	WNZL may, at its option, redeem all, but not less than all, of the Notes of a series upon the occurrence of certain tax-related events. See "Description of the Notes—Redemption of Notes in Certain Circumstances—Redemption for taxation reasons."
Zero Coupon Notes	Zero Coupon Notes will be offered and sold at a discount to their principal amounts and will not bear interest unless otherwise specified in the applicable pricing supplement.
Indexed Notes	Amounts due on an Indexed Note may be determined by reference to such index and/or formula as WNZL and the relevant purchaser or Agent may agree (as specified in the applicable pricing supplement).
Amortizing Notes	Principal amounts due on an Amortizing Note will be paid in installments over the term of such Amortizing Note (as specified in the applicable pricing supplement).
Discount Notes	A Discount Note (which may be a Zero Coupon Note) will be issued at a price lower than its principal amount and will provide that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable (as specified in the applicable pricing supplement).
Taxation.....	Unless otherwise specified in the applicable pricing supplement, WNZL will pay all amounts that it is required to pay on the Notes, without

withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges imposed or levied by or on behalf of New Zealand or any political subdivision or taxing authority thereof or therein unless the withholding or deduction is required by law. If WNZL withholds or deducts any such amount from any payment on a Note, WNZL will pay such additional amounts so that the net amounts received by the holder of the Note, after such withholding or deduction, will equal the amounts that such holder would have received in respect of such Note if such withholding or deduction had not been required, except as described under “Description of the Notes—Payment of Additional Amounts.” For a discussion of certain tax considerations, see “Tax Considerations.”

ERISA	The purchase of the Notes is generally open to institutions, including pension plans, subject to the ERISA. Each purchaser who acquires a Note using plan assets will be required to represent that the acquisition and holding of the Notes or any interest therein is exempt from the prohibited transaction provisions of the ERISA and the Code pursuant to one or more prohibited transaction exemptions or will not otherwise result in a prohibited transaction. Prospective purchasers of the Notes subject to the ERISA are urged to consult their own advisors as to the provisions of the ERISA applicable to such an investment. For more information please see “Certain ERISA Considerations.”
Ratings	A prospective purchaser should verify the current long-term and short-term ratings of WNZL before purchasing Notes. Ratings are not a recommendation to purchase, hold or sell Notes. Ratings are based on current information furnished to the rating agencies by WNZL and information obtained by the rating agencies from other sources.
Fiscal agent	The Bank of New York Mellon.
Paying agent	The Bank of New York Mellon.
Transfer restrictions	There are selling restrictions in relation to the United States, New Zealand, Australia, the EEA, the United Kingdom, France, the Netherlands, Japan, Hong Kong, the Republic of Korea, Singapore, Switzerland, Taiwan, Canada and such other jurisdictions as may be required in connection with the offering and sale of a particular series of Notes as set forth in the applicable pricing supplement. See “Plan of Distribution.”
Governing law	The laws of the State of New York.
Risk factors	Prospective purchasers of the Notes should consider carefully all of the information set forth in this Offering Memorandum, any amendment, any supplementary Offering Memorandum and the applicable pricing supplement and, in particular, the information set forth under the caption “Risk Factors” in this Offering Memorandum, before making an investment in the Notes.

RISK FACTORS

WNZL's business activities are subject to risks that can adversely impact its business, future performance and financial condition. You should carefully consider the risks and the other information in this Offering Memorandum before investing in the Notes. While WNZL's management believes the risks and uncertainties described below currently represent the material risks inherent in investing in the Notes, such risks are not the only ones WNZL may face. Additional risks and uncertainties that WNZL is unaware of, or that are currently deemed to be immaterial, may also become important factors that affect WNZL. If any of the following risks actually occur, WNZL's business, results of operations or financial condition could be materially adversely affected, with the result that the market value of the Notes could decline and you could lose all or part of your investment.

Risks Relating to WNZL's Business and Industry

WNZL faces information security risks and breaches, including cyberattacks.

WNZL (and its external service providers) is subject to information security risks. These risks are heightened by:

- new technologies and increased digital service options;
- increased use of the internet and telecommunications to conduct financial transactions;
- the growing sophistication of attackers, and the global increase in cyber crime;
- the shift to flexible working from home arrangements, which have resulted in many WNZL employees (and staff of service providers) and customers working remotely or from other sites;
- ongoing geopolitical tensions associated with the Russia-Ukraine conflict; and
- other external events such as biological hazards, climate change, natural disasters or acts of terrorism which could interrupt the usual operations of WNZL, its customers, suppliers and counterparties, potentially providing increased opportunities for cyber threat actors to exploit.

These risks could result in information security risks such as cyberattacks, espionage and/or errors happening at an unprecedented pace, scale and reach. Cyberattacks have the potential to cause financial system instability and could result in serious disruption to customer banking services, or compromise data privacy of customers, employees and others.

While WNZL has systems in place to protect against, detect and respond to cyberattacks, these systems have not always been, and may not always be, effective. For example, the Log4j cybersecurity breach was a serious, worldwide event, with significant implications on servers if a cyber attacker were to breach WNZL's systems, or those of a key supplier. WNZL, its customers, employees, suppliers, counterparties or others could suffer losses from cyberattacks, information security breaches or ineffective cyber resilience.

WNZL may not be able to anticipate and prevent a cyberattack, effectively respond to a cyberattack and/or rectify or minimize damage resulting from a cyberattack. WNZL's suppliers and counterparties, and other parties that facilitate WNZL's activities, financial platforms and infrastructure (such as payment systems and exchanges) are also subject to the risk of cyberattacks, which could in turn impact WNZL.

If WNZL or a key supplier is subject to a successful cyberattack, technology systems might fail to operate properly or become disabled, which could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of WNZL, its employees, customers or third parties or otherwise adversely impact WNZL's network access, business operations or availability of services.

In addition, as cyber threats continue to evolve, WNZL may be required to expend significant additional resources to modify or enhance its systems or to investigate and remediate any vulnerabilities or incidents.

WNZL's operations rely on the secure processing, storage and transmission of information on its computer systems and networks, and the systems and networks of external suppliers. Although WNZL implements measures to protect the confidentiality and integrity of its information, there is no guarantee that these measures will be effective. The computer systems, software and networks on which WNZL and WNZL's customers, employees, suppliers, counterparties or others rely may be subject to security breaches, unauthorized access, malicious software, external attacks or internal breaches which could have an adverse impact on WNZL's and the aforementioned parties' confidential information.

A range of potential consequences could arise for WNZL from a successful cyberattack, such as:

- damage to technology infrastructure;
- disruptions or other adverse impacts to network access, operations or availability of services;
- loss of customers and market share or reputational damage;
- loss of data or information;
- customer remediation and/or claims for compensation;
- breach of applicable privacy laws or data protection regulations (including reporting obligations);
- increased vulnerability to fraud and scams;
- litigation and adverse regulatory action including fines or penalties and increased regulatory scrutiny; and
- increased need for significant additional resources to modify or enhance WNZL's systems or to investigate and remediate any vulnerabilities or incidents.

All these potential consequences could have regulatory impacts and negatively affect WNZL's business, prospects, reputation, financial performance or financial condition. As cyber threats evolve, we may need to spend significant resources to modify or enhance our systems or investigate and remediate any vulnerabilities or incidents.

Adverse credit and capital market conditions or depositor preferences may significantly affect WNZL's ability to meet funding and liquidity needs and may increase its cost of doing so.

WNZL relies on deposits, money markets and credit and capital markets to fund its business, including to source funding and liquidity. WNZL may also need to rely on such sources of funding in the future to comply with regulatory capital requirements. The price of and availability to WNZL of funding, liquidity and regulatory capital are related to funding market conditions.

Funding markets can be unpredictable and experience extended periods of extreme volatility, disruption and decreased liquidity. Economic risks facing WNZL include damage to market confidence, changes to the access and cost of funding, a slowing in global economic activity, unexpected withdrawal or lack of availability of extraordinary central bank monetary policy stimulus and other or related impacts on customers or counterparties. High inflation and related interest rate increases have increased and could further increase funding costs and may lead to counterparties defaulting on their debt obligations, countries re-denominating their currencies and/or introducing capital controls and/or significant economic disruption in one or more major economies. While difficult to predict, such events could destabilize global financial markets, adversely affecting all participants, including WNZL.

A shift in investment preferences could result in deposit withdrawals or a reduction in new deposit volumes which may increase WNZL's need for funding from other, potentially less stable, or more expensive sources. If market conditions deteriorate due to economic, financial, political, geopolitical or other reasons, there may be a loss of confidence in bank deposits leading to deposit withdrawals or a reduction in new deposit volumes which may increase WNZL's need for funding from other, potentially less stable, or more expensive sources. WNZL's liquidity, funding and lending activities may be constrained and WNZL's financial solvency threatened.

If WNZL's current sources of funding prove to be insufficient, WNZL may need to seek alternatives which will depend on factors such as market conditions, credit ratings and market capacity. Even if available, these alternatives may be more expensive or on unfavorable terms, which could adversely affect WNZL's financial performance, liquidity, capital resources or financial condition.

If WNZL is unable to source appropriate funding, it may be forced to reduce lending or liquidity. This may adversely impact WNZL's business, prospects, liquidity, capital resources, financial performance and financial condition. If WNZL is unable to source appropriate funding for an extended period, or if it can no longer realize liquidity, WNZL may not be able to pay its debts as and when they fall due, meet regulatory requirements or meet other contractual obligations.

WNZL enters into collateralized derivative obligations, which may require WNZL to post additional collateral based on market movements, which has the potential to adversely affect WNZL's liquidity or ability to use derivative obligations to hedge its interest rate, currency and other financial instrument risks.

WNZL could be adversely affected by inadequate capital levels under stressed conditions.

WNZL is subject to the risk of an inadequate level or composition of capital to support normal business activities and to meet regulatory capital requirements under normal operating environments or stressed conditions.

The implementation of updated capital and risk-weighted assets ("RWA") regulations which came into effect on October 1, 2021 has led banks in New Zealand to hold increased amounts of capital. Banks in New Zealand are also required to increase the amounts of capital held over time. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital resources, liquidity and funding—Capital for other material risks—RBNZ capital review." Capital constraints could have an adverse impact on WNZL's ability to pay future dividends or make capital distributions. Adverse conditions and/or adverse regulatory changes could impact WNZL's capital adequacy and/or trigger capital distribution constraints, require WNZL to raise more capital or threaten its financial viability.

Sovereign risk may destabilize financial markets adversely.

Sovereign risk is the risk that governments will default on their debt obligations, fail to perform contractual obligations or be unable to refinance their debts as they fall due. Potential sovereign contractual defaults, sovereign debt defaults and the risk that governments will nationalize parts of their economy including assets of financial institutions such as WNZL may negatively impact the value of WNZL's holdings of liquid and other assets, including loans. Such an event could destabilize global financial markets, adversely affecting WNZL's liquidity, financial performance or financial condition. There may also be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, may be similar to or worse than those experienced during the Global Financial Crisis.

WNZL could be adversely affected by the failure to maintain its credit ratings.

Credit ratings are independent opinions on WNZL's creditworthiness. WNZL's credit ratings can affect the cost and availability of its funding and may be important to certain customers or counterparties when evaluating WNZL's products and services.

Credit ratings assigned to WNZL by rating agencies are based on an evaluation of several factors; macro factors (such as the structure of New Zealand's financial system, the economy and New Zealand's sovereign credit

rating), WNZL-specific factors (such as its financial strength, the quality of its governance and management of risk), and factors related to WBC, including a change in a rating agency's assessment of the likelihood of WNZL receiving support from WBC, and the credit rating of WBC. WNZL's issuer credit rating receives an uplift from the rating agency's assessment of the likelihood of WNZL receiving support from WBC and therefore WBC's credit rating. As a subsidiary of WBC, WNZL's credit rating cannot exceed that of WBC. It may, however, be equal to (as currently the case with S&P Global Ratings and Fitch Ratings) or lower than (as currently the case with Moody's Investor Services) WBC's rating. A rating downgrade could be driven by a downgrade of New Zealand's sovereign credit rating, a downgrade of WBC's credit rating, an assessment that support from WBC has weakened due to one or more of the risks identified in this section, by a deterioration in WNZL's financial position or by other events including the sale or disposal of WNZL by WBC, or changes to credit rating methodologies. A credit rating or rating outlook may also be downgraded or revised if a credit rating agency believes there is a high probability that a company's key rating factors could be impacted by significant events (such as a pandemic).

A downgrade to WNZL's credit ratings would likely have an adverse effect on its cost of funds, sourcing of regulatory capital, collateral requirements, liquidity, competitive position, its access to capital markets and its financial stability. Any such downgrade may also impact WNZL's funding programs by requiring WNZL to carry out additional operational activities or could result in the replacement of WNZL as a provider of certain services, which may ultimately impact the ratings of the securities issued by WNZL under such programs. The extent and nature of these impacts would depend on various factors, including the extent of any rating change, differences across agencies (split ratings) and whether competitors or the sector are also impacted.

WNZL's business is substantially dependent on the New Zealand economy and those of its key trading partners, including China and Australia, and could be adversely affected by a shock to these economies, including as a result of the Russia-Ukraine conflict, deteriorating international relations with China, or by changes in monetary policies.

WNZL's revenues and earnings are dependent on domestic and international economic activity, business conditions and the level of financial services its customers require. Most of WNZL's business is conducted in New Zealand, and therefore its performance is influenced by the level and cyclical nature of activity in New Zealand. The financial services industry and capital markets have been, and may continue to be, adversely affected by volatility, global economic conditions (including inflation and rising interest rates), the COVID-19 pandemic, external events, geopolitical instability, political developments or a major systemic shock.

The Russia-Ukraine conflict is ongoing and highly uncertain, and is expected to continue to have significant ramifications on the geopolitical and economic landscape, with commodity prices, in particular energy, food and metals, already impacted and the future impacts and duration of the conflict remain uncertain. The extent and duration of the conflict and any corresponding economic sanctions, export controls and similar restrictions in addition to those already imposed and resulting market disruptions are difficult to predict. Although WNZL does not operate in Russia or Ukraine, the conflict has the potential to adversely impact the markets in which WNZL does operate, or on the financial position of its customers who transact in Russia or Ukraine, especially if the conflict escalates. Any prolonged market volatility, inflationary pressure or economic uncertainty resulting from the Russia-Ukraine conflict could adversely impact WNZL's financial condition and performance.

Market and economic disruptions may cause consumer and business spending to decrease, unemployment to rise and demand for WNZL's products and services to decrease, thereby reducing its earnings. These events could also undermine confidence in the financial system, reduce liquidity, impair access to funding and adversely affect WNZL's customers and counterparties. If any such event were to occur, WNZL's business, prospects, financial performance or financial condition may be adversely affected. In addition, any significant decrease in housing and commercial property valuations may adversely impact lending activities, possibly leading to higher credit losses.

Due to the economic relationship between New Zealand/Australia and China, particularly in the mining, resources and agricultural sectors, a slowdown in China's economic growth or changes in government policies (including the adoption of protectionist trade measures or sanctions, or an escalation of international conflicts) could negatively impact the New Zealand economy. This could result in a reduced demand for our products and services and affect the level of economic activity and the ability of our borrowers to repay their loans.

Monetary policy can significantly impact WNZL and the economic conditions of the jurisdictions WNZL operates or obtains funding in. Interest rate settings (including low or negative rates or increasing interest rates) and other actions taken by central banks (such as quantitative easing and tightening) may adversely affect WNZL's cost of funds, the value of WNZL's lending and investments and WNZL's margins. These policies may affect demand for WNZL's products and services and/or have a negative impact on WNZL's customers and counterparties, potentially increasing the risk that it will default.

All these factors may adversely affect WNZL's business, prospects, financial performance or financial condition. The nature and consequences of any such event are difficult to predict and there is a risk that WNZL's response may be ineffective.

Declines in asset markets could adversely affect WNZL's operations or profitability.

Declines in New Zealand residential and commercial property markets, or other asset markets, including equity, have adversely affected, and could in the future adversely affect, WNZL's operations and profitability.

Declining asset prices could also impact customers and counterparties and the value of security (including residential and commercial property) WNZL holds. This may impact its ability to recover amounts owing to it if customers or counterparties default. It may also affect WNZL's impairment charges and provisions, in turn impacting WNZL's financial performance and financial condition.

A weakening of the real estate market in New Zealand could adversely affect WNZL.

Loans secured by residential mortgages are important to WNZL's business. As at September 30, 2022, housing loans represented approximately 66% of WNZL's gross loans (as defined herein) and advances (September 30, 2021: 65% and September 30, 2020: 62%).

WNZL's housing loan business previously has been, and in the future may be, affected by decreasing property values. A significant or sustained decrease in property valuations in New Zealand may cause losses in WNZL's existing portfolio of housing loans and/or decrease the amount of new housing loans WNZL is able to originate, which could materially and adversely affect WNZL's financial condition and performance. The demand for property may also be impacted by inflation and rising interest rates, which may also adversely impact property valuations. The RBNZ has stated that while a gradual decline in house prices to more sustainable levels may be desirable from a financial stability perspective, a sharp correction remains a plausible outcome that would have broad economic implications. Recent buyers with limited equity are particularly vulnerable to house price declines. Furthermore, a large fall in house prices would significantly reduce housing wealth and could lead to a contraction in consumer spending, especially when combined with borrowers cutting back discretionary spending due to rising interest rates and higher living costs.

The faster than expected rebound in domestic economic activity, along with disruptions to global supply chains and capacity constraints resulting from COVID-19, have led to a significant rise in inflation pressures. Consumer prices rose 7.2% over the twelve months to September 2022, and the inflation rate is expected to remain above the RBNZ's target range of 1 to 3% over the following year. COVID-19 disruptions to global production and transport have increased prices for imported goods, and the Russia-Ukraine conflict has led to further increases in oil and other commodity prices. Some of these price pressures are expected to be temporary, but when combined with historically low unemployment and capacity constraints, there is a risk that they could lead to more persistent increases in domestic wages and prices which could exacerbate consumer price inflation. The RBNZ has warned that if high inflation becomes embedded in expectations and pricing behavior, this could put pressure on central banks to raise interest rates more than currently anticipated. In this environment, higher interest rates than currently anticipated could make it even harder for households to service their mortgages.

After reducing the Official Cash Rate (the "OCR") to 0.25% in March 2020, the RBNZ began to increase it from October 2021 and by November 2022, it had risen to 4.25%. In its most recent forecasts (November 2022), the RBNZ signaled further increases in the OCR, to a projected peak of 5.50% by September 2023. Higher interest rates

and lower house prices are expected to dampen consumer demand over 2023. For further information on the potential impacts of OCR increases by the RBNZ, see “Westpac New Zealand Limited—Industry Trends.”

The residential property market in New Zealand is subject to increased regulatory scrutiny. For example, after directions from the New Zealand Government to the RBNZ to consider the impact of its actions on the Government’s policy of supporting more sustainable house prices, the RBNZ reinstated loan-to-value ratio (“LVR”) restrictions on both owner-occupiers and investors in March 2021, with a further tightening for new investor loans occurring in May 2021 (to limit new loans of more than 60% of the property’s value to no more than 5% of each bank’s new lending) and for new owner-occupier loans occurring in November 2021 (to limit new loans of more than 80% of the property’s value to no more than 10% of each bank’s new lending). The RBNZ also consulted on the imposition of debt-to-income (“DTI”) restrictions in November 2021, and in March 2022 announced that it intends to proceed with designing a framework for operationalizing DTI restrictions, in consultation with the industry and other stakeholders. For more information, see “Regulation and Supervision of WNZL—RBNZ consultation on debt serviceability”. The LVR restrictions currently in place and the potential DTI restrictions, which remain subject to implementation, may result in a decrease in demand for and approval of our residential loan products, and adversely impact the property values.

A weakening real estate market also exposes us to the following risks:

- commercial property assets could be impacted by weakening tenancy credit profiles and increasingly volatile property cash flows from lease renewals at lower rates, rental abatements, increased incentives and tenancy defaults impacting serviceability and increasing refinance risk, particularly as financial incentives provided by the New Zealand Government in response to the COVID-19 pandemic end. See “Regulation and Supervision of WNZL—Recent Developments—COVID-19 impacts—RBNZ steps to support liquidity and customer lending” and “Regulation and Supervision of WNZL—Recent Developments—COVID-19 impacts—Large-scale Asset Purchase program.”
- declining asset prices could impact customers, counterparties and the value of the security (including residential, commercial and rural property) WNZL holds against these loans, impacting WNZL’s ability to recover amounts owed if customers or counterparties were to default. Valuations could be impacted by the combined effect of reductions in rental income and softening in yields (risk adjusted returns and implicit rental growth);
- declining demand for WNZL’s residential lending products due to buyer concerns about decreases in values may make its lending products less attractive to potential homeowners and investors. In the case of residential loans, customers with high levels of leverage could show a higher propensity to default, and in the event of such defaults the decrease in security values may cause WNZL to incur higher credit losses, which may adversely affect WNZL’s financial condition;
- liquidity concerns as existing loans are refinanced or new loans are financed within existing senior lending risk appetite parameters but against lower valuations, creating a need for additional equity contributions from owners or developers or alternative sources of funding. This creates an additional cash flow risk for borrowers and the potential for non-bank financiers to disintermediate; and
- a material decline in residential housing prices may also cause losses in WNZL’s residential development portfolio if purchasers who pre-committed to purchase these properties from WNZL customers are unable or unwilling to complete their contracts, the WNZL customer defaults and WNZL re-sells these properties at less than the contracted price.

An increase in credit defaults could adversely affect WNZL’s liquidity, capital resources, financial performance or financial condition.

Credit risk is the risk of financial loss where a customer or counterparty fails to meet their financial obligations to WNZL. It is a significant risk and arises primarily from WNZL’s lending activities.

WNZL establishes provisions for credit impairment based on current information and WNZL's expectations. If economic conditions deteriorate, including, without limitation, as a result of inflation and increases in market interest rates, some customers and/or counterparties could experience higher financial stress leading to an increase in defaults and write-offs, and a need for higher provisioning. Such events could adversely affect WNZL's liquidity, capital resources, financial performance or financial condition.

These risks have been heightened by the COVID-19 pandemic which has negatively impacted economic activity and caused a range of customers to experience financial stress. The long-term impact of the COVID-19 pandemic on WNZL's customers and the magnitude of related defaults or impairments remain uncertain.

Credit risk also arises from certain derivative and settlement contracts WNZL enters into, and from its dealings in, and holdings of, debt securities issued by other institutions, the financial conditions of which may be affected to varying degrees by economic conditions in global financial markets.

WNZL faces intense competition in all aspects of its business.

The financial services industry in New Zealand is highly competitive. WNZL competes with a range of firms, including retail and commercial banks, investment banks, other financial service companies, fintech companies and businesses in other industries with financial services aspirations. This includes some competitors who are not subject to the same capital and regulatory requirements as WNZL, which may allow those competitors to operate differently.

Emerging competitors are increasingly altering the competitive environment by adopting new business models or seeking to use new technologies to disrupt existing business models.

The competitive environment may also change as a result of increased scrutiny by regulators in the sector, and legislative reforms such as "Open Banking" (proposals to create a standardized and secure framework for sharing bank customer data with trusted financial service providers, such as technology companies), which will stimulate competition, improve customer choice and likely give rise to increased competition from new and existing firms.

Competition in the various markets in which WNZL operates has led and may continue to lead to a decline in WNZL's margins or market share.

Deposits fund a significant portion of WNZL's balance sheet and have been a relatively stable source of funding. If WNZL is not able to successfully compete for deposits, this could increase WNZL's cost of funding, thereby requiring WNZL to use other types of funding or reduce its lending.

WNZL's ability to compete depends on its ability to offer products and services that meet evolving customer preferences and expectations. Not responding to changes in customer preferences and expectations could cause WNZL to lose customers. This could adversely affect WNZL's business, prospects, financial performance or financial condition.

WNZL could suffer losses due to market risks, including volatility.

Market risk is the risk of an adverse impact on earnings resulting from changes in market factors, such as foreign exchange rates, interest rates, commodity prices and equity prices. This includes interest rate risk in the banking book ("IRRBB"), the risk to interest income due to a mismatch between the duration of assets and liabilities arising from the normal course of business activities. WNZL is exposed to market risk through asset and liability management.

Changes in markets could be driven by numerous developments resulting in market volatility which may lead to substantial losses. This may adversely affect WNZL's business, prospects, liquidity, ability to hedge exposures, capital resources, financial performance or financial condition.

The cessation of parts of the London Interbank Offered Rate (“LIBOR”) regime from January 1, 2022, continuation of some US Dollar LIBOR settings until June 30, 2023 and possible pre-cessation events will also continue to impact market pricing. Industry pressure to migrate to alternative reference rates is likely to occur earlier. Any future changes in the administration of LIBOR or other market benchmarks could have adverse consequences for the return on, value of and market for securities and other instruments linked to any such benchmark, including securities or other instruments issued by WNZL.

WNZL has suffered and could suffer losses due to operational risks.

Operational risk includes, among other things, technology risk, model risk and outsourcing risk, as well as the risk of business disruption due to external events such as natural disasters, or outbreaks of communicable diseases, environmental hazards, damage to critical utilities and targeted activism and protest activity. While WNZL has policies, processes and controls in place to manage these risks, these have not always been, or may not currently be effective.

Ineffective processes and controls have resulted in, and could result in, adverse outcomes for WNZL’s customers. For example, a process breakdown or a failure to have appropriate product governance and monitoring processes in place could result in a customer not receiving a product on the terms, conditions, or pricing they agreed to, potentially to the detriment of the customer. Failed processes could also result in WNZL incurring losses because it cannot enforce its expected contractual rights, which could occur if WNZL does not correctly document its rights or fails to perfect a security interest. These types of operational failures may result in financial losses, customer remediation, increased regulatory scrutiny and intervention and, depending on the nature of the failure, result in class action proceedings or regulatory investigations and/or other actions.

WNZL has incurred, and could in the future incur, losses from fraudulent applications for loans or from incorrect or fraudulent payments and settlements. Fraudulent conduct can also arise from external parties seeking to access WNZL’s systems or customer accounts. If systems, procedures and protocols for managing fraud fail, or are ineffective, they could lead to losses which could adversely affect WNZL’s customers, business, prospects, reputation, financial performance or financial condition.

WNZL is also exposed to model risk, being the risk of loss if the models used by WNZL produce incorrect outputs or that WNZL applies a fundamentally sound model to an ill-suited domain.

Financial services entities have been increasingly sharing data with third parties, such as suppliers and regulators, to conduct their business and meet regulatory obligations. Such third parties can give rise to, and are themselves subject to, a variety of risks, including financial crime compliance, information security, cyber, privacy, regulatory compliance, reputation, environmental and business continuity risks. Failures by these third parties to manage these risks could by extension have a material adverse effect on WNZL’s reputation, operations and financial condition.

WNZL also relies on third-party contractors and suppliers, both in New Zealand and overseas, to provide services to it and its customers. A failure by WNZL to manage and oversee the services these third-party contractors and suppliers should provide as required could disrupt WNZL’s ability to provide its products and services and adversely impact its operations, financial performance or reputation.

WNZL is also exposed to risk through delivery of regulatory and technology programs, including the risk that such programs fail to deliver the desired goals, or fail to reduce, preempt, mitigate and manage the challenges associated with transformation or lead to further regulatory scrutiny.

WNZL could also experience operational disruption if central banks were to adopt negative interest rates as the technology systems used by WNZL, its counterparties and/or financial infrastructure providers may not operate correctly, which could cause loss or damage to WNZL and/or its counterparties.

Poor data quality and records management could adversely affect WNZL's business and operations.

Accurate, complete and reliable data, along with appropriate data control, retention and access frameworks and processes, are critical to WNZL's business. Data plays a key role in how WNZL provides products and services to customers, WNZL's systems, WNZL's risk management framework and WNZL's decision-making and strategic planning.

In some areas of WNZL's business, WNZL is affected by poor data quality. This has occurred and could arise in the future in a number of ways, including through inadequacies in systems, processes and policies, or the ineffective implementation of data management frameworks.

Poor data quality may lead to poor customer service, negative risk management outcomes, and deficiencies in credit systems and processes. Any deficiency in credit systems and processes could, in turn, have a negative impact on WNZL's decision making in the provision of credit and the terms on which it is provided. WNZL also needs accurate data for financial, regulatory and other reporting.

Poor data or poor records management has affected, currently affects and may in the future continue to affect WNZL's ability to monitor its business, comply with production notices, respond to regulatory notices and conduct remediation.

In addition, poor data or poor data retention, and control gaps and weaknesses have affected, currently affects and may in the future continue to affect WNZL's ability to meet its compliance obligations (including its regulatory reporting obligations) which could lead to a regulator taking action against WNZL.

Due to the importance of data, WNZL has incurred and will likely continue to incur substantial costs and devote significant effort to improving the quality of data, data frameworks and processes and remediating deficiencies where necessary.

The consequences and effects arising from poor data quality or poor data retention could have an adverse impact on WNZL's business, operations, prospects, reputation, financial performance and/or financial condition.

Operational risk, technology risk, conduct risk or compliance risk events could require WNZL to undertake customer remediation activity.

Breakdowns in WNZL's processes, procedures and controls have led to, and could in the future lead to, adverse outcomes for customers, employees or other third parties which WNZL has been, or will be, required to remediate. These breakdowns may result from the realization of operational, technology, conduct or compliance risks.

WNZL has, on a number of occasions, incurred significant remediation costs (including compensation payments and costs of correcting the issue) and there is a risk that similar or new issues will arise or be identified in the future requiring remediation.

There are significant challenges and risks involved in customer remediation activities. WNZL's ability to investigate the underlying issue could be impeded if the issue is old and occurred beyond WNZL's record retention period, or WNZL records are inadequate. It may also be difficult and take significant time to properly quantify and design a remediation activity.

Determining how to compensate customers, employees or third parties properly and fairly can also be complicated, involving numerous stakeholders. WNZL's proposed approach to a remediation may be affected by a number of events, such as affected customers commencing a class action, or a regulator requiring a remediation to be done in a specific way or within a specific timeframe. These factors could delay WNZL in completing the remediation and may lead to a regulator commencing enforcement action against WNZL. In turn, this could result in increased reputational risk, and WNZL could be challenged by regulators, affected customers, the media and other stakeholders.

The significant challenges involved in designing and executing remediations also create a risk that the remediation costs incurred will be higher than initially estimated. Further, delays in completing a remediation could result in WNZL incurring additional administration costs and making higher remediation payments to customers to reflect the time value of money. If WNZL cannot effectively design, quantify, implement or complete a remediation activity in a timely way, there could be an adverse impact on WNZL's business, prospects, reputation, financial performance or financial condition which could lead to further regulatory action and/or oversight. Remediation programs may not prevent regulatory action, litigation (including class actions) or other proceedings from being pursued, or sanctions being imposed.

WNZL has suffered, and in the future could suffer, losses and be adversely affected by the failure to implement effective risk management.

WNZL's risk management framework has not always been, or may not in the future prove to be, effective, and the resources WNZL has in place for identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating material risks may not always be adequate.

There is a risk that WNZL's risk management framework and key risk management policies, controls and processes may be ineffective or inadequately designed, or suffer from technology failures or incomplete implementation or embedment. The potential for these types of failings is heightened if WNZL does not have or cannot obtain enough appropriately skilled, trained and qualified people in key positions or does not have sufficient capacity, including people, processes and technology, to appropriately manage risks.

There are also inherent limitations with any risk management framework, as risks may exist, or emerge in the future, that WNZL has not anticipated or identified, and our controls may not be effective.

The risk management framework may also prove ineffective because of weaknesses in risk culture or risk governance practices and policies, which may result in risks and control weaknesses not being identified, escalated and acted upon. Recent analysis and reviews, in addition to regulatory feedback, have highlighted that the framework is not operating satisfactorily in a number of respects and needs to be improved. WNZL has a number of risks which currently sit outside its risk appetite or do not meet the expectations of regulators, including, for example, change management, technology, issues and incident management, control identification and control assessment. See also "—WNZL could suffer losses due to technology failures or its inability to appropriately manage and upgrade its technology."

Further, the design or operation of WNZL's remuneration structures may not always encourage prudent risk management as intended, potentially resulting in staff engaging in excessive risk-taking behaviors.

As part of WNZL's risk management framework, WNZL measures and monitors risks against its risk appetite. If a risk exceeds acceptable levels, WNZL may not always be able to achieve mitigation or institute effective improvements within proposed timeframes. This may occur because, for example, WNZL experiences delays in enhancing its information technology systems or in recruiting sufficient numbers of appropriately trained staff for required activities. It is also possible that due to external factors beyond WNZL's control, certain risks may necessarily exceed WNZL's acceptable limits for periods of time. WNZL is required to periodically review its risk management framework to determine if it remains appropriate.

If WNZL is unable to sufficiently mitigate risks, or if it is determined that WNZL's risk management framework or risk governance practices and policies are no longer appropriate, WNZL may incur unexpected losses and be required to undertake considerable remedial work, including incurring substantial costs. The failure to remedy this situation could result in further increased scrutiny from regulators, who could require (amongst other things) that WNZL hold additional capital or direct WNZL to spend money to enhance its risk management systems and controls.

In March 2021, the RBNZ raised concerns in relation to WNZL's risk governance practices and policies and liquidity risk management. As a result, an external review of WNZL's risk governance and an external review of WNZL's liquidity management was conducted. For more information, see "Regulation and Supervision of

WNZL—Recent Developments—Reviews under Section 95.” Inadequacies in addressing risks or in WNZL’s risk management framework could result in WNZL failing to meet compliance obligations and/or financial losses.

Weaknesses in risk management systems and controls may result in regulatory action. Banks registered under the Banking (Prudential Supervision) Act 1989 of New Zealand (the “Prudential Supervision Act”) operating under the supervision of the RBNZ, are subject to certain conditions of registration imposed by the RBNZ. In this Offering Memorandum, “Conditions of Registration” refers specifically to WNZL’s Conditions of Registration. For further information, please see the Conditions of Registration in the 2022 Disclosure Statement.

With effect from March 31, 2021, as a result of WNZL’s non-compliance with the RBNZ’s liquidity policy (“BS13”), the RBNZ amended WNZL’s Conditions of Registration to apply an overlay to WNZL’s mismatch ratios which will remain in place until the RBNZ is satisfied that its concerns regarding liquidity risk controls have been resolved and sufficient progress has been made to address the risk culture issues. The overlay was specified by the RBNZ as an adjustment to liquid assets calculated by dividing the total liquid asset balance by 114%. Effective August 15, 2022, the RBNZ reduced the adjustment to liquid assets to 107% (requiring WNZL to discount the value of its liquid assets by approximately 7%, which is \$1.5 billion as of September 30, 2022), reducing the overlay by 50%, reflecting the Liquidity Review findings that there had been improvements in the liquidity control environment and the associated risk culture. The overlay will remain in place until the RBNZ has received confirmation from the WNZL Board that the liquidity control assurance work is complete. This is expected by March 31, 2023. For more on WNZL’s current Conditions of Registration, see “Regulation and Supervision of WNZL—Regulation and Supervision of Registered Banks—The Supervisory Role of the RBNZ.”

If any of WNZL’s governance or risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, as has occurred, WNZL could be exposed to higher levels of risk than expected which may result in unexpected losses, breaches of compliance obligations, imposition of further capital requirements, and reputational damage, each of which could adversely affect WNZL’s business, prospects, financial performance or financial condition.

WNZL’s failure to recruit and retain key executives, employees and Directors may have adverse effects on its business.

Key executives, employees and Directors play an integral role in the operation of WNZL’s business and its pursuit of its strategic objectives. The unexpected departure of an individual in a key role, or WNZL’s failure to recruit and retain appropriately skilled and qualified persons into these roles at all or in a timely manner, could each have an adverse effect on WNZL’s business, prospects, reputation, financial performance or financial condition. In addition, macro environmental factors such as low unemployment, limited migration levels due to pandemic border restrictions, on-shoring of work, new ways of working and the competitive talent market are all emerging risk factors, which may have a material adverse impact on WNZL.

Climate change may have adverse effects on WNZL’s business.

There are significant uncertainties inherent in accurately identifying and modelling climate-related risks over short-, medium- and long-term time horizons and in assessing their impact on WNZL’s business.

WNZL, its customers, suppliers and communities in which WNZL operates have been and may be adversely affected by the physical risks of climate change, including increases and variability in temperatures, changes in precipitation patterns, rising sea levels, loss of biodiversity and ecosystem degradation and the frequency and severity of adverse climatic events including fires, storms, floods and droughts. These effects, whether acute or chronic in nature, may directly impact WNZL, its suppliers and its customers through, for example disruptions to business and economic activity, inability to access insurance and impacts on income and asset values. Adverse impacts on our customers may negatively impact loan serviceability and security values, as well as our profitability. Adverse impacts on our suppliers may adversely affect our ability to conduct our business or the profitability of that business.

Initiatives to mitigate or respond to climate change may impact market and asset prices, economic activity, and customer behavior, particularly in emissions intensive industry sectors and geographies affected by these changes.

Further, climate-related litigation has become more common in recent years. Any failure or perceived failure by WNZL to manage climate change appropriately may increase this risk. Should WNZL be required to respond to these challenges, it could give rise to increased costs, reputational risk and additional disclosure requirements associated with such matters.

Changes in supervisory expectations of banks and other regulatory changes could directly impact WNZL. This includes the introduction of mandatory climate risk reporting for the financial sector in New Zealand from 2023 onwards. In addition, the RBNZ is committed to working directly with regulated entities on climate-related risk management, including stress testing and supervisory frameworks. The RBNZ is currently expected to follow approaches taken by other appropriate regulators, for instance, the Australian Prudential Regulation Authority (“APRA”), which issued a draft Prudential Practice Guide and is undertaking a Climate Vulnerability Assessment involving major Australian banks.

Failure to effectively manage and disclose direct and indirect climate-related risks including nature-related risks such as biodiversity loss and ecosystem degradation could adversely affect our business, prospects, reputation, financial performance or financial condition.

WNZL’s most material climate-related risks result from its lending to customers, including credit-related losses incurred as a result of a customer being unable or unwilling to repay debt, or impacting the value and liquidity of security interests, which may adversely affect WNZL’s financial condition. The risk to WNZL from credit-related issues with its customers could result directly from climate-related events, and indirectly from changes to laws, regulations, or other policies such as carbon pricing and climate risk adaptation or mitigation policies, which may adversely impact the customer’s ability or willingness to meet their obligations to WNZL.

Additionally, the price of insurance for properties perceived to be at high risk from earthquake damage or susceptible to climate change risks, such as rising sea levels and coastal inundation and bushfires, is increasing. An increase in the price of insurance could result in a property owner not renewing a policy or additional exclusions from the policy, for example, natural hazard cover. Where either the premium cost is considered prohibitive or a property cannot be insured, this could result in a reduction in the security value of properties that WNZL holds as collateral and may give rise to credit related losses due to customers being unable or unwilling to repay debt following damage to their property, which may adversely affect WNZL’s financial condition.

WNZL could suffer losses due to geopolitical risks, environmental factors or external events.

WNZL, its suppliers and its customers operate businesses and hold assets in a diverse range of geographic locations. Geopolitical risks, including those arising from conflicts, strategic competition, trade tension and/or the imposition of trade tariffs, sanctions, terrorist activity and acts of civil or international hostility, are increasing. Any significant environmental change or external event (including climate change, biodiversity loss and ecosystem degradation, drought, fire, storm, flood, earthquake, outbreaks or pandemics of communicable diseases such as the COVID-19 pandemic, civil unrest, war, heightened tension, terrorism or other geopolitical risks) in any of these locations has the potential to disrupt business activities and supply chains, damage property, affect asset values and impact WNZL’s ability to receive goods or services from its suppliers or to recover amounts owing to it. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence, price volatility in metals and other commodities, or the levels of volatility in financial markets, all of which could adversely affect WNZL’s business, prospects, financial performance or financial condition.

The high dependency of New Zealand’s and the global economy on nature means a loss of biodiversity and ecosystem degradation present risks to WNZL, primarily through its exposure to customers in sectors and other industries that are materially dependent on biodiversity and ecosystem services. Biodiversity loss and ecosystem degradation can also contribute to, and be accelerated by, climate change.

Changes in critical accounting estimates and judgments could expose WNZL to losses.

WNZL is required to make estimates, assumptions and judgments when applying accounting policies and preparing its financial statements, particularly in connection with the calculation of provisions (including remediation and expected credit losses) and the determination of the fair value of financial instruments. A change in a critical accounting estimate, assumption and/or judgment resulting from new information or from changes in circumstances or experience could result in WNZL incurring losses greater than those anticipated or provided for.

If WNZL's actual and future credit losses exceed those currently provided for (as represented by expected credit losses "ECL"), it could cause an adverse effect on WNZL's financial performance, financial condition and reputation. WNZL's financial performance and financial condition may also be impacted by changes to accounting standards or to generally accepted accounting principles.

WNZL could suffer losses due to impairment of capitalized software, goodwill and other intangible assets that may adversely affect its business, operations or financial condition.

In certain circumstances, WNZL may incur a reduction in the value of intangible assets. As at the balance date, WNZL's intangible assets principally relate to goodwill recognized on acquisition, capitalized software and other capitalized expenses.

WNZL is required to assess the recoverability of goodwill and other intangible asset balances at least annually or wherever an indicator of impairment exists. For this purpose, WNZL uses a discounted cash flow calculation. Changes in the methodology or assumptions in calculations together with changes in expected cash flows, could materially impact this assessment. Estimates and assumptions used in assessing the useful life of an asset can also be affected by a range of factors including changes in strategy, changes in technology and regulatory requirements.

In the event that an asset is no longer in use, or its value has been reduced or its estimated useful life has declined, an impairment will be recorded, adversely impacting WNZL's financial performance.

Certain strategic decisions may have adverse effects on WNZL's business.

WNZL routinely evaluates and implements strategic decisions and objectives including diversification, innovation, divestment, acquisitions or business expansion initiatives.

Each of these activities can be complex, costly and may not proceed in a timely manner. For example, they may cause reputational damage, or WNZL may experience difficulties in completing certain transactions, separating or integrating businesses in the scheduled timeframe or at all, disruptions to operations, diversion of management resources or higher than expected transaction costs. Multiple divestments and/or acquisitions at the same time may intensify these risks.

Furthermore, approvals may be required from shareholders, regulators or other stakeholders in order to divest businesses and assets, and there is a risk that these approvals may not be received, or that the purchaser does not complete these transactions for other reasons. In addition, any failure by WNZL to successfully divest businesses or assets could result in interested parties taking action against WNZL. As a result, WNZL may not receive the anticipated business benefits or cost saving and WNZL could otherwise be adversely affected.

WNZL also acquires and invests in businesses. These transactions involve a number of risks and costs. A business WNZL invests in may not perform as anticipated or may ultimately prove to have been overvalued when the transaction was entered into. Operational, cultural, governance, compliance and risk appetite differences between WNZL and an acquired business may lead to lengthier and more costly integration exercises.

There are also risks involved in failing to identify, understand or respond effectively to changes in WNZL's internal factors or external business environment (including changes related to economic, geopolitical, inflationary, regulatory, technological, environmental, social and competitive factors). The realization of such risks may have a

range of adverse effects on WNZL, such as being unable to increase or maintain market share and placing pressure on margins and fees.

Any of these risks could have a negative impact on WNZL's business, prospects, reputation, engagement with regulators, financial performance or financial condition.

Reputational damage has harmed and could in the future harm WNZL's business and prospects.

Reputational risk arises where there are differences between stakeholders' current and emerging perceptions, beliefs and expectations and WNZL's past, current and planned activities, processes, performance and behaviors.

There are various potential sources of reputational damage, for example, where WNZL's actions cause, or are perceived to cause, a negative outcome for customers, shareholders, stakeholders or the community. Reputational damage could also arise from the failure to effectively manage risks, failure to comply with legal and regulatory requirements, enforcement or supervisory action by regulators, adverse findings from regulatory reviews, failure or perceived failure to adequately respond to community, environmental, social and ethical issues, inadequate record keeping, failure of information security systems, technology failures and security breaches and inadequate record keeping, any of which may prevent WNZL from demonstrating that, or determining if, a past decision was appropriate at the time it was made.

WNZL's reputation may also be adversely impacted by the conduct of WBC, and any adverse impacts on WBC's reputation.

WNZL also recognizes the potential reputational consequences (together with other potential commercial and operational consequences) of failing to appropriately identify, assess and manage environmental, social and governance-related risks such as climate change risk, human rights risk including customer vulnerability, modern slavery and child safety risk, or respond effectively to evolving standards and stakeholder expectations.

WNZL may suffer reputational damage where its conduct, practices, behaviors or business activities (or those of its staff) do not align with the evolving standards and expectations of the public or WNZL's customers, counterparties, regulators and/or other stakeholders. As these expectations may exceed the standard required in order to comply with the law, WNZL may incur reputational damage even where it has met its legal obligations.

WNZL's reputation could also be adversely affected by the actions of customers, suppliers, joint-venture partners, strategic partners or other counterparties.

Failure, or perceived failure, to address issues that could or do give rise to reputational risk has created, and could in the future create, additional legal risk, subject WNZL to regulatory investigations, regulatory enforcement actions, fines and penalties or litigation or other actions brought by third parties (including class actions) and the requirement to remediate and compensate customers and incur remediation costs or harm its reputation among customers, including prospective customers, investors and the market. This could adversely affect WNZL's business, prospects, financial performance or financial condition.

WNZL has suffered and could suffer further losses due to litigation (including class action proceedings).

WNZL has been and may, from time to time, be involved in legal proceedings (including class actions), regulatory actions or arbitration. Such litigation has been and could in the future be commenced by a range of plaintiffs, such as customers, employees, suppliers, counterparties and regulators.

In recent years, there has been an increase in class action proceedings brought against financial services companies, many of which have resulted in significant monetary settlements. The risk of class actions has been heightened by a number of factors, including regulatory enforcement, an increase in the number of regulatory investigations and inquiries, a greater willingness on the part of regulators to commence court proceedings, more

intense media scrutiny and the growth of third-party litigation funding and other funding arrangements. Class actions commenced against peer banks could also lead to similar proceedings against WNZL.

As of the date of this Offering Memorandum, WNZL is reviewing the adequacy of its New Zealand Credit Contracts and Consumer Finance Act 2003 (“CCCFA”) compliance processes for some products. While compliance issues have been identified, the final outcome is uncertain and could result in customer remediation, regulatory action, litigation (including class actions) and reputational damage. The consequences of non-compliance with the CCCFA are uncertain but may include an inability to enforce relevant consumer credit contracts and related guarantees and, in some circumstances, the ability of WNZL to recover or retain costs of borrowing and other fees in relation to certain credit contracts could be affected. At present it is not possible for WNZL to reliably estimate the financial impact of these consequences. WNZL has in the past failed to comply with CCCFA and may do so in the future. In September 2021, class actions were launched against two of WNZL’s competitors in New Zealand, in relation to alleged breaches of the CCCFA. These proceedings are at an early stage and it is not possible to predict their outcomes or whether they will lead to further proceedings, including against WNZL. See “Regulation and Supervision of WNZL—Recent Developments—Reviews of issues that may impact customers” and “—Legal and Regulatory Risks—WNZL has been and could be adversely affected by failing to comply with laws, regulations or regulatory policy.”

Litigation (including class actions) may, either individually or in aggregate, adversely affect WNZL’s business, operations, prospects, reputation or financial condition. This risk is heightened by increases in the severity of penalties for certain breaches of the law. Such matters are subject to many uncertainties and the outcome may not be predicted accurately. Furthermore, WNZL’s ability to respond to and defend litigation may be adversely affected by inadequate record keeping.

Depending on the outcome of any litigation, WNZL has been, and may in the future be, required to comply with broad court orders, including compliance orders, enforcement orders or otherwise pay significant damages, fines, penalties or legal costs.

There is a risk that the actual penalty or damages paid following a settlement or determination by a Court for any legal proceedings may be materially higher or lower than any relevant provision (where applicable) therefor or that any contingent liability may be larger than anticipated. This may occur in a range of situations including, for example, where the scope of litigation against WNZL is expanded by further claims or causes of action. There is also a risk that additional litigation or contingent liabilities arise, all of which could adversely affect WNZL’s business, prospects, reputation, financial performance or financial condition.

WNZL could suffer losses due to technology failures or its inability to appropriately manage and upgrade its technology.

Maintaining the reliability, integrity and security of WNZL’s information and technology is crucial to WNZL’s business. While WNZL has a number of processes in place to preserve and monitor the availability and recovery of its information and technology systems, there is a risk that our information and technology systems might fail to operate properly or result in outages, including from events wholly or partially beyond WNZL’s control.

If WNZL incurs a technology failure, it may fail to meet a compliance obligation (such as retaining records and data for a certain period), or WNZL’s customers may be adversely affected, including through the inability for them to access WNZL’s products and services, privacy breaches or the loss of personal data. This could result in reputational damage, remediation costs and a regulator commencing an investigation and/or taking action against WNZL. The use of legacy systems, as well as the work underway to upgrade WNZL’s technological capabilities, may heighten the risk of a technology failure.

Following IT outages in 2020, WNZL engaged Deloitte Touche Tohmatsu (“Deloitte”) to review and assess the outages and, using Deloitte’s findings, established a technology resilience program and other initiatives to address technology resilience issues. See “Westpac New Zealand Limited—Technology.” However, more work is required to successfully implement the program and to meet WNZL’s expectations and those of the RBNZ and Financial Markets Authority New Zealand (“FMA”). This is expected to require significant ongoing resources,

prioritization and governance from WNZL, without which WNZL may not, and may not be able to, successfully address such issues. This may result in additional regulatory oversight in relation to technology if these issues are not addressed.

WNZL also needs to regularly renew and enhance its technology to deliver new products and services, comply with regulatory obligations and meet WNZL's customers' and regulators' expectations. Consequently, WNZL is constantly managing new technology projects. Failure to effectively implement any of these projects could result in cost overruns, reduced productivity, outages, operational instability, compliance failures, customer dissatisfaction, reputational damage and/or the loss of market share. This could place WNZL at a competitive disadvantage and adversely affect its business, prospects, financial performance or financial condition.

Legal and Regulatory Risks

WNZL's businesses are highly regulated and WNZL has been and could in the future be adversely affected by legal or regulatory change.

As a financial institution, WNZL is subject to detailed laws and regulations in each of the jurisdictions in which it operates or obtains funding. WNZL is also supervised by a number of different regulatory and supervisory authorities, including the RBNZ and the FMA, which have broad powers and oversight over WNZL's businesses and operations. WNZL is a subsidiary of WBC, which is subject to extensive prudential regulation (including in relation to its New Zealand business).

WNZL's business, prospects, reputation, financial performance and financial condition have been, and could in the future be, adversely affected by changes to or to the interpretation of law, regulation or policies, by supervisory activities and the expectations of its regulators. WNZL operates in an environment where there is increased regulation and scrutiny of financial services providers.

Regulatory change has in the past adversely affected, and has the ability to adversely affect in the future, WNZL's financial performance and financial condition.

Regulatory changes may also affect how WNZL operates and has altered the way it provides its products and services, for example, by requiring WNZL to change or discontinue certain offerings. Regulation could also limit WNZL's flexibility, require it to incur substantial costs, impact the profitability of its businesses, require WNZL to retain additional capital, result in it being unable to increase or maintain market share and/or create pressure on margins and fees.

Regulation impacting WNZL's business may not always be released in a timely manner before its date of implementation. Similarly, early announcements of regulatory change may not be specific and significantly differ from the final regulation. In those cases, WNZL may not be able to effectively manage its compliance design in the timeframes available. Further, increases in the volume of regulatory change being managed simultaneously has and will continue to create risk through challenging WNZL's ability to access required subject matter expertise and the execution risks associated with implementing simultaneous change.

Relevant governments or regulators could also revise their application or interpretation of regulatory policies, thereby impacting WNZL's business (such as macro-prudential limits on lending).

It is critical that WNZL manages regulatory change effectively. The failure to do so has resulted, and could in the future result, in WNZL not meeting its compliance obligations, the risks of which are set out below under "—WNZL has been and could be adversely affected by failing to comply with laws, regulations or regulatory policy."

A failure to appropriately manage and implement regulatory change effectively, including by failure to implement effective processes to comply with new regulations, has resulted in, and could in the future result in, WNZL not meeting its compliance obligations. WNZL expects that it will continue to invest significantly in compliance and the management and implementation of regulatory change. Significant management attention, costs

and resources may be required to update existing, or implement new, processes to comply with such regulatory changes. The availability of skilled personnel required to implement changes may be limited.

For further information, see “Regulation and Supervision of WNZL.”

WNZL has been and could be adversely affected by failing to comply with laws, regulations or regulatory policy.

WNZL is responsible for ensuring that it complies with all applicable legal and regulatory requirements and binding industry codes of practice in the jurisdictions in which it operates or obtains funding, as well as meeting its ethical standards. WNZL is also supervised by a number of different regulatory and supervisory authorities, including the RBNZ and the FMA, which have broad powers and oversight over WNZL’s businesses and operations. As a result, there may at any time be matters which may amount to failures to comply with laws, regulations or regulatory policy in the process of being reported to a regulator, under consideration by a regulator for materiality or liability assessment, or under consideration by a regulator to determine the appropriate regulatory response. The regulatory responses available in respect of a particular non-compliance will depend on the applicable regulatory framework and any response will, in most cases, involve the exercise of the regulator’s discretion within the bounds of the applicable regulatory framework. Where available, regulatory and supervisory authorities may apply self-imposed enforcement guidelines or policies in its decision-making, which tend to include (amongst other matters) the use of enforcement in a manner that is proportionate to the seriousness of the non-compliance. For example, the RBNZ publication “*Enforcement Principles and Criteria*” (which is not incorporated in this Offering Memorandum by reference) provides that the application of its enforcement discretion should be risk-based, proportionate and transparent, and should include consideration of the seriousness of the conduct and efficacy of response.

WNZL is subject to compliance and conduct risks. These risks are exacerbated by the increasing complexity and volume of regulation, including where WNZL interprets its obligations and rights differently to its regulators or a Court, tribunal or other body. The potential for this is heightened when regulation is new, untested or is not accompanied by extensive regulatory guidance.

WNZL’s compliance management system is designed to identify, assess and manage compliance risk on an ongoing basis. However, this system has not always been, and may not always be, effective. Breakdowns have occurred, and may in the future occur, due to flaws in the design or implementation of controls or processes. This has resulted in, and may in the future result in, potential breaches of compliance obligations as well as poor customer outcomes which in turn have exposed, and may continue to expose, WNZL to litigation, penalties and remediation obligations. As reviews and change programs are progressed, compliance issues have been, and will likely continue to be, identified.

Conduct risk is the risk of failing to have behaviors and practices that deliver suitable, fair and clear outcomes for WNZL’s customers and that support market integrity. Conduct risk could occur through the provision of products and services to customers that do not meet their needs or do not meet the expectations of the market, as well as the poor conduct of WNZL’s employees, contractors, agents, authorized representatives and external services providers. This could occur through a failure to meet professional obligations to specific clients (including fiduciary and suitability requirements), weaknesses in risk culture, corporate governance or organizational culture, poor product design and implementation and a failure to adequately consider customer needs or selling products and services outside of customer target markets. Conduct risk may include deliberate, reckless or negligent actions by such individuals that may result in the circumvention of WNZL’s controls, processes and procedures. WNZL relies on its people to “do the right thing” to meet its compliance obligations and abide by its Code of Conduct. Inappropriate or poor conduct by these individuals, such as not following a policy or engaging in misconduct, has resulted, and could result, in poor customer outcomes and a failure by WNZL to meet its compliance obligations.

While WNZL has frameworks, policies, processes and controls that are designed to manage the risks of poor conduct outcomes, these frameworks, policies, processes and controls have from time to time been, and may be, ineffective. This could result in financial losses (including incurring substantial remediation costs as a result of litigation by regulators and customers) and reputational damage, which could adversely affect WNZL’s business, prospects, financial performance or financial condition.

WNZL's failure, or suspected failure, to comply with a compliance obligation has, in the past and may in the future, lead to regulatory review, claims brought by customers (including class actions), customer remediation, supervisory and enforcement action by regulators, litigation and reputational damage and could have an adverse effect on WNZL's ability to utilize its assets for funding or liquidity purposes.

See also “—Risks Relating to WNZL's Business and Industry—Reputational damage has harmed and could in the future harm WNZL's business and prospects,” “—Risks Relating to WNZL's Business and Industry—WNZL has suffered and could suffer further losses due to litigation (including class action proceedings),” “—Risks Relating to WNZL's Business and Industry—Operational risk, technology risk, conduct risk or compliance risk events could require WNZL to undertake customer remediation activity” and “—Risks Relating to WNZL's Business and Industry—Adverse credit and capital market conditions or depositor preferences may significantly affect WNZL's ability to meet funding and liquidity needs and may increase its cost of doing so.”

WNZL has been and is currently subject to reviews by regulators, which are increasing in intensity.

Depending on the circumstances, regulatory reviews and investigations have in the past and may in the future result in a regulator taking administrative or enforcement action against WNZL and/or its representatives. Regulators have broad powers, and in certain circumstances, can issue directions to WNZL (such as a direction to take remedial action). Regulators could also pursue civil or criminal proceedings, seek substantial fines, civil penalties or initiate other enforcement outcomes. In addition, regulatory investigations may lead to adverse findings against Directors and management, including potential disqualification. For more on the administrative and enforcement powers and other remedial actions that could be taken by regulators, see “Regulation and Supervision of WNZL—Regulation and Supervision of Registered Banks—The Supervisory Role of the RBNZ” and “—WNZL has been and could be adversely affected by failing to comply with laws, regulations or regulatory policy.”

Recent major events such as the COVID-19 pandemic and the conflict between Russia and Ukraine, have placed increased expectations on organizations such as WNZL to be well prepared in the event of similar disruptions in the future. As a result, regulators globally are expecting firms to enhance and maintain their resilience across their value chains so that customers and all stakeholders are protected when disruption occurs. WNZL's failure to ensure that it meets such increased demands, and other commitments made to regulators, could increase the risk of a regulator taking action against WNZL.

The failure to comply with financial crime obligations has had and could have further adverse effects on WNZL's business and reputation.

WNZL is subject to anti-money laundering and counter-terrorism financing (“AML/CFT”) laws, anti-bribery and corruption laws, economic and trade sanctions laws and tax transparency laws in the jurisdictions in which it operates (collectively, “Financial Crime Laws”). These laws can be complex, and, in some circumstances, impose a diverse range of obligations. As a result, regulatory, operational and compliance risks are heightened. For example, AML/CFT laws require WNZL and other regulated institutions to (amongst other things) undertake customer identification procedures, conduct ongoing and enhanced due diligence on customers, maintain and comply with an AML/CFT program and undertake ongoing risk assessments.

Financial Crime Laws also require WNZL to report certain matters and transactions to regulators (such as international funds transfer instructions, threshold transaction reports and suspicious matter reports) and ensure that certain information is not disclosed to third parties in a way that would contravene the “tipping off” provisions in AML/CFT legislation. The failure to comply with some of these laws has had, and in the future could have, adverse impacts for WNZL. Potential or confirmed material breaches follow WNZL's internal disclosure process with WNZL's AML Compliance Officer as primary contact.

WNZL operates within a landscape that is constantly changing, particularly with the emergence of new payment technologies, increased regulatory focus on digital assets (e.g. cryptocurrency) and increasing reliance on economic and trade sanctions to manage issues of international concern. These developments bring with them new financial crime risks for WNZL (as well as other risks discussed in this Risk Factors section), which may require adjustments to WNZL's systems, policies, processes and controls.

In recent years there has been, and there continues to be, increased focus on compliance with financial crime obligations, with regulators globally commencing large-scale investigations and taking enforcement action for identified non-compliance (often seeking significant penalties). Further, due to WNZL's large number of customers and transaction volumes, the undetected failure or the ineffective implementation, monitoring or remediation of a system, policy, process or control (including a regulatory reporting obligation) has resulted, and could in the future result, in a significant number of breaches of AML/CFT or other financial crime obligations. This in turn could lead to significant financial penalties and other adverse impacts for WNZL, such as reputational damage.

While WNZL has systems, policies, processes and controls in place designed to manage its financial crime obligations (including reporting obligations), these have not always been, and may not in the future always be effective. This could be for a range of reasons, including, for example, a deficiency in the design of a control or a technology failure or a change in financial crime risks or types. WNZL's analysis and reviews, in addition to regulator feedback, have highlighted that WNZL's systems, policies, processes and controls are not always operating satisfactorily in a number of respects and require improvement.

WNZL continues to progress a significant multi-year program of work to strengthen areas of control weaknesses in its financial crime risk management program and to seek to rectify the management of this risk. In recent years, WNZL has increased dedicated financial crime risk expertise and resources to deliver the financial crime program of work.

With increased focus on financial crime, further issues requiring attention have been identified and may continue to be identified.

If WNZL fails to comply with these financial crime obligations, it could face regulatory enforcement action such as public formal warnings, litigation, significant fines, penalties and/or enhanced regulatory oversight. For example, previous enforcement action by the RBNZ against WBC has resulted in a public formal warning issued in August 2021 for WBC failing to meet its reporting obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (the "AML/CFT Act"). The warning notes that WBC could face further action including civil or criminal financial penalties if it continues to engage in conduct which is non-compliant with the AML/CFT Act or fails to take the actions required by the RBNZ under the formal warning.

As a result of the current conflict between Russia and Ukraine, there is an unprecedented volume of sanctions being applied to Russia, and potentially other governments, by regulators around the globe. While many governments across the United States, Europe, Australia and New Zealand are largely united with regard to the intended sanctions targets, the nuances and specific restrictions are not fully aligned. Furthermore, many corporate institutions around the world are assessing their risk appetite regarding ongoing business activity with or in Russia or with Russian-owned entities. This has heightened the operational and compliance risks in navigating those transactions and dealings that are considered lawful, or within other counterparties' risk appetite. This situation is expected to continue for the medium term and to increase as the conflict in the region persists.

Failure to comply with Financial Crime Laws or meet the financial crime related expectations of international institutions providing funding or transactional services to WNZL, could result in such institutions ceasing the provision of such services to WNZL.

Risks Relating to the Notes

Because the Fiscal Agency Agreement contains no limit on the amount of additional debt that WNZL may incur, WNZL's ability to make timely payments on the Notes may be affected by the amount and terms of its future debt.

WNZL's ability to make timely payments on its outstanding debt may depend on the amount and terms of its other obligations, including any outstanding Notes. The Fiscal Agency Agreement does not contain any limitation on the amount of indebtedness that it may issue in the future. As WNZL issues additional Notes under the Fiscal Agency Agreement or incurs other indebtedness, unless its earnings grow in proportion to its debt and other fixed charges, its ability to service the Notes on a timely basis may become impaired.

Each series of Notes will constitute a separate series of Notes under the Fiscal Agency Agreement.

Each time WNZL issues Notes, the Notes that it issues will constitute a separate series of debt securities and must be issued with a separate CUSIP number for the purposes of the Fiscal Agency Agreement (unless it is specifically provided that the Notes so issued will constitute a reopening of an outstanding series of Notes and are fungible for US federal income tax purposes with any then-existing Notes in such series). This may result in adverse consequences to holders of the Notes, if an Event of Default (as defined herein) were to occur with respect to the Notes of a particular series but not with respect to any other series of Notes. If this were to occur, holders of the Notes of the series in respect of which such Event of Default shall have occurred may be entitled to accelerate the Notes of such series while holders of the Notes of other series, in the absence of any Event of Default, will not be entitled to accelerate their Notes or pursue any other remedy. As a result, holders of Notes that have been accelerated may be entitled to payment in full in respect of their claims while holders of Notes of other series that have not been accelerated will not be entitled to any such payment until an Event of Default shall have occurred with respect to the Notes of such series.

Notes subject to optional redemption may have limited potential to increase in market value.

If the applicable pricing supplement with respect to the Notes provides that such Notes are redeemable at WNZL's option, either generally or under specified circumstances, this feature is likely to limit the market value of such Notes. During any period when WNZL may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

WNZL may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

WNZL has the ability to redeem the Notes as a result of certain changes in tax law.

The Notes provide for redemption provisions that enable WNZL to redeem the Notes if, as a result of a change in tax law, WNZL would be required to pay additional amounts. See "Description of the Notes—Redemption of Notes in Certain Circumstances—Redemption for taxation reasons" for more details.

Insolvency and similar proceedings are likely to be governed by New Zealand law.

In the event that WNZL becomes bankrupt or insolvent, insolvency proceedings are likely to be governed by New Zealand law. New Zealand insolvency laws are different from the insolvency laws of certain other jurisdictions, including the United States. In particular, the voluntary administration procedure under the NZ Companies Act, and the statutory management regime under the Prudential Supervision Act differ significantly from similar provisions under the insolvency laws of other non-New Zealand jurisdictions.

Pursuant to the Prudential Supervision Act, the RBNZ may give a registered bank such as WNZL, or an associated person of a registered bank, a direction in writing and/or place it under statutory management in certain circumstances, including where the RBNZ has reasonable grounds to believe that the registered bank or the associated person is insolvent or is likely to become insolvent. A registered bank can also be placed into statutory management if it fails to comply with a direction given by the RBNZ. Where a corporation is declared to be subject to statutory management, a moratorium will apply and no person may commence any action or other proceedings against that corporation. Accordingly, holders may be prevented from enforcing rights in connection with the Notes where WNZL has been placed into statutory management.

If WNZL were placed under statutory management, holders may be further restricted in enforcing their rights against WNZL due to the RBNZ's Open Bank Resolution ("OBR") policy. The OBR is aimed at resolving a bank failure quickly, including by suspending payment of a portion of liabilities so the bank can be promptly reopened for business, consequently minimizing stresses on the overall banking and payments system. For more

information, see “Regulation and Supervision of WNZL—Regulation and Supervision of Registered Banks—The Supervisory Role of the RBNZ.”

In addition, to the extent that the holders of the Notes are entitled to any recovery with respect to the Notes in any bankruptcy or certain other events in bankruptcy, insolvency, dissolution or reorganization relating to WNZL, those holders might not be entitled in such proceedings to a recovery in US dollars and might be entitled only to a recovery in New Zealand dollars.

The Notes are subject to transfer restrictions.

The Notes have not been and will not be registered under the Securities Act, the securities laws of any state of the United States or the securities laws of any other jurisdiction. Accordingly, initial sales of the Notes by WNZL to investors or to Agents for resale to investors will be made by WNZL pursuant to exemptions from registration under the Securities Act. Subsequent to issuance, the Notes may not be reoffered, resold, pledged, exchanged or otherwise transferred unless the Notes are registered pursuant to the Securities Act or the Notes are transferred in transactions exempt from or not subject to the registration requirements of the Securities Act pursuant to Rule 144A or Regulation S under the Securities Act and any other applicable securities laws. WNZL has no obligation or current intention to effect any such registration. Accordingly, the Notes are subject to certain restrictions on resale and other transfer as set forth under “Notice to Investors” and “Plan of Distribution.” As a result of such restrictions, there can be no assurance as to the existence or development of any secondary market for the Notes or the liquidity of such market if one develops. Consequently, investors in Notes must be able to bear the economic risk of an investment in such Notes for an indefinite period of time.

Fixed/floating rate Notes may bear certain risks.

Fixed/floating rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. If a fixed rate Note converts to a floating rate Note, the spread on the fixed/floating rate Notes may be less favorable than the prevailing spreads at the time of conversion on comparable floating rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If a floating rate Note converts to a fixed rate Note, the rate payable on the fixed rate Note may be lower than the prevailing rates at the time of conversion on its other Notes.

The Secured Overnight Financing Rate is a relatively new benchmark, and its composition and characteristics are not the same as LIBOR.

On June 22, 2017, the Alternative Reference Rates Committee (the “ARRC”), convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York, identified the Secured Overnight Financing Rate (“SOFR”) as the rate that, in the consensus view of the ARRC, represented best practice for use in certain new US dollar derivatives and other financial contracts. SOFR is a broad measure of the cost of borrowing cash overnight collateralized by US Treasury securities, and has been published by the Federal Reserve Bank of New York since April 2018. The SOFR Administrator (as defined herein) has also begun publishing historical indicative SOFR from 2014. Investors should not rely on any historical changes or trends in SOFR as an indicator of future changes in SOFR.

The composition and characteristics of SOFR are not the same as those of LIBOR, and SOFR is fundamentally different from LIBOR for two key reasons. First, SOFR is a secured rate, while LIBOR is an unsecured rate. Second, SOFR is an overnight rate, while LIBOR is a forward-looking rate that represents interbank funding over different maturities (e.g., three months). As a result, there can be no assurance that SOFR (including Compounded SOFR and Compounded SOFR Index, each as defined herein) will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political, regulatory, judicial or other events.

SOFR has a limited history, and the future performance of SOFR cannot be predicted based on historical performance.

The publication of SOFR began in April 2018, and, therefore, it has a limited history. In addition, the future performance of SOFR cannot be predicted based on the limited historical performance. Levels of SOFR following the occurrence of a Benchmark Transition Event (as defined herein) and related Benchmark Replacement Date (as defined herein) may bear little or no relation to the historical actual or historical indicative data. Prior observed patterns, if any, in the behavior of market variables and their relation to SOFR, such as correlations, may change in the future. While some pre-publication historical data has been released by the SOFR Administrator, such analysis inherently involves assumptions, estimates and approximations. The future performance of SOFR is impossible to predict and therefore no future performance of SOFR may be inferred from any of the historical actual or historical indicative data. Hypothetical or historical performance data is not indicative of, and has no bearing on, the potential performance of SOFR. There can be no assurance that SOFR, Compounded SOFR or Compounded SOFR Index will be positive.

SOFR may be more volatile than other benchmark or market rates.

Since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as USD LIBOR. Although changes in Compounded SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the return on and value of Compounded SOFR Notes and Compounded SOFR Index Notes may fluctuate more than floating rate securities that are linked to less volatile rates. In addition, the volatility of SOFR has reflected the underlying volatility of the overnight US Treasury repo market. The SOFR Administrator has, at times, conducted operations in the overnight US Treasury repo market to help maintain the federal funds rate within a target range. There can be no assurance that the SOFR Administrator will continue to conduct such operations in the future, and the duration and extent of any such operations is inherently uncertain. The effect of any such operations, or of the cessation of such operations to the extent that they are commenced, is uncertain and could be materially adverse to investors in Compounded SOFR Notes and Compounded SOFR Index Notes.

Any failure of SOFR to gain market acceptance could adversely affect Compounded SOFR Notes or Compounded SOFR Index.

According to the ARRC, SOFR was developed for use in certain US dollar derivatives and other financial contracts as an alternative to USD LIBOR in part because it is considered a good representation of general funding conditions in the overnight US Treasury repurchase agreement market. However, as a rate based on transactions secured by US Treasury securities, it does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. This may mean that market participants would not consider SOFR a suitable replacement or successor for all of the purposes for which USD LIBOR historically has been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of SOFR. Any failure of SOFR to gain market acceptance could adversely affect the return on and value of Compounded SOFR Notes and Compounded SOFR Index Notes and the price at which investors can sell Compounded SOFR Notes and Compounded SOFR Index Notes in the secondary market.

The secondary trading market for securities linked to SOFR may be limited.

If SOFR does not prove to be widely used as a benchmark in securities that are similar or comparable to Compounded SOFR Notes and Compounded SOFR Index Notes, the trading price of Compounded SOFR Notes and Compounded SOFR Index Notes may be lower than those of securities that are linked to rates that are more widely used. Similarly, market terms for securities that are linked to SOFR, including, but not limited to, the spread over the reference rate reflected in the interest rate provisions, may evolve over time, and as a result, trading prices of Compounded SOFR Notes and Compounded SOFR Index Notes may be lower than those of later-issued securities that are based on SOFR. Investors in Compounded SOFR Notes or Compounded SOFR Index Notes may not be able to sell Compounded SOFR Notes or Compounded SOFR Index Notes at all or may not be able to sell Compounded SOFR Notes or Compounded SOFR Index Notes at prices that will provide them with a yield

comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

The interest rate on Compounded SOFR Notes and Compounded SOFR Index Notes is based on Compounded SOFR or a Compounded SOFR Index, respectively, which are relatively new in the marketplace.

For each interest period (as defined herein), the interest rate on Compounded SOFR Notes is based on Compounded SOFR, which is calculated using the formula described under “Description of the Notes—Interest Rates—Compounded SOFR Notes” and the interest rate on Compounded SOFR Index Notes is based on Compounded SOFR Index, which is calculated using the formula described under “Description of the Notes—Interest Rates—Compounded SOFR Index Notes” not on SOFR as published on or in respect of a particular date during such interest period or an arithmetic average of SOFR during such period. The interest rate on Compounded SOFR Notes or Compounded SOFR Index Notes during any interest period may not be the same as the interest rate on other SOFR-linked investments that use an alternative basis to determine the applicable interest rate. Further, if SOFR in respect of a particular date during an interest period is negative, its contribution to Compounded SOFR and the Compounded SOFR Index value will be less than one, resulting in a reduction to Compounded SOFR and Compounded SOFR Index used to calculate the interest payable on Compounded SOFR Notes and Compounded SOFR Index on the interest payment date for such interest period.

Limited market precedent exists for securities that use SOFR as the interest rate and the method for calculating an interest rate based upon SOFR in those precedents varies. Accordingly, the specific formula for Compounded SOFR used in Compounded SOFR Notes and the SOFR Index value used in Compounded SOFR Index Notes may not be widely adopted by other market participants, if at all. If the market adopts a different calculation method, trading prices of Compounded SOFR Notes or Compounded SOFR Index Notes may be lower than or more volatile than those of later-issued SOFR-based debt securities that have adopted a different calculation method. In addition, investors in Compounded SOFR Notes and Compounded SOFR Index Notes may not be able to sell Compounded SOFR Notes or Compounded SOFR Index Notes at all or may not be able to sell Compounded SOFR Notes or Compounded SOFR Index Notes at prices that will provide them with a yield comparable to similar investments that have adopted a different calculation method.

Compounded SOFR and Compounded SOFR Index with respect to a particular interest period will only be capable of being determined near the end of the relevant interest period.

The level of Compounded SOFR and Compounded SOFR Index applicable to a particular interest period and, therefore, the amount of interest payable with respect to such interest period will be determined on the Interest Payment Determination Date (as defined herein) for such interest period. Because each such date is near the end of such interest period, investors will not know the amount of interest payable with respect to a particular interest period until shortly prior to the related interest payment date, and it may be difficult for investor to reliably estimate the amount of interest that will be payable on each such interest payment date. In addition, some investors may be unwilling or unable to trade Compounded SOFR Notes or Compounded SOFR Index Notes without changes to their information technology systems, both of which could adversely impact the liquidity and trading price of Compounded SOFR Notes or Compounded SOFR Index Notes.

SOFR may be modified or discontinued and Compounded SOFR Notes and Compounded SOFR Index Notes may bear interest by reference to a rate other than Compounded SOFR or Compounded SOFR Index, which could adversely affect the value of Compounded SOFR Notes or Compounded SOFR Index Notes.

SOFR is published by the SOFR Administrator based on data received by it from sources other than WNZL, and WNZL has no control over its methods of calculation, publication schedule, rate revision practices or the availability of SOFR at any time. There can be no guarantee, particularly given its relatively recent introduction, that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Compounded SOFR Notes and Compounded SOFR Index Notes. If the manner in which Compounded SOFR or the Compounded SOFR Index value is calculated, including the manner in which SOFR is calculated, is changed, that change may result in a reduction in the amount of interest payable on Compounded SOFR Notes and Compounded SOFR Index Notes and the trading prices of Compounded SOFR Notes and Compounded SOFR

Index Notes. In addition, the SOFR Administrator may withdraw, modify or amend the SOFR data in its sole discretion and without notice. The interest rate for any interest period will not be adjusted for any modifications or amendments to the SOFR data that the SOFR Administrator may publish after the interest rate for that interest period has been determined.

If WNZL or its designee (which may be an independent financial advisor or other designee of WNZL (any of such entities, a “Designee”)) determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, then the interest rate on Compounded SOFR Notes and Compounded SOFR Index Notes will no longer be determined by reference to SOFR, but instead will be determined by reference to a different rate, plus a spread adjustment, which we refer to as a “Benchmark Replacement,” as further described under “Description of the Notes—Interest Rates—Compounded SOFR Notes” or “Description of the Notes—Interest Rates—Compounded SOFR Index Notes,” as applicable. There are no limits or parameters dictating whom WNZL may appoint as its Designee to assist in determinations and adjustments relating to a Benchmark Transition Event. There is no assurance that the Designee selected by WNZL to assist in such determinations and adjustments has the competency to make such determinations or adjustments or that the actions of the Designee will be consistent with similar determinations and adjustments made on similar securities.

If a particular Benchmark Replacement or Benchmark Replacement Adjustment (each, as defined herein) cannot be determined, then the next-available Benchmark Replacement or Benchmark Replacement Adjustment will apply. These replacement rates and adjustments may be selected, recommended or formulated by (i) the Relevant Governmental Body (as defined herein), such as the ARRC, (ii) the International Swaps and Derivatives Association, or (iii) in certain circumstances, WNZL or its Designee. In addition, the terms of Compounded SOFR Notes and Compounded SOFR Index Notes expressly authorize WNZL or its Designee to make Benchmark Replacement Conforming Changes (as defined herein) with respect to, among other things, changes to the definition of “interest period,” the timing and frequency of determining rates and making payments of interest and other administrative matters. The determination of a Benchmark Replacement, the calculation of the interest rate on Compounded SOFR Notes and Compounded SOFR Index Notes by reference to a Benchmark Replacement (including the application of a Benchmark Replacement Adjustment), any implementation of Benchmark Replacement Conforming Changes and any other determinations, decisions or elections that may be made under the terms of Compounded SOFR Notes and Compounded SOFR Index Notes in connection with a Benchmark Transition Event, could adversely affect the value of Compounded SOFR Notes and Compounded SOFR Index Notes, the return on Compounded SOFR Notes and Compounded SOFR Index Notes and the price at which investors can sell such Notes.

In addition, (i) the composition and characteristics of the Benchmark Replacement will not be the same as those of Compounded SOFR and Compounded SOFR Index Notes, the Benchmark Replacement may not be the economic equivalent of Compounded SOFR or Compounded SOFR Index Notes, there can be no assurance that the Benchmark Replacement will perform in the same way as Compounded SOFR or Compounded SOFR Index Notes would have at any time and there is no guarantee that the Benchmark Replacement will be a comparable substitute for Compounded SOFR or Compounded SOFR Index Notes (each of which means that a Benchmark Transition Event could adversely affect the value of Compounded SOFR Notes or Compounded SOFR Index Notes, the return on Compounded SOFR Notes and the price at which investors can sell Compounded SOFR Notes and Compounded SOFR Index Notes), (ii) any failure of the Benchmark Replacement to gain market acceptance could adversely affect Compounded SOFR Notes and Compounded SOFR Index Notes, (iii) the Benchmark Replacement may have a very limited history and the future performance of the Benchmark Replacement may not be predicted based on historical performance, (iv) the secondary trading market for Notes linked to the Benchmark Replacement may be limited and (v) the administrator of the Benchmark Replacement may make changes that could change the value of the Benchmark Replacement or discontinue the Benchmark Replacement and has no obligation to consider investors’ interests in doing so.

WNZL or its Designee will make determinations with respect to Compounded SOFR Notes and Compounded SOFR Index Notes.

WNZL or its Designee will make certain determinations with respect to Compounded SOFR Notes and the Compounded SOFR Index value as further described under “Description of the Notes—Interest Rates—Compounded SOFR Notes” and “Description of the Notes—Interest Rates—Compounded SOFR Index Notes.” In

addition, if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, WNZL or its Designee will make certain determinations with respect to Compounded SOFR Notes and Compounded SOFR Index Notes in WNZL or its Designee's sole discretion as further described under "Description of the Notes—Interest Rates—Compounded SOFR Notes" and "Description of the Notes—Interest Rates—Compounded SOFR Index Notes." Any of these determinations may adversely affect the value of Compounded SOFR Notes or Compounded SOFR Index Notes, the return on Compounded SOFR Notes and Compounded SOFR Index Notes and the price at which investors can sell such Notes. Moreover, certain determinations may require the exercise of discretion and the making of subjective judgments, such as with respect to Compounded SOFR or Compounded SOFR Index Notes or the occurrence or non-occurrence of a Benchmark Transition Event and any Benchmark Replacement Conforming Changes. These potentially subjective determinations may adversely affect the value of Compounded SOFR Notes and Compounded SOFR Index Notes, the return on Compounded SOFR Notes and Compounded SOFR Index Notes and the price at which investors can sell such Notes. For further information regarding these types of determinations, see "Description of the Notes—Interest Rates—Compounded SOFR Notes" and "Description of the Notes—Interest Rates—Compounded SOFR Index Notes."

In no event shall the Fiscal Agent or the Calculation Agent be our designee, and neither the Fiscal Agent nor the Calculation Agent shall have any liability for any determination made by or on behalf of WNZL or its Designee in connection with a Benchmark Transition Event or a Benchmark Replacement or any adjustments or conforming changes thereto.

For the avoidance of doubt, in no event shall the Fiscal Agent or the Calculation Agent be responsible for determining whether any Benchmark Transition Event or Benchmark Replacement Date has occurred, or for making any Benchmark Replacement Adjustments or Benchmark Replacement Conforming Changes. In connection with the foregoing, the Calculation Agent will be entitled to conclusively rely on any determinations made by WNZL or its Designee.

The purchase price for the Notes has certain built-in costs, including the Agents' commission and, in certain cases, structuring and development costs, and costs of hedging, if any, all of which are expected to be reflected in secondary market prices.

In determining the economic terms of the Notes, and consequently the potential return on the Notes, WNZL will take into account compensation to the Agents for selling the Notes, which is reflected in any commission to be received by the Agents as described in an applicable pricing supplement. In addition, in connection with certain types of Notes, there may be structuring and development costs and certain costs and charges associated with hedging WNZL's obligations under such Notes, which are reflected in the economic terms of the Notes. The offering price of the Notes will reflect these costs and reduce the initial economic value of the Notes. As a result, the value of the Notes on the date of issue for such series of Notes may be less than the purchase price for the Notes. If investors attempt to sell the Notes prior to the maturity date, their market value may be lower than the price initially paid for the Notes due to, among other things, the inclusion of these costs and various credit, market and economic factors. Assuming no change in market conditions or any other relevant factors, the price, if any, at which the Agent or another purchaser is willing to purchase the Notes in secondary market transactions will likely be less than the offering price for the Notes. This is due to, among other things, the fact that the offering price of the Notes includes, and secondary market prices are likely to exclude, any commission to be received by the Agents with respect to, and the hedging costs, if any, associated with, such Notes as well as any applicable structuring and development costs. The cost of hedging includes the projected profit that may be realized in consideration for assuming the risks inherent in managing the hedging transactions. In addition, any secondary market prices may differ from values determined by pricing models used by the Agents, as a result of dealer discounts, mark-ups or other transaction costs.

There may not be any trading market for the Notes; many factors affect the trading and market value of the Notes.

Upon issuance, the Notes may not have an established trading market. WNZL cannot ensure that a trading market for the Notes will ever develop or be maintained if developed. In addition to WNZL's creditworthiness, many factors affect the trading market for, and trading value of, the Notes. These factors include, but are not limited to:

- the complexity and volatility of the index or formula applicable to the Notes (if any);
- the method of calculating the principal, premium and interest in respect of the Notes;
- the time remaining to the stated maturity of the Notes;
- the outstanding amount of the Notes;
- any redemption features of the Notes;
- the amount of other debt securities linked to the index or formula applicable to the Notes (if any);
- the level, direction and volatility of market interest rates generally;
- investor confidence and market liquidity; and
- WNZL's financial condition and results of operations.

There may be a limited number of or no buyers when investors decide to sell the Notes. This may affect the price investors receive for such Notes or the ability to sell such Notes at all. Furthermore, the ability of the Agents and other market participants to make a market in the Notes may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the Notes, including as a result of potential restrictions pursuant to Rule 15c2-11 under the Exchange Act and regulatory interpretations thereof on the ability of the Agents and other market participants to publish quotations for the Notes after January 3, 2023.

Notes that are designed for specific investment objectives or strategies often experience a more limited trading market and more price volatility than those not so designed. Investors should not purchase the Notes unless they understand and know can bear all of the investment risks involving the Notes.

Risks Relating to Notes Denominated or Payable in or Linked to a Currency Other Than US dollars

In a lawsuit for payment on Foreign Currency Notes, an investor may bear currency exchange risk.

The Notes will be governed by New York law. Under Section 27 of the New York Judiciary Law, a state court in the State of New York rendering a judgment on a Note denominated in, or which provides for payments determined by reference to, a non-US currency (a "Foreign Currency Note") would be required to render the judgment in the Specified Currency (as defined herein); however, the judgment would be converted into US dollars at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on a Note denominated in a currency other than US dollars, investors would bear currency exchange risk until judgment is entered, which could be a long time.

In courts outside of New York, investors may not be able to obtain judgment in a Specified Currency other than US dollars. For example, a judgment for money in an action based on a Foreign Currency Note in many other US federal or state courts ordinarily would be enforced in the United States only in US dollars. The date used to determine the rate of conversion of the currency in which any particular Note is denominated into US dollars will depend upon various factors, including which court renders the judgment.

Exchange rates and exchange controls may affect amount and currency of payments.

An investment in the Notes that are denominated or payable in a currency other than the currency in which an investor's financial activities are primarily denominated entails significant risks that are not associated with a similar investment in a debt security denominated and payable in an investor's principal currency. Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the Specified Currency and an investor's principal currency and the possibility of the imposition or modification of exchange controls by the applicable governments or monetary authorities. Such risks generally depend on factors over which WNZL has no

control, such as economic, financial and political events and the supply and demand for the applicable currencies. In addition, if the formula used to determine the amount of principal, premium, if any, and interest, if any, payable with respect to such Notes contains a multiplier, the effect of any change in the applicable currencies will be magnified. In recent years, rates of exchange between currencies have been highly volatile and such volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur in the future.

Governments or monetary authorities have imposed from time to time, and may in the future impose or revise, exchange controls at or prior to the date on which any payment of principal or interest, if any, on a Note is due, which could affect exchange rates as well as the availability of the Specified Currency on such date. Even if there are no exchange controls, it is possible that the Specified Currency would not be available on the applicable payment date due to circumstances beyond the WNZL's control. In such cases, WNZL will be entitled to satisfy its obligations in respect of such Notes in US dollars in the manner described under "Description of the Notes—Payment Mechanics for Notes—How WNZL will make payments due in other currencies—When the Specified Currency is not available."

Changes in currency exchange rates can be volatile and unpredictable.

Rates of exchange between the US dollar and many other currencies have been highly volatile, and this volatility may continue and perhaps spread to other currencies in the future. Fluctuations in currency exchange rates could adversely affect an investment in a Note denominated in, or whose value is otherwise linked to, a Specified Currency other than US dollars. Depreciation of the Specified Currency against the US dollar could result in a decrease in the US dollar-equivalent value of payments on the Note, including the principal payable at maturity or settlement value payable upon exercise. That in turn could cause the market value of the Note to fall. Depreciation of the Specified Currency against the US dollar could result in a loss to the investor on a US dollar basis.

Foreign Currency Notes may permit WNZL to make payments in US dollars or delay payment if it is unable to obtain the Specified Currency.

Notes payable in a currency other than US dollars may provide that, if the other currency is subject to convertibility, transferability, market disruption or other conditions affecting its availability at or about the time when a payment on the Notes comes due because of circumstances beyond WNZL's control, WNZL will be entitled to make the payment in US dollars or delay making the payment. These circumstances could include the imposition of exchange controls or its inability to obtain the other currency because of a disruption in the currency markets. If WNZL made payment in US dollars, the exchange rate it would use would be determined in the manner described under "Description of the Notes—Payment Mechanics for Notes—How WNZL will make payments due in other currencies—When the Specified Currency is not available." A determination of this kind may be based on limited information and would involve significant discretion on the part of WNZL's exchange rate agent. As a result, the value of the payment in US dollars an investor would receive on the payment date may be less than the value of the payment the investor would have received in the other currency if it had been available, or may be zero. In addition, a government may impose extraordinary taxes on transfers of a currency. If that happens, WNZL will be entitled to deduct these taxes from any payment on Notes payable in that currency.

WNZL will not adjust Foreign Currency Notes to compensate for changes in currency exchange rates.

Except as otherwise provided in this Offering Memorandum or in the applicable pricing supplement, WNZL will not make any adjustment or change in the terms of a Foreign Currency Note in the event of any change in exchange rates for the relevant currency, whether in the event of any devaluation, revaluation or imposition of exchange or other regulatory controls or taxes or in the event of other developments affecting that currency, the US dollar or any other currency. Consequently, investors in Foreign Currency Notes will bear the risk that their investment may be adversely affected by these types of events.

Information about exchange rates may not be indicative of future performance.

If WNZL issues a Foreign Currency Note, it may include in the applicable pricing supplement a currency supplement that provides information about historical exchange rates for the relevant non-US dollar currency or currencies. Any information about exchange rates that it may provide will be furnished as a matter of information only, and investors should not regard the information as indicative of the range of, or trends in, fluctuations in currency exchange rates that may occur in the future. That rate will likely differ from the exchange rate used under the terms that apply to a particular Note. All determinations made by the exchange rate agent will be in its sole discretion unless WNZL states in the applicable pricing supplement that any determination requires its approval. In the absence of manifest error, those determinations will be conclusive for all purposes and binding on investors and WNZL, without any liability on the part of the exchange rate agent.

Risks Relating to Indexed Notes

Indexed Notes may have risks not associated with a conventional debt security.

Investing in Notes indexed to one or more interest rates, currencies or other indices or formulas, will subject investors to significant risks not associated with a conventional fixed rate or floating rate note. These risks include fluctuation of the particular indices or formulas and the possibility that investors will receive a lower amount of principal, premium or interest and at different times than expected. It is also possible that investors will not receive any principal, premium or interest. WNZL has no control over a number of matters, including economic, financial and political events, which are important in determining the existence, magnitude and longevity of these risks and their results. In addition, if an index or formula used to determine any amounts payable in respect of the Notes contains a multiplier or leverage factor, the effect of any change in the particular index or formula will be magnified. In recent years, values of certain indices and formulas have been volatile and volatility in those and other indices and formulas may be expected in the future. However, past experience is not necessarily indicative of what may occur in the future. WNZL will describe certain US federal and New Zealand income tax considerations relating to the purchase of a particular Indexed Note in the applicable pricing supplement. If investors propose to invest in Indexed Notes, they should independently evaluate the US federal, New Zealand and other income tax considerations relating to purchasing an Indexed Note that apply in their particular circumstances.

Investors in Indexed Notes could lose their investment.

The amount of principal and/or interest payable on an Indexed Note and the cash value or physical settlement value of a physically settled Note will be determined by reference to the price, value or level of one or more securities, currencies, commodities or other properties, any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance, and/or one or more indices or baskets of any of these items. Each of these is referred to as an “index.” The direction and magnitude of the change in the price, value or level of the relevant index will determine the amount of principal and/or interest payable on an Indexed Note and the cash value or physical settlement value of a physically settled Note. The terms of a particular Indexed Note may or may not include a guaranteed return of a percentage of the face amount at maturity or a minimum interest rate. An Indexed Note generally will not provide for any guaranteed minimum settlement value. Thus, if investors purchase an Indexed Note, they may lose all or a portion of the principal or other amount which they invest and may receive no interest on their investment.

The issuer of a security or currency that serves as an index could take actions that may adversely affect an Indexed Note.

The issuer of a security that serves as an index or part of an index for an Indexed Note will have no involvement in the offer and sale of the Indexed Note and no obligations to the holder of the Indexed Note. WNZL may take actions, such as a merger or sale of assets, without regard to the interests of the holder. Any of these actions could adversely affect the value of a Note indexed to that security or to an index of which that security is a component.

If the index for an Indexed Note includes a non-US dollar currency or other asset denominated in a non-US dollar currency, the government that issues that currency will also have no involvement in the offer and sale of the

Indexed Note and no obligations to the holder of the Indexed Note. That government may take actions that could adversely affect the value of the Note.

An Indexed Note may be linked to a volatile index, which could negatively impact investments.

Some indices are highly volatile, which means that their value may change significantly, up or down, over a short period of time. The amount of principal or interest that can be expected to become payable on an Indexed Note may vary substantially from time to time. Because the amounts payable with respect to an Indexed Note are generally calculated based on the value or level of the relevant index on a specified date or over a limited period of time, volatility in the index increases the risk that the return on the Indexed Note may be adversely affected by a fluctuation in the level of the relevant index.

The volatility of an index may be affected by political or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the value of an Indexed Note.

An index to which a Note is linked could be changed or become unavailable.

Some indices compiled by WNZL or its affiliates or third parties may consist of or refer to several or many different securities, commodities or currencies or other instruments or measures. The compiler of such an index typically reserves the right to alter the composition of the index and the manner in which the value or level of the index is calculated. An alteration may result in a decrease in the value of or return on an Indexed Note that is linked to the index. The indices for the Indexed Notes may include published indices of this kind or customized indices developed by WNZL or its affiliates in connection with particular series of Indexed Notes.

A published index may become unavailable, or a customized index may become impossible to calculate in the normal manner, due to events such as war, natural disasters, cessation of publication of the index or a suspension or disruption of trading in one or more securities, commodities or currencies or other instruments or measures on which the index is based. If an index becomes unavailable or impossible to calculate in the normal manner, the terms of a particular series of Indexed Notes may allow WNZL to delay determining the amount payable as principal or interest on the Indexed Notes of such series or it may use an alternative method to determine the value of the unavailable index. Alternative methods of valuation are generally intended to produce a value similar to the value resulting from reference to the relevant index. However, it is unlikely that any alternative method of valuation WNZL uses will produce a value identical to the value that the actual index would produce. If WNZL uses an alternative method of valuation for an Indexed Note linked to an index of this kind, the value of the Indexed Note, or the rate of return on it, may be lower than it otherwise would be.

Some Indexed Notes may be linked to indices that are not commonly used or that have been developed only recently. The lack of a trading history may make it difficult to anticipate the volatility or other risks associated with an Indexed Note of this kind. In addition, trading in these indices or their underlying securities, commodities or currencies or other instruments or measures, or options or futures contracts on these securities, commodities or currencies or other instruments or measures, may be limited, which could increase their volatility and decrease the value of the related Indexed Notes or the rates of returns on them.

WNZL may engage in hedging activities that could adversely affect an Indexed Note.

In order to hedge an exposure on a particular series of Indexed Notes, WNZL may, directly or through its respective affiliates, enter into transactions involving the securities, commodities or currencies or other instruments or measures that underlie the index for that series of Indexed Notes, or derivative instruments, such as swaps, options or futures, on the index or any of its component items. By engaging in transactions of this kind, WNZL could adversely affect the value of an Indexed Note. It is possible that WNZL could achieve substantial returns from its hedging transactions while the value of the Indexed Note may decline.

Information about indices may not be indicative of future performance.

If WNZL issues an Indexed Note, it may include historical information about the relevant index in the applicable pricing supplement. Any information about indices that it may provide will be furnished as a matter of

information only, and should not regard the information as indicative of the range of, or trends in, fluctuations in the relevant index that may occur in the future.

WNZL may have conflicts of interest regarding an Indexed Note.

WNZL and its affiliates, and the Agents and their affiliates may have conflicts of interest with respect to some Indexed Notes. WNZL and its affiliates and the Agents and their affiliates may engage in trading, including trading for hedging purposes, for their proprietary accounts or for other accounts under their management, in Indexed Notes and in the securities, commodities or currencies or other instruments or measures on which the index is based or in other derivative instruments related to the index or its component items. These trading activities could adversely affect the value of Indexed Notes. WNZL and its affiliates may also issue or underwrite securities or derivative instruments that are linked to the same index as one or more Indexed Notes. By introducing competing products into the marketplace in this manner, WNZL and its affiliates could adversely affect the value of an Indexed Note.

One of WNZL's affiliates may serve as calculation agent for the Indexed Notes and may have certain discretion in calculating the amounts payable in respect of the Indexed Notes. To the extent that one of WNZL's affiliates calculates or compiles a particular index, it may also have certain discretion in performing the calculation or compilation of the index. Exercising discretion in this manner could adversely affect the value of an Indexed Note based on the index or the rate of return on the Indexed Note.

USE OF PROCEEDS

Unless otherwise specified in the applicable pricing supplement, WNZL will use the net proceeds from the sale of the Notes pursuant to this Offering Memorandum for general corporate purposes. The offering price of the Notes will include the commission to be received by the Agents and any structuring and development costs indicated in the applicable pricing supplement, as well as offering expenses.

WNZL'S CAPITALIZATION

The following table sets forth information regarding WNZL's cash and cash equivalents, capitalization and capital adequacy as of September 30, 2022. This information has been derived from the 2022 WNZL Financial Statements, incorporated by reference herein. For more information concerning WNZL's cash and cash equivalents, capitalization and capital adequacy, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Offering Memorandum.

	As of September 30, 2022
	(in NZ\$ millions)
Cash and balances with central banks	10,820
Debt issues	
Commercial paper	5,490
Non-domestic medium-term notes	7,515
Covered bonds	3,563
Domestic medium-term notes	<u>3,365</u>
Total debt issues	<u>19,933</u>
Loan capital	
Additional Tier 1 loan capital	1,493
Tier 2 loan capital	<u>590</u>
Total loan capital	<u>2,083</u>
Shareholders' equity	
Share capital	7,300
Reserves	137
Retained Profit ¹	<u>1,343</u>
Total shareholders' equity	<u>8,780</u>
Total capitalization	<u>30,796</u>

¹ On February 21, 2022 and August 19, 2022 the WNZL Board declared and paid a dividend of \$465 million and \$323 million from Retained Profit respectively.

WESTPAC NEW ZEALAND LIMITED

Overview

WNZL is one of New Zealand's largest banking organizations and provides a wide range of consumer, business and institutional banking, wealth and insurance products and services to consumers, businesses, government and institutional customers in New Zealand. WNZL was incorporated on February 14, 2006 as a limited liability company under the NZ Companies Act (company number 1763882). This was in response to a requirement from the RBNZ requiring all systemically important banks to be incorporated as local entities in New Zealand. At this time, WBC's New Zealand consumer and business banking businesses were transferred to WNZL. In 2011, most of the institutional and corporate businesses of WBC's New Zealand operations were also transferred to WNZL.

WBC has a long-standing commitment to operating in New Zealand, dating from 1861 when, doing business as the Bank of New South Wales, it opened its first seven locations in New Zealand through a New Zealand Branch (the "NZ Branch"). In 1996 the business merged with Trust Bank New Zealand, significantly increasing its presence across the country.

As of September 30, 2022, WNZL had over 1.3 million consumer, business, and institutional banking customers, approximately 4,742 full-time equivalent staff, 115 branches, 439 Westpac-branded ATMs operating throughout New Zealand and approximately 962,000 active consumer users of its online banking and mobile banking app services. WNZL does not rely on any single major customer for its revenue base.

As of September 30, 2022, WNZL had consolidated total assets of \$119.8 billion, gross loans of \$97.3 billion, deposits and other borrowings of \$80.8 billion and debt issues of \$19.9 billion.

Segments

WNZL's operating segments are defined by the customers they serve and the services they provide. WNZL has identified the following main operating segments:

Consumer Banking and Wealth

The Consumer Banking and Wealth segment provides financial services predominantly for individuals. Products offered include residential mortgages, credit cards, personal loans, transactional accounts, retail deposits, and investments. This segment also distributes third-party fire and general and life insurance products.

Institutional and Business Banking

The Institutional and Business Banking segment was created on October 1, 2020 from the restructuring of its predecessor, the Commercial, Corporate and Institutional Banking segment. It provides a broad range of financial services for commercial, corporate, property finance, agricultural, institutional and government customers. Products include funding, sustainable financing, transactional and deposit solutions and credit cards.

The following table sets forth return on average gross loans and cost to income ratio for the Consumer Banking and Wealth and the Institutional and Business Banking segments for the periods presented below:

	For the year ended September 30,		
	2022	2021	2020
Return on average gross loans¹			
Consumer Banking and Wealth.....	2.28%	2.42%	2.37%
Institutional and Business Banking	3.10%	2.72%	2.62%
Cost to income ratio²			
Consumer Banking and Wealth.....	0.51	0.54	0.59
Institutional and Business Banking	0.36	0.36	0.35

¹ Return on average gross loans is calculated as net operating income before operating expenses and impairment charges divided by average gross loans as disclosed in this Offering Memorandum. Average gross loans is calculated as the average of opening and closing total gross loans for the period. Gross loans for Consumer Banking and Wealth and Institutional and Business Banking as of the opening of October 1, 2019 were \$45,730 million and \$38,624 million respectively.

² Cost to income ratio is calculated as total operating expenses divided by net operating income before operating expenses and impairment charges.

Investments and Insurance

The Investments and Insurance segment provides funds management services through BT Funds Management (NZ) Limited (“BTNZ”) and also provided insurance services through Westpac Life-NZ- Limited (“Westpac Life”) until Westpac Life was sold to Fidelity Life Assurance Company Limited on February 28, 2022. BTNZ is not part of the WNZL structure but rather is an indirect wholly-owned subsidiary of WBC. WNZL sells BTNZ fund management products through its existing channels.

The sale of Westpac Life was first announced in July 2021 and the change of ownership came into effect on February 28, 2022, at which point it was renamed Fidelity Insurance Limited and ceased to be a subsidiary of the WBC Group or a related entity of WNZL. As such, the Investments and Insurance segment ceased providing insurance services from March 1, 2022. As part of the transaction, WNZL is continuing to distribute life insurance through a 15-year strategic alliance with Fidelity Insurance Limited.

Although this segment is presented in the consolidated table in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of operations—Income statement review—Segment income statement review” in compliance with the requirements of NZ IFRS 8 Operating Segments (“NZ IFRS 8”), its financial impacts are eliminated through the reconciliation process for consolidation purposes and are therefore not otherwise discussed or analyzed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of operations—Income statement review—Segment income statement review.”

Organizational Structure

WNZL is a direct, wholly-owned subsidiary of Westpac New Zealand Group Limited (“WNZGL”), a New Zealand company, which, in turn, is a wholly-owned subsidiary of Westpac Overseas Holdings No. 2 Pty Limited (“WOHL”), an Australian company. WOHL is, in turn, a wholly-owned subsidiary of WBC, an Australian company. WBC is incorporated in Australia under the Australian Corporations Act. At September 30, 2022, WNZGL had a direct, qualifying interest in 100% of the voting securities of WNZL. WBC has an indirect, qualifying interest in 100% of the voting securities of WNZL. WNZL has no partly paid share capital.

As at September 30, 2022, WNZL’s controlled entities were: Westpac NZ Operations Limited (a holding company), Westpac Securities NZ Limited (a funding company), Westpac (NZ) Investments Limited (a property company), The Home Mortgage Company Limited (a residential mortgage company), Number 120 Limited (a finance company), Red Bird Ventures Limited (a corporate venture capital company), Westpac NZ Securitisation Holdings Limited (a holding company), Westpac NZ Securitisation Limited (a funding company), Westpac NZ Securitisation No.2 Limited (a non-active company), Westpac NZ Covered Bond Holdings Limited (a holding

company), Westpac NZ Covered Bond Limited (a guarantor), Aotearoa Financial Services Limited (a non-active company), the Westpac Term PIE Fund (a portfolio investment entity), the Westpac Cash PIE Fund (a portfolio investment entity), Westpac Notice Saver PIE Fund (a portfolio investment entity) and Westpac New Zealand Staff Superannuation Scheme Trustee Limited (a trustee company). The ultimate parent bank of WNZL and its controlled entities is WBC.

Competition

WNZL operates in the New Zealand financial services sector providing products and services to consumers, businesses, government and institutional customers.

The New Zealand financial services market is dominated by the locally incorporated subsidiaries of the four major Australian banks: WNZL, ANZ Bank New Zealand Limited (a subsidiary of Australia and New Zealand Banking Group Limited), ASB Bank Limited (a subsidiary of the Commonwealth Bank of Australia) and Bank of New Zealand (a subsidiary of National Australia Bank). All these major banks offer comprehensive financial services products to consumers and business customers throughout New Zealand. In addition, there is competition from a number of international offshore banks offering similar financial services products to consumers and business customers throughout the country, as well as smaller market participants that focus on niche opportunities within the consumer and business sectors. One example is Kiwibank Limited, ultimately owned by the New Zealand Government, which is a significant competitor principally operating in the consumer segment across both lending and deposits.

Margins within the businesses operated by WNZL have recently started to increase after declining over recent years due to the highly competitive nature of the market and changes in the business mix. Recent increases in the OCR have improved deposit spreads which has had a positive impact on margins, partly offset by lower spreads on housing loans from the competitive lending environment.

Industry Trends

The New Zealand economy grew by 5.5% over the 2021 calendar year, following a 2.1% contraction in 2020. Economic output fell sharply during a 5-week-long COVID-19 lockdown in the June 2020 quarter, but quickly rose and even exceeded pre-lockdown performance as restrictions were eased. Further periods of COVID-19 lockdown in August 2020 and August 2021 were shorter-lived at a national level, and saw smaller, though still significant, declines in economic activity. Current indications are that the economy is running close to its full capacity. As of June 2022, consumer spending and business investment were above their December 2019 levels, and the unemployment rate of 3.3% was close to the lowest in the history of the survey going back to 1986. Domestic demand has more than compensated for the impact on the economy from the loss of international tourism following the border closure in March 2020.

The rapid national recovery in economic activity was aided by substantial support from fiscal and monetary policy. As of the May 2022 Budget, the New Zealand Government had approved \$74 billion of funding to the COVID-19 response and recovery, the largest part of which was for wage subsidies (the “Wage Subsidy Scheme”) and business support during the periods of heightened restrictions. The RBNZ reduced the OCR from 1.00% to 0.25% in March 2020, and later introduced a Government bond purchase program and a funding for lending facility for banks. For more information on the New Zealand Government’s regulatory responses to the COVID-19 pandemic and their impacts on WNZL, see “Regulation and Supervision of WNZL—Recent Developments—COVID-19 impacts.”

The faster than expected rebound in domestic economic activity, along with disruptions to global supply chains and capacity constraints resulting from COVID-19, have led to a significant rise in inflation pressures. Consumer prices rose 7.2% over the twelve months to September 2022, and the inflation rate is expected to remain above the RBNZ’s target range of 1 to 3% over the following year. COVID-19 disruptions to global production and transport have increased prices for imported goods, and the Russia-Ukraine conflict has led to further increases in oil and other commodity prices. Some of these price pressures are expected to be temporary, but when combined with

historically low unemployment and capacity constraints, there is a risk that they could lead to more persistent increases in domestic wages and prices which could exacerbate consumer price inflation.

After reducing the OCR to 0.25% in March 2020, the RBNZ began to increase it from October 2021 and by November 2022 it had risen to 4.25%. In its most recent forecasts (November 2022), the RBNZ signaled further increases in the OCR, to a projected peak of 5.50% by September 2023. Higher interest rates and lower house prices are expected to dampen consumer demand over 2023. Increasing interest rates could, however, have the effect of causing a recession which could have a material adverse effect on WNZL's financial condition and results.

Average house prices rose by almost 50% over 2020 and 2021 in response to record low interest rates. This occurred despite a rising pace of homebuilding and a slowdown in migration-led population growth over the same period. Rising mortgage rates, in addition to changes to the tax treatment of property investors, and the reintroduction of LVR limits, are now acting to slow the pace of activity in the housing market. As of October 2022, average house prices had fallen by 12% from their peak.

Credit Ratings

As of the date of this Offering Memorandum, WNZL has the following credit ratings for its long-term senior unsecured obligations.

Rating Agency	Current Credit Rating	Outlook
Fitch Ratings	A+	Stable
Moody's Investors Services	A1	Stable
S&P Global Ratings	AA-	Stable

The credit ratings assigned to the Notes are the opinion of the relevant rating agency and may not reflect the potential impact of all risks related to the structure and other factors on any trading market for, or trading value of, the Notes. In addition, real or anticipated changes in the credit ratings of the Notes will generally affect any trading market for, or trading value of, the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, cancellation, reduction or withdrawal at any time by the assigning rating agency. Any suspension, reduction or withdrawal of a rating by a rating agency could reduce the liquidity or market value of the Notes. See "Risk Factors—Risks Relating to WNZL's Business and Industry—WNZL could be adversely affected by the failure to maintain its credit ratings."

Environmental, Social and Governance

In November 2020, WNZL voluntarily published its inaugural Climate Risk Report followed by an updated report in November 2021 and November 2022. These reports are based on the recommendations of the Taskforce for Climate-related Financial Disclosures and provide a more detailed outline of climate-related financial risks to WNZL.

For further information, please see the Westpac New Zealand sustainability performance (Unaudited) section of the Disclosure Statements incorporated by reference herein.

Employees

As of September 30, 2022, WNZL employed approximately 4,742 full-time equivalent employees, consisting of approximately 4,394 people employed on a permanent full-time basis, 408 people employed on a part-time basis and 71 people on fixed-term contracts. Core full-time equivalent staff includes all permanent, part-time, casual, and overtime staff. It excludes staff on unpaid absences (e.g. unpaid maternity leave). As of September 30, 2022, approximately 742 employees were members of First Union, which is the union in New Zealand that covers

the banking sector. WNZL holds regular formal and intermittent informal meetings to discuss relevant workplace issues with, and believes it has a good working relationship with First Union.

Properties

WNZL does not own any freehold property in New Zealand. WNZL leases all of its real property throughout New Zealand, including its branch locations and nine corporate offices. The branches are located throughout Northern, Central, and Southern New Zealand and the corporate offices are located in the key business centers of Auckland, Hamilton, Wellington and Christchurch.

Capital Expenditures

In conjunction with its property and equipment, WNZL had associated capital expenditures of \$27.0 million during the financial year ended September 30, 2022 (\$26.0 million and \$29.0 million during financial years ended September 30, 2021 and 2020, respectively).

During the fiscal year ended September 30, 2022, WNZL also had capital expenditures for computer software of \$171.0 million (\$104.0 million and \$83.0 million during financial years ended September 30, 2021 and 2020, respectively).

Technology

Following IT outages in 2020, WNZL engaged Deloitte to review and assess the outages and, using Deloitte's findings, established a technology resilience program and other initiatives to address technology resilience issues. WNZL has been working to address the best practices identified in Deloitte's report and expects to continue to do so through September 2023. WNZL is also carrying out further work apart from the technology resilience program to improve technology resilience. However, more work is required to successfully implement the program and to meet WNZL's expectations and those of the RBNZ and FMA. See "Risk Factors—Risks Relating to WNZL's Business and Industry—WNZL could suffer losses due to technology failures or its inability to appropriately manage and upgrade its technology" for more information.

Legal Proceedings

WNZL believes that there are no legal proceedings pending as of the date of this Offering Memorandum that may have a material adverse effect on WNZL.

For further information, see "Risk Factors—Risks Relating to WNZL's Business and Industry—WNZL has been and is currently subject to reviews by regulators, which are increasing in intensity," "Risk Factors—Risks Relating to WNZL's Business and Industry—WNZL has suffered and could suffer further losses due to litigation (including class action proceedings)" and "Risk Factors—Legal and Regulatory Risks—WNZL has been and could be adversely affected by failing to comply with laws, regulations or regulatory policy."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis includes statements that constitute forward-looking statements, which may relate to, among other things, WNZL's financial condition and results of operations. There can be no assurance that future developments will be in accordance with WNZL's expectations or that the effect of future developments on WNZL will be those anticipated. WNZL's actual results could differ materially from those in these forward-looking statements. For a list of factors that could cause WNZL's results to differ from those reflected in these forward-looking statements, see "Forward-Looking Statements."

Overview

Westpac New Zealand Limited

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Factors impacting comparative results for segmental analysis

The outbreak of COVID-19 was declared a pandemic in the quarter ended March 31, 2020 and has continued to have an adverse impact in subsequent years. The pandemic has led to a material structural shift in the behavior of customers, and unprecedented actions by banks, governments and regulators that have impacted the New Zealand economy. For information on the New Zealand Government's stimulus programs in response to the COVID-19 pandemic and their impacts, see "Regulation and Supervision of WNZL—Recent Developments—COVID-19 impacts."

WNZL sold its wealth advisory business on December 11, 2020 for a gain of \$8 million, which was reflected in non-interest income and cash and balances with central bank. Because the transaction was not material, no financial restatements were applied to prior periods.

Description of segments

See "Westpac New Zealand Limited—Segments" for a description of WNZL's business segmentation.

During 2021, WNZL's expense recharge method changed to allow a more accurate reallocation recharge to business segments. The financial information relating to the financial year ended September 30, 2020 included in the 2021 WNZL Financial Statements was restated to provide accurate comparative results to account for this change.

Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operation—Results of operations—Income statement review—Segment income statement review" and "Management's Discussion and Analysis of Financial Condition and Results of Operation—Results of operations—Balance sheet review—Segment balance sheet review" for further information, including reconciling items.

Presentation of Financial Information

WNZL's financial year ends on September 30 of each year. References to years such as "2022", "year ended" or "financial year" and like references in this document are to the twelve months ending September 30 of the applicable year.

Management insight and analysis is provided for the balance sheet as of September 30, 2022 with comparative analysis to September 30, 2021 and 2020. Income statement analysis is based on the financial year ended September 30, 2022 with comparative analysis to September 30, 2021 and 2020.

Segmental performance is provided and analyzed for the same periods as the consolidated WNZL performance.

All transactions between entities within WNZL and its controlled entities are eliminated. Controlled entities are fully consolidated from the date on which control commences and are de-consolidated from the date that control ceases. WNZL's controlled entities are entities which it controls and consolidates as it is exposed to, or has rights to, variable returns from the entities, and can affect those returns through its power over the entities.

The financial statements incorporated by reference herein are based on the general principles of historical cost convention, as modified by applying fair value accounting to financial assets and financial liabilities (including derivative instruments) measured at fair value through the income statement or in other comprehensive income. The going concern concept and the accrual basis of accounting have been adopted. All amounts are expressed in New Zealand dollars, unless otherwise stated. Except as otherwise expressly indicated, average balance sheet amounts for the financial years ended September 30, 2022, 2021 and 2020 are based on monthly averages.

The operating segment results have been presented on a management reporting basis and consequently internal charges and transfer pricing adjustments have been reflected in the performance of each operating segment. Intersegment pricing is determined on a cost recovery basis.

Segment comparative information for the year ended September 30, 2020 has been restated to ensure consistent presentation with the year ended September 30, 2022 and September 30, 2021. This reflects changes to expense allocations between segments during the period.

Reconciling items primarily represent:

- business units that do not meet the definition of operating segments under NZ IFRS 8;
- elimination entries on consolidation of the results, assets and liabilities of WNZL's controlled entities in the preparation of the financial statements of WNZL;
- results of certain entities included for management reporting purposes including insurance and investments, but excluded from the financial statements of WNZL for statutory financial reporting purposes; and
- results of certain business units excluded for management reporting purposes, but included within the financial statements of WNZL for statutory financial reporting purposes.

Currency of presentation, exchange rates and certain definitions

Items included in the financial statements of WNZL and its controlled entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). WNZL’s financial statements are presented in New Zealand dollars, which is WNZL’s functional currency.

Foreign currency monetary assets and liabilities have been translated into New Zealand dollars at the rate of the foreign exchange prevailing as at the applicable balance sheet date. Transactions denominated in a foreign currency are converted to New Zealand dollars at the exchange rates in effect at the date of the transaction.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies have been included in the income statement, except where deferred in other comprehensive income for qualifying cash flow hedges.

Accounting standards

The WNZL Financial Statements incorporated by reference herein have been prepared in accordance with the accounting policies described in the WNZL Annual Financial Statements, being in accordance with Generally Accepted Accounting Practice, NZ IFRS and other authoritative pronouncements of the New Zealand Accounting Standards Board (a sub-board of the New Zealand External Reporting Board), as appropriate for profit-oriented entities. The External Reporting Board’s work focuses on developing a financial reporting strategy for New Zealand; preparing and issuing accounting standards; preparing and issuing standards for assurance practitioners and liaising with national and international organizations that have similar standard setting functions.

These financial statements also comply with IFRS, as issued by the IASB.

During the periods under review in this section, WNZL adopted the following accounting standards:

- Interest Rate Benchmark Reform (“IBOR reform”)—Phase 2 was adopted early, as permitted by NZ IFRS 9, by WNZL for the financial year ended September 30, 2021. IBOR reform—Phase 2 makes amendments to several standards including NZ IFRS 9, NZ IAS 39 and NZ IFRS 7 resulting from the IBOR reform. Amendments are also made to NZ IFRS 4 Insurance Contracts and NZ IFRS 16 Leases (“NZ IFRS 16”). There was no impact on opening retained earnings due to the adoption of the standard. Comparative information is not required to be restated
- Amendments to NZ IFRS 9, NZ IAS 39 and NZ IFRS 7 included in IBOR reform—Phase 1 were adopted early, as permitted by NZ IFRS 9, by WNZL on October 1, 2019. These amendments allowed WNZL to apply certain exceptions to the standard hedging requirements in respect of hedge relationships that are impacted by a market-wide IBOR reform.
- NZ IFRS 16 was adopted by WNZL on October 1, 2019. This adoption required all operating leases of greater than 12 months duration to be presented on balance sheet by the lessee as a right of use asset and lease liability. The lease liabilities were measured at the present value of the remaining lease payments, discounted at the lessee’s incremental borrowing rate, as of October 1, 2019.

Following an IFRS Interpretation Committee (“IFRIC”) decision on Configuration or Customisation Costs in a Cloud Computing Arrangement, which was published in April 2021, WNZL reconsidered its accounting treatment of its Software-as-a-Service (“SaaS”) arrangements and adopted the treatment set out in the IFRIC agenda decision during the year ended September 30, 2021. The revised accounting policy capitalizes these costs as intangible assets only if the implementation activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria. Costs that do not meet these criteria are expensed as incurred, unless they are paid to the suppliers of the SaaS arrangement to significantly customize the cloud-based software for WNZL, in which case they are recognized as a prepayment for services and amortized over the expected period of use of the SaaS arrangement.

Results of operations

Income statement review

Consolidated income statement data

\$ millions	For the year ended September 30,			
	2022 USD ¹	2022 NZD	2021 NZD	2020 NZD
Interest income.....	2,111	3,741	3,012	3,540
Interest expense	(818)	(1,450)	(946)	(1,665)
Net interest income	1,293	2,291	2,066	1,875
Non-interest income.....	151	268	240	243
Net operating income before operating expenses and impairment charges	1,444	2,559	2,306	2,118
Operating expenses	(638)	(1,131)	(1,099)	(1,030)
Impairment (charges)/benefits	15	27	84	(320)
Profit before income tax	821	1,455	1,291	768
Income tax expense.....	(230)	(408)	(360)	(218)
Net profit attributable to the owner of WNZL	591	1,047	931	550

¹ For the convenience of the reader, the financial data for the financial year ended September 30, 2022 has been translated from NZ dollars into US dollars using the Noon Buying Rate for September 30, 2022 of USD 0.5642 per NZD 1.00.

Net profit

Year ended September 30, 2022 compared to the year ended September 30, 2021

Net profit for the year increased by \$116 million or 12% to \$1,047 million in the year ended September 30, 2022 compared to \$931 million in the year ended September 30, 2021. This increase was primarily due to strong growth in housing and business loans and improved margins. This was partially offset by lower impairment benefits as the decrease in expected credit loss provisions on loans was lower in the year ended September 30, 2022 compared to the year ended September 30, 2021, and increased expenses primarily driven by an increase in salary and other staff expenses.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Net profit for the year increased by \$381 million or 69% to \$931 million in the year ended September 30, 2021 compared to \$550 million in the year ended September 30, 2020. Drivers of stronger performance were higher lending volumes, ongoing repricing benefits, lower funding costs, as well as a large improvement in impairment charges as the expected impact of COVID-19 improved. These gains were partially offset by increased spending on our technology resilience program, regulatory compliance projects, including compliance with respect to the Risk Governance Review, the Liquidity Review and BS11, and costs relating to the sale of Westpac Life to Fidelity Life Assurance Company Limited.

Net interest income

NZ\$ millions	For the year ended September 30,		
	2022	2021 ¹	2020 ²
Interest income.....	3,741	3,012	3,540
Interest expense.....	(1,450)	(946)	(1,665)
Net interest income	2,291	2,066	1,875

Increase/(decrease) in net interest income:

Due to change in volume.....	61	145	150
Due to change in rate	<u>164</u>	<u>46</u>	<u>(218)</u>
Change in net interest income	<u>225</u>	<u>191</u>	<u>(68)</u>

¹ Comparatives have been restated to reflect an updated methodology of treating interest expense from derivatives as fully attributable to a change in interest rates. The restatement resulted in a \$66 million increase in Due to change in volume from \$79 million to \$145 million and a corresponding decrease in Due to change in rate from \$112 million to \$46 million.

² Comparatives have been restated to reflect an updated methodology of treating interest expense from derivatives as fully attributable to a change in interest rates. The restatement resulted in a \$3 million decrease in Due to change in volume from \$153 million to \$150 million and a corresponding increase in Due to change in rate from (\$221) million to (\$218) million.

Year ended September 30, 2022 compared to the year ended September 30, 2021

Net interest income increased by \$225 million or 11% to \$2,291 million in the year ended September 30, 2022 compared to \$2,066 million in the year ended September 30, 2021. This increase was primarily due to growth in housing loans and business loans and improved margins.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Net interest income increased by \$191 million or 10% to \$2,066 million in the year ended September 30, 2021 compared to \$1,875 million in the year ended September 30, 2020, mainly due to a decrease in interest expense as a result of lower interest rates and a change in portfolio mix (primarily an increase in deposits on call). The increase in net interest income was partially offset by a decrease in interest income mainly due to lower interest rates and other changes in the portfolio mix (including a decline in personal lending), despite mortgage growth.

Interest spread and margin

NZ\$ millions	For the year ended September 30,		
	2022	2021	2020
Net interest income	2,291	2,066	1,875
Average interest earning assets	113,995	105,927	98,720
Average interest bearing liabilities	91,389	84,801	82,648
Interest spread ¹ (%).....	1.70	1.73	1.57
Net interest margin ² (%)	2.01	1.95	1.90

¹ Interest spread is the difference between the average interest rate on all interest earning assets and the average rate paid on all interest bearing liabilities.

² Net interest margin is calculated by dividing the annualized net interest income by average interest earning assets.

Year ended September 30, 2022 compared to the year ended September 30, 2021

Net interest margin increased by 6 basis points to 2.01% in the year ended September 30, 2022 compared to 1.95% in the year ended September 30, 2021. The increase was due to higher deposit spreads from rising interest rates partially offset by lower spreads on housing loans from the competitive lending environment.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Net interest margin increased by 5 basis points to 1.95% in the year ended September 30, 2021 compared to 1.90% in the year ended September 30, 2020. This increase was mostly from higher deposit spreads due to repricing and portfolio mix (primarily an increase in deposits on call) and lower funding costs. This increase was partially offset by lower mortgage spreads, changes in the portfolio mix (primarily a decrease in personal lending) and higher holdings of liquid assets.

Non-interest income

NZ\$ millions	For the year ended September 30,		
	2022	2021	2020
Net fees and commissions income.....	252	236	228
Net ineffectiveness on qualifying hedges.....	5	(4)	8
Other non-interest income.....	11	8	7
Total non-interest income.....	268	240	243

Year ended September 30, 2022 compared to the year ended September 30, 2021

Non-interest income increased by \$28 million or 12% to \$268 million in the year ended September 30, 2022 compared to \$240 million in the year ended September 30, 2021. This increase was primarily due to transaction and commission fees and a gain from ineffective hedges compared to a loss in the year ended September 30, 2021, arising from the difference in repricing frequency between underlying hedged items and their derivative hedging instruments. This was partially offset by a decrease in facility fees income. Non-interest income in the year ended September 30, 2021 was positively impacted by the gain on the sale of WNZL's private wealth management business.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Non-interest income decreased by \$3 million or 1% to \$240 million in the year ended September 30, 2021 compared to \$243 million in the year ended September 30, 2020. This decrease was primarily due to losses on ineffective hedges arising from the difference in repricing frequency between underlying hedged items and their derivative hedging instruments. This decrease was partially offset by the gain on the sale of WNZL's wealth management business and fees and commissions driven by Mastercard scheme incentives (an exclusive offer of Mastercard products to WBC customers who increased their spending) during the year ended September 30, 2021.

Operating expenses

NZ\$ millions	For the year ended September 30,		
	2022	2021 ³	2020 ⁴
Staff expenses	635	532	514
Lease expense	20	26	25
Depreciation	88	95	99
Technology services and telecommunications	145	165	129
Purchased services	81	99	60
Software amortization costs	47	61	66
Related entities—management fees	5	5	9
Other	110	116	128
Total operating expenses	1,131	1,099	1,030
Net operating income per full-time equivalent employee (\$'000 annualized) ¹	505	477	486
Cost to income ratio ²	0.44	0.48	0.49

¹ Revenue per full-time equivalent employee is calculated as net operating income divided by the count of full-time equivalent employees at the respective year end date.

² Cost to income ratio is calculated as total operating expenses divided by net operating income before operating expenses and impairment charges.

³ Comparative information disclosed within certain operating expenses categories above has been restated as a result of a review undertaken during the year. The restatements relate to:

- Certain expenses being reclassified due to change in scope of the technology services and telecommunications and purchased services categories, and no longer separating out consultant costs from these two categories. As a result, comparative information for technology services and telecommunications increased by \$63 million, purchased services decreased by \$15 million, other decreased by \$14 million and consultant costs decreased by \$34 million.
- Revising the presentation of capitalized staff expenses associated with internally generated software between staff expenses and technology services and telecommunications categories. As a result, comparative information for staff expenses decreased by \$34 million and technology services and telecommunications increased by the corresponding amount.

⁴ Comparatives for the year ended September 30, 2020 for “technology services and telecommunications” and “purchased services” have been restated due to change in presentation. The restatement resulted in a \$59 million increase in technology services and telecommunications from \$70 million to \$129 million, a \$38 million decrease in purchased services from \$98 million to \$60 million and a \$21 million decrease in consultant costs from \$21 million to \$0.

Year ended September 30, 2022 compared to the year ended September 30, 2021

Operating expenses increased by \$32 million or 3% to \$1,131 million in the year ended September 30, 2022 compared to \$1,099 million for the year ended September 30, 2021. The increase was primarily due to increased salary and other staff expenses as a result of an increase in the number of full-time equivalent staff for the year ended September 30, 2022 compared to the prior period to support our technology resilience program and regulatory compliance projects. This increase was partially offset by a decrease in technology services expensed and amortization of software.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Operating expenses increased by \$69 million or 7% to \$1,099 million in the year ended September 30, 2021 compared to \$1,030 million for the year ended September 30, 2020. This increase was primarily due to increased spending on our technology resilience program and regulatory compliance projects, including compliance with respect to the Risk Governance Review, the Liquidity Review and BS11 and costs relating to the sale of Westpac Life to Fidelity Life Assurance Company Limited. The number of full-time equivalent staff also increased to support these projects, contributing to an increase in salary and other staff expenses, partially offset by productivity benefits.

Impairment charges

NZ\$ millions	For the year ended September 30,		
	2022	2021	2020
Provisions raised/(released):			
Performing	(38)	(95)	205
Non-performing	1	(1)	105
Bad debts written-off/(recovered) directly to the income statement	10	12	10
Impairment charges/(benefits)	(27)	(84)	320
of which relates to:			
Loans and credit commitments	(27)	(84)	320
Impairment charges/(benefits)	(27)	(84)	320

Generally, impairment charges for the periods presented in this section were impacted by the effects of the COVID-19 pandemic in New Zealand. The outbreak of COVID-19 was declared a pandemic in the quarter ended March 31, 2020 and continued to have an adverse impact in subsequent years. The pandemic led to a material structural shift in the behavior of customers, and unprecedented actions by banks, governments and regulators that have impacted the New Zealand economy.

In particular, the COVID-19 related support packages and financial stimulus provided by the New Zealand Government may have protected business and retail lending customers from default or financial stress, which may result in those losses not being fully reflected in our historical results and being deferred to subsequent periods. As a result, impairment charges may be impacted by future credit losses, in addition to new geopolitical and economic headwinds, supply chain disruptions, capacity constraints and rising inflation.

In this environment, there was a heightened need for the application of judgment to reflect these evolving relationships and risks. These judgments have been applied in the form of economic overlays, modelling adjustments and revision to scenario weights. For a discussion of these judgments, overlays and scenario weightings in the assessment of our ECL and impacts on impairments, see “—Impacts of changes in gross financial assets on loss allowances” and “—Impact of overlays on the provision for ECL” below and Note 6 to the 2022 WNZL Financial Statements.

Year ended September 30, 2022 compared to the year ended September 30, 2021

Impairment benefit decreased by \$57 million or 68% to \$27 million for the year ended September 30, 2022 compared to \$84 million in the year ended September 30, 2021. This was largely driven by the underlying movements across all portfolios and continued macroeconomic recovery during the COVID-19 pandemic from the year ended September 30, 2020, albeit to a lesser extent when compared to the change between the year ended September 30, 2021 and the year ended September 30, 2020. The decrease was partly offset by management overlays adjustment and changes to downside scenario weights.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Impairment benefit increased by \$404 million or 126% to \$84 million for the year ended September 30, 2021 compared to an impairment charge of \$320 million in the year ended September 30, 2020. This was driven by the macroeconomic recovery during the COVID-19 pandemic from the year ended September 30, 2020, coupled with releases in collectively assessed provisions (“CAP”) due to underlying movements across all portfolios and customers exiting from COVID-19-related support programs. The upside movement in CAP was partially offset by COVID-19 overlays, model adjustment and increases from individually assessed provisions (“IAP”) raised.

Income tax expense

NZ\$ millions	For the year ended September 30,		
	2022	2021	2020
Income tax expense.....	408	360	218
Tax as a percentage of profit before income tax expense (%).....	28.0	27.9	28.4

Year ended September 30, 2022 compared to the year ended September 30, 2021

Income tax expense increased by \$48 million or 13% to \$408 million in the year ended September 30, 2022 compared to \$360 million in the year ended September 30, 2021. The increase was primarily due to an increase in profit before income tax. For the year ended September 30, 2022, the effective tax rate was 28%, which was aligned with the New Zealand corporate tax rate, with no material tax adjustments affecting income tax expense for the period.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Income tax expense increased by \$142 million or 65% to \$360 million in the year ended September 30, 2021 compared to \$218 million in the year ended September 30, 2020. The increase was primarily due to an increase in profit before income tax. For the year ended September 30, 2021, the effective tax rate of 27.9% was slightly below the New Zealand corporate tax rate of 28%, primarily due to a non-taxable gain on the sale of WNZL's wealth management business, partially offset by non-deductible legal and consulting costs. In comparison, the September 30, 2020 effective tax rate was 28.4% predominantly due to a reduction in the value of expected future tax deductions for executive equity remuneration following a decrease in WBC's share price in the year ended September 30, 2020.

Segment income statement review

The table below presents a summary of the consolidated income statements of each of WNZL's segments for the years ended September 30, 2022, 2021 and 2020, in each case, compared to the prior corresponding period.

NZ\$ millions	Consumer Banking and Wealth	Institutional and Business Banking	Investments and Insurance	Reconciling items	Total
Year ended September 30, 2022					
Net interest income.....	1,138	1,106	2	45	2,291
Non-interest income	143	109	56	(40)	268
Net operating income before operating expenses and impairment charges	1,281	1,215	58	5	2,559
Operating expenses	(648)	(433)	(43)	(7)	(1,131)
Impairment (charges)/benefits.....	3	24	-	-	27
Profit before income tax.....	636	806	15	(2)	1,455
Year ended September 30, 2021					
Net interest income.....	1,117	959	1	(11)	2,066
Non-interest income	133	105	107	(105)	240
Net operating income before operating expenses and impairment charges	1,250	1,064	108	(116)	2,306
Operating expenses	(677)	(386)	(44)	8	(1,099)
Impairment (charges)/benefits.....	78	6	-	-	84
Profit before income tax.....	651	684	64	(108)	1,291
Year ended September 30, 2020¹					
Net interest income.....	1,002	907	1	(35)	1,875
Non-interest income	119	116	109	(101)	243
Net operating income before operating expenses and impairment charges	1,121	1,023	110	(136)	2,118
Operating expenses	(663)	(355)	(30)	18	(1,030)
Impairment (charges)/benefits.....	(165)	(155)	-	-	(320)
Profit before income tax.....	293	513	80	(118)	768

¹ Comparatives have been restated due to a change in WNZL's expense recharge method. See "—Description of segments."

Consumer Banking and Wealth

The table below presents a summary of the income statements of WNZL's Consumer Banking and Wealth segment for the years ended September 30, 2022, 2021 and 2020, in each case, compared to the prior corresponding period.

NZ\$ millions	For the year ended September 30,		
	2022	2021	2020 ¹
Net interest income	1,138	1,117	1,002
Non-interest income	143	133	119
Net operating income before operating expenses and impairment charges	1,281	1,250	1,121
Operating expenses	(648)	(677)	(663)
Impairment (charges)/benefits	3	78	(165)
Profit before income tax	636	651	293

¹ Comparatives have been restated due to a change in WNZL's expense recharge method. See "—Description of segments."

Profit before income tax

Year ended September 30, 2022 compared to the year ended September 30, 2021

Profit before income tax decreased by \$15 million or 2% to \$636 million for the year ended September 30, 2022, compared to \$651 million for the year ended September 30, 2021. This decrease is primarily driven by lower impairment benefits as the decrease in expected credit loss provisions on loans was lower in the year ended September 30, 2022 compared to the year ended September 30, 2021, partly offset by a decrease in operating expenses and increase in net interest income and non-interest income.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Profit before income tax increased by \$358 million or 122% to \$651 million in the year ended September 30, 2021, compared to \$293 million in the year ended September 30, 2020. This was driven by higher net interest income and non-interest income and a reduction in the provision relating to COVID-19, which resulted in an impairment benefit in 2021.

Net interest income

Year ended September 30, 2022 compared to the year ended September 30, 2021

Net interest income increased by \$21 million or 2% to \$1,138 million in the year ended September 30, 2022 compared to \$1,117 million in the year ended September 30, 2021. This increase was primarily due to the growth in housing loans, partially offset by lower margins.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Net interest income increased by \$115 million or 11% to \$1,117 million in the year ended September 30, 2021, compared to \$1,002 million in the year ended September 30, 2020. The main driver for this increase was strong growth in customer deposits particularly in call products and improved term deposit margins, product portfolio mix and loan volume. This increase was partially offset by reduced housing rates as WNZL continued to offer low interest rates to customers for both owner occupied and investment property loans.

Non-interest income

Year ended September 30, 2022 compared to the year ended September 30, 2021

Non-interest income increased by \$10 million or 8% to \$143 million for the year ended September 30, 2022 compared to \$133 million for the year ended September 30, 2021. This increase was primarily driven by increased credit card income due to higher spending volume, increased insurance commissions and lower regulatory remediation provisions raised in the year ended September 30, 2022 compared to the year ended September 30, 2021.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Non-interest income increased by \$14 million or 12% to \$133 million for the year ended September 30, 2021 compared to \$119 million for the year ended September 30, 2020. The increase was driven by income from credit cards with improved spending volume following the end of COVID-19 lockdowns, with improved fee income rates resulting from the new Mastercard customer incentive scheme and improved earn rates in the Airpoints scheme (Air New Zealand Limited's customer incentive program), resulting in lower reward costs.

Operating expenses

Year ended September 30, 2022 compared to the year ended September 30, 2021

Operating expenses decreased by \$29 million or 4% to \$648 million in the year ended September 30, 2022, compared to \$677 million in the year ended September 30, 2021. The decrease was primarily due to reduction in technology service expensed and lower software amortization. The decrease was partially offset by increased salary and other staff expenses as a result of an increase in the number of full-time equivalent staff to support our technology resilience program and regulatory compliance projects.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Operating expenses increased by \$14 million or 2% to \$677 million in the year ended September 30, 2021 compared to \$663 million in the year ended September 30, 2020. This increase was due to higher indirect cost allocations, which include the technology resilience program and regulatory compliance projects, with core expenses stable year on year.

Impairment charges/benefits

Year ended September 30, 2022 compared to the year ended September 30, 2021

Impairment benefits decreased by \$75 million or 96% to \$3 million in the year ended September 30, 2022, when compared to \$78 million in the year ended September 30, 2021. This decrease was primarily driven by small improvements from COVID-19 specific risks, partly offset by risks from inflation and increasing interest rates in the year ended September 30, 2022.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Impairment charges saw a large decrease of \$243 million to an impairment benefit of \$78 million in the year ended September 30, 2021, compared to an impairment charge of \$165 million in the year ended September 30, 2020.

As described above, this decrease was due to changes made to the expected loan impairments to account for the fact that the financial impact of COVID-19 on the New Zealand economy was not as significant in the year ended September 30, 2021, as initially provisioned for.

Institutional and Business Banking

The table below presents a summary of the income statements of the Institutional and Business Banking segment for the years ended September 30, 2022, 2021 and 2020, in each case, compared to the prior corresponding period.

NZ\$ millions	For the year ended September 30,		
	2022	2021	2020 ¹
Net interest income	1,106	959	907
Non-interest income.....	109	105	116
Net operating income before operating expenses and impairment charges	1,215	1,064	1,023
Operating expenses	(433)	(386)	(355)
Impairment (charges)/benefits	24	6	(155)
Profit before income tax	806	684	513

¹ Comparatives have been restated due to a change in WNZL's expense recharge method.. See “—Description of segments”

Profit before income tax

Year ended September 30, 2022 compared to the year ended September 30, 2021

Profit before income tax increased by \$122 million or 18% to \$806 million in the year ended September 30, 2022, compared to \$684 million in the year ended September 30, 2021. Higher net interest income resulting from increased margins was partially offset by higher operating expenses due to increased staff costs relating to our technology resilience program and regulatory compliance projects.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Profit before income tax increased by \$171 million or 33% to \$684 million in the year ended September 30, 2021, compared to \$513 million in the year ended September 30, 2020. This was mainly driven by a decrease in impairment charges from a partial release of the COVID-19 provision and due to a more positive macroeconomic outlook and underlying improvements across all portfolios.

Net interest income

Year ended September 30, 2022 compared to the year ended September 30, 2021

Net interest income increased by \$147 million or 15% to \$1,106 million in the year ended September 30, 2022 compared to \$959 million in the year ended September 30, 2021. This increase was driven by margin expansion as a result of OCR increases.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Net interest income increased by \$52 million or 6% to \$959 million in the year ended September 30, 2021, compared to \$907 million in the year ended September 30, 2020. The main drivers for this increase were an increased volume of term finance products and money market loans. Net interest margin increased across all lending products, also contributing to the higher net interest income. This increase was partially offset by a decrease in business deposits.

Non-interest income

Year ended September 30, 2022 compared to the year ended September 30, 2021

Non-interest income increased by \$4 million or 4% to \$109 million in the year ended September 30, 2022, compared to \$105 million in the year ended September 30, 2021. This increase was primarily as a result of a one-off regulatory remediation release, partially offset by lower undrawn line fees and lower merchant income.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Non-interest income decreased by \$11 million or 9% to \$105 million in the year ended September 30, 2021, compared to \$116 million in the year ended September 30, 2020. This decrease was mainly driven by lower online channel fees relating to a decrease in internet banking charges and a reduction in fee income following fees revised in line with CCCFA guidelines that became effective December 1, 2021. There was also an increase in customer remediation costs.

Operating expenses

Year ended September 30, 2022 compared to the year ended September 30, 2021

Operating expenses increased by \$47 million or 12% to \$433 million in the year ended September 30, 2022, compared to \$386 million in the year ended September 30, 2021. This was primarily due to increased spending on the technology resilience program and regulatory compliance projects, including compliance with respect to the Risk Governance Review, the Liquidity Review and BS11.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Operating expenses increased by \$31 million or 9% to \$386 million in the year ended September 30, 2021, compared to \$355 million in the year ended September 30, 2020. This was due to increased spending on the technology resilience program and regulatory compliance projects, including compliance with respect to the Risk Governance Review, the Liquidity Review and BS11.

Impairment charges/benefits

Year ended September 30, 2022 compared to the year ended September 30, 2021

Impairment benefits increased by \$18 million or 300% to \$24 million in the year ended September 30, 2022, compared to \$6 million in the year ended September 30, 2021. This increase was primarily due to improvements in the underlying portfolio, in particular, a reduction in individually assessed provisions, partly offset by an increase in collectively assessed provisions.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Impairment charges saw a large decrease of \$161 million to an impairment benefit of \$6 million in the year ended September 30, 2021, compared to an impairment charge of \$155 million in the year ended September 30, 2020. This was mostly due to a CAP benefit as provisions relating to COVID-19 booked in the year ended September 30, 2020 were partially released, better credit quality metrics across all portfolios and an improved economic outlook.

Balance sheet review

Consolidated balance sheet data

The table below presents WNZL's consolidated balance sheet liabilities for the years ended September 30, 2022, 2021 and 2020.

\$ millions	As of September 30,			
	2022	2022	2021	2020
	USD ¹	NZD	NZD	NZD
Assets				
Cash and balances with central bank	6,105	10,820	8,472	4,360
Collateral paid	24	42	185	148
Trading securities and financial assets measured at Fair value through Income Statement ("FVIS")	1,195	2,118	2,280	2,437
Derivative financial instruments	95	169	221	599
Investment securities	3,172	5,623	4,680	5,021
Loans	54,661	96,882	92,632	87,959
Other financial assets	149	263	712	196
Due from related entities	1,470	2,606	1,834	1,094
Property and equipment	227	402	410	398
Deferred tax assets	22	39	216	280
Intangible assets	443	785	673	647
Other assets	39	69	65	53
Total assets	<u>67,602</u>	<u>119,818</u>	<u>112,380</u>	<u>103,192</u>
Liabilities				
Collateral received	46	82	188	419
Deposits and other borrowings	45,614	80,848	79,367	73,970
Other financial liabilities	2,453	4,348	2,900	287
Derivative financial instruments	67	118	178	293
Due to related entities	1,671	2,961	1,836	1,487
Debt issues	11,246	19,933	16,304	15,799
Current tax liabilities	33	58	43	73
Provisions	131	233	241	206
Other liabilities	211	374	381	356
Loan capital	<u>1,175</u>	<u>2,083</u>	<u>2,579</u>	<u>2,612</u>
Total liabilities	<u>62,648</u>	<u>111,038</u>	<u>104,017</u>	<u>95,502</u>
Net assets	<u>4,954</u>	<u>8,780</u>	<u>8,363</u>	<u>7,690</u>
Shareholders' equity				
Share capital	4,119	7,300	7,300	7,300
Reserves	77	137	(15)	(25)
Retained Profit	<u>758</u>	<u>1,343</u>	<u>1,078</u>	<u>415</u>
Total shareholders' equity	<u>4,954</u>	<u>8,780</u>	<u>8,363</u>	<u>7,690</u>

¹ For the convenience of the reader, the financial data for the year ended September 30, 2022 has been translated from NZ dollars into US dollars using the Noon Buying Rate for September 30, 2022 of USD 0.5642 per NZD 1.00.

Assets

Year ended September 30, 2022 compared to the year ended September 30, 2021

Total assets as of September 30, 2022 increased \$7.4 billion or 7% to \$119.8 billion from \$112.4 billion as of September 30, 2021.

This increase was primarily driven by an increase in housing loans and business loans. The increase in fixed rate housing loans was partially offset by a decrease in floating rate housing loans.

Cash and balances maintained with central banks also increased due to a system-wide RBNZ increase in the balance of the RBNZ's exchange settlement account system.

There was also an increase in investment securities which was a result of increases in investment grade securities, partially offset by a decrease in New Zealand Government bonds.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Total assets as of September 30, 2021 increased \$9.2 billion or 9% to \$112.4 billion from \$103.2 billion as of September 30, 2020. This increase was primarily due to an increase in loans, which in turn was primarily due to

the increase in fixed rate housing loans. This was offset partially by (i) a decrease in floating rate housing loans driven by customer anticipation of interest rate increases and (ii) a decrease in fixed rate term loans.

Cash and balances with central banks also increased due to a system-wide increase in the balances of the RBNZ's exchange settlement account system.

The decrease in investment securities was a result of decreases in New Zealand Government bonds (securities sold under agreements to repurchase) and supranational securities, partially offset by an increase in bank issued bonds. For more information, see Note 10 to the 2021 WNZL Financial Statements.

Liabilities and equities

Year ended September 30, 2022 compared to the year ended September 30, 2021

Total liabilities increased \$7.0 billion or 7% to \$111.0 billion as of September 30, 2022 from \$104.0 billion as of September 30, 2021.

This increase was primarily due to an increase in debt issues, primarily driven by new Euro Medium Term Notes ("EMTN"), Domestic Medium-Term Notes ("DMTN"), United States Commercial Paper (the "USCP") and Covered Bonds issues, partially offset by scheduled maturities.

Deposits at amortized cost also increased due to funding and liquidity requirements. The increase in term deposits was offset by a decrease in call accounts, due to the increasing rate environment.

Other financial liabilities increased due to additional drawdowns under the Funding for Lending Programme ("FLP"), partially offset by a decrease in other repurchase agreements.

Loan capital decreased due to redemption of existing Tier 2 convertible subordinated notes, partially offset by issuance of new Tier 2 subordinated notes.

Total equity increased \$0.4 billion or 5% to \$8.8 billion as of September 30, 2022 from \$8.4 billion as of September 30, 2021. This increase was mainly due to the profit for the year and an increase in reserves, partly offset by dividends paid. The reserve increase was due to an increase in the cash flow hedge reserve driven by increasing interest rates and widening cross currency basis. This was partially offset by increasing interest rates attributed to the investment securities reserve.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Total liabilities increased \$8.5 billion or 9% to \$104.0 billion as of September 30, 2021 from \$95.5 billion as of September 30, 2020. This increase was primarily due to an increase in deposits at amortized cost, driven by an increase in call deposits and savings and everyday accounts. This was partially offset by the decrease in term deposits because of the low-interest rate environment.

Other financial liabilities increased \$2.6 billion or 910% to \$2.9 billion as of September 30, 2021 from \$0.3 billion as of September 30, 2020. This increase was primarily attributable to increases in repurchase agreements (securities sold subject to agreements to repurchase at a predetermined price) as WNZL accessed the FLP and Term Lending Facility ("TLF"). Total equity increased \$0.7 billion or 9% to \$8.4 billion as of September 30, 2021 from \$7.7 billion as of September 30, 2020. The movement in equity was mainly due to the increase in net profits for the year, partially offset by (i) dividends paid, (ii) the increase in the cash flow hedge reserve which was largely due to New Zealand interest rate movements and (iii) a decrease in the New Zealand Government bonds revaluation reserve, driven by unfavorable NZD interest rate movements.

Segment balance sheet review

The table below presents a summary of certain balance sheet liabilities of each of WNZL's segments for the years ended September 30, 2022, 2021 and 2020, in each case, compared to the prior corresponding period.

NZ\$ millions	Consumer Banking and Wealth	Institutional and Business Banking	Reconciling items	Total
As of September 30, 2022				
Total gross loans	57,968	39,684	(374)	97,278
Total deposits and other borrowings	43,574	34,335	2,939	80,848
As of September 30, 2021				
Total gross loans	54,374	38,809	(80)	93,103
Total deposits and other borrowings	40,371	35,546	3,450	79,367
As of September 30, 2020				
Total gross loans	48,979	39,457	124	88,560
Total deposits and other borrowings	38,637	32,337	2,996	73,970

Consumer Banking and Wealth

The table below presents certain balance sheet liabilities of WNZL's Consumer Banking and Wealth segment for the years ended September 30, 2022, 2021 and 2020.

NZ\$ millions	For the year ended September 30,		
	2022	2021	2020
Total gross loans	57,968	54,374	48,979
Total deposits and other borrowings	43,574	40,371	38,637

Total gross loans

Year ended September 30, 2022 compared to the year ended September 30, 2021

Total gross loans increased by \$3.6 billion or 7% to \$58.0 billion in the year ended September 30, 2022 compared to \$54.4 billion in the year ended September 30, 2021. This was mainly driven by an increase in housing loans and credit card balances, partly offset by a decrease in personal loan balances.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Total gross loans increased by \$5.4 billion or 11% to \$54.4 billion in the year ended September 30, 2021 compared to \$49.0 billion in the year ended September 30, 2020. This was mainly driven by an increase in housing loans due to lower interest rates, partially offset by a slight reduction in personal lending and credit cards volume.

Total deposits and other borrowings

Year ended September 30, 2022 compared to the year ended September 30, 2021

Total deposits and other borrowings increased by \$3.2 billion or 8% to \$43.6 billion in the year ended September 30, 2022 compared to \$40.4 billion in the year ended September 30, 2021. This increase was primarily driven by increases in deposits from retail customers.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Total deposits and other borrowings increased by \$1.7 billion or 4% to \$40.4 billion in the year ended September 30, 2021 compared to \$38.6 billion in the year ended September 30, 2020. This increase was primarily driven by the growth in call deposits due to lower spending during lockdown.

Institutional and Business Banking

The table below presents certain balance sheet liabilities of WNZL's Institutional and Business Banking segment for the years ended September 30, 2022, 2021 and 2020.

NZ\$ millions	For the year ended September 30,		
	2022	2021	2020
Total gross loans	39,684	38,809	39,457
Total deposits and other borrowings	34,335	35,546	32,337

Total gross loans

Year ended September 30, 2022 compared to the year ended September 30, 2021

Total gross loans increased by \$0.9 billion or 2% to \$39.7 billion in the year ended September 30, 2022, compared to \$38.8 billion in the year ended September 30, 2021. This increase was primarily as a result of growth in business loans, which was generally in line with the market growth, notwithstanding some fluctuations on spot balances where large inter-day movements can occur due to the nature of the business unit.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Total gross loans decreased by \$0.6 billion or 1.6% to \$38.8 billion in the year ended September 30, 2021 compared to \$39.5 billion in the year ended September 30, 2020, in line with the market, notwithstanding some fluctuations as described above.

Total deposits and other borrowings

Year ended September 30, 2022 compared to the year ended September 30, 2021

Total deposits and other borrowings decreased by \$1.2 billion or 3% to \$34.3 billion in the year ended September 30, 2022 compared to \$35.5 billion in the year ended September 30, 2021. This decrease was primarily due to a decrease in institutional customer deposits.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Total deposits and other borrowings increased by \$3.2 billion or 10% to \$35.5 billion in the year ended September 30, 2021, compared to \$32.3 billion in the year ended September 30, 2020. This increase was due to the impact of COVID-19 which caused a general decrease in spending due to the lockdowns and government financial stimulus, including the Wage Subsidy Scheme.

Asset quality review

Individually impaired assets

NZ\$ millions	As of September 30,		
	2022	2021	2020
Individually impaired assets			
Gross individually impaired assets	60	109	129
Provision for ECL.....	(27)	(69)	(73)
Net individually impaired assets	33	40	56
Gross individually impaired assets and 90 days past due not impaired assets			
Gross individually impaired assets	60	109	129
Gross assets 90 days past due not impaired	224	242	343
Total gross individually impaired assets and 90 days past due not impaired assets	<u>284</u>	<u>351</u>	<u>472</u>
Analysis of movement in individually impaired assets			
Balance at the beginning of the period.....	109	129	69
Additions	26	61	98
Deletions.....	(26)	(45)	(33)
Amounts written-off	(49)	(36)	(5)
Balance at the end of the period	<u>60</u>	<u>109</u>	<u>129</u>
Gross individually impaired assets as a percentage of gross loans (%)...	0.06	0.12	0.15
Gross individually impaired assets and 90 days past due not impaired assets as a percentage of gross loans (%).....	0.29	0.38	0.53

Year ended September 30, 2022 compared to the year ended September 30, 2021

Gross individually impaired assets as a percentage of gross loans decreased by 6 basis points to 6 basis points as of September 30, 2022 from 12 basis points as at September 30, 2021. This decrease was mainly driven by a partial write-off of a single exposure from the corporate portfolio.

Gross individually impaired assets and 90 days past due not impaired assets as a percentage of gross loans decreased by 9 basis points to 29 basis points as at September 30, 2022 from 38 basis points as of September 30, 2021. This is primarily driven by decreases in 90 days past due exposures for mortgages and write-offs across all portfolios, partially offset by an increase in impaired exposures from the corporate portfolio and 90 days past due exposures in other retail.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Gross individually impaired assets as a percentage of gross loans decreased by 3 basis points to 12 basis points as of September 30, 2021 from 15 basis points as of September 30, 2020. This decrease was mainly driven by a decline in high risk exposures and write-offs of a single exposure from the corporate portfolio.

Gross individually impaired assets and 90 days past due not impaired assets as a percentage of gross loans decreased by 15 basis points to 38 basis points as of September 30, 2021 from 53 basis points as of September 30, 2020. This decrease was mainly due to a reduction in the 90 days past due from residential mortgages and high risk exposures from the corporate portfolio.

Movements in components of loss allowance

The following tables explain how changes in gross carrying amounts of loans during the year have contributed to changes in the provision for ECL on loans.

	As of September 30, 2022				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	Total
NZ\$ millions	CAP	CAP	CAP	IAP	
Provision for ECL on loans and credit commitments as of September 30, 2021	<u>102</u>	<u>279</u>	<u>75</u>	<u>69</u>	<u>525</u>
Due to changes in credit quality:					
Transfers to Stage 1	141	(122)	(19)	-	-
Transfers to Stage 2	(12)	52	(39)	(1)	-
Transfers to Stage 3 CAP	-	(24)	26	(2)	-
Transfers to Stage 3 IAP	-	(7)	(6)	13	-
Reversals of previously recognized impairment charges	-	-	-	(6)	(6)
New financial assets originated	16	-	-	-	16
Financial assets derecognized during the period	(11)	(27)	(19)	-	(57)
Changes in CAP due to amounts written off	-	-	(23)	-	(23)
Other charges/(credits) to the income statement	(133)	89	74	3	33
Total charges/(credits) to the income statement for ECL	<u>1</u>	<u>(39)</u>	<u>(6)</u>	<u>7</u>	<u>(37)</u>
Amounts written off from IAP	-	-	-	(49)	(49)
Total provision for ECL on loans and credit commitments as of September 30, 2022	<u>103</u>	<u>240</u>	<u>69</u>	<u>27</u>	<u>439</u>
<i>Presented as:</i>					
Provision for ECL on loans	85	215	69	27	396
Provision for ECL on credit commitments ¹	<u>18</u>	<u>25</u>	<u>-</u>	<u>-</u>	<u>43</u>
Total provision for ECL on loans and credit commitments as of September 30, 2022	<u>103</u>	<u>240</u>	<u>69</u>	<u>27</u>	<u>439</u>

¹ Includes provision for ECL on related entity credit commitments of \$4 million classified as “due to related entities” in the balance sheet.

	As of September 30, 2021				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	Total
NZ\$ millions	CAP	CAP	CAP	IAP	
Provision for ECL on loans and credit commitments as of September 30, 2020	116	360	107	74	657
Due to changes in credit quality:					
Transfers to Stage 1	133	(113)	(20)	-	-
Transfers to Stage 2	(12)	88	(76)	-	-
Transfers to Stage 3 CAP	-	(31)	33	(2)	-
Transfers to Stage 3 IAP	-	(1)	(1)	2	-
Reversals of previously recognized impairment charges	-	-	-	(33)	(33)
New financial assets originated	16	-	-	-	16
Financial assets derecognized during the year	(12)	(42)	(23)	-	(77)
Changes in CAP due to amounts written off	-	-	(34)	-	(34)
Other charges/(credits) to the income statement	(139)	18	89	64	32
Total charges/(credits) to the income statement for ECL	(14)	(81)	(32)	31	(96)
Amounts written off from IAP	-	-	-	(36)	(36)
Total provision for ECL on loans and credit commitments as of September 30, 2021	102	279	75	69	525
Presented as:					
Provision for ECL on loans	84	244	74	69	471
Provision for ECL on credit commitments	18	35	1	-	54
Total provision for ECL on loans and credit commitments as of September 30, 2021	102	279	75	69	525

	As of September 30, 2020				
	Performing		Non-performing		
	Stage 1	Stage 2	Stage 3	Stage 3	Total
NZ\$ millions	CAP	CAP	CAP	IAP	
Provision for ECL on loans and credit commitments as of September 30, 2019.....	91	180	53	28	352
Due to changes in credit quality:					
Transfers to Stage 1	425	(400)	(25)	-	-
Transfers to Stage 2	(53)	143	(87)	(3)	-
Transfers to Stage 3 CAP	-	(85)	86	(1)	-
Transfers to Stage 3 IAP	-	(21)	(7)	28	-
Reversals of previously recognized impairment charges	-	-	-	(11)	(11)
New financial assets originated	23	-	-	-	23
Financial assets derecognized during the year	(14)	(40)	(19)	-	(73)
Changes in CAP due to amounts written off.....	-	-	(33)	-	(33)
Other charges/(credits) to the income statement	(356)	583	139	38	404
Total charges/(credits) to the income statement for ECL	25	180	54	51	310
Amounts written off from IAP	-	-	-	(5)	(5)
Total provision for ECL on loans and credit commitments as of September 30, 2020.....	116	360	107	74	657
Presented as:					
Provision for ECL on loans	95	326	107	73	601
Provision for ECL on credit commitments	21	34	-	1	56
Total provision for ECL on loans and credit commitments as of September 30, 2020.....	116	360	107	74	657

Year ended September 30, 2022 compared to the year ended September 30, 2021

Total provision for ECL on loans and credit commitments decreased by \$86 million or 16% to \$439 million for the year ended September 30, 2022, compared to \$525 million for the year ended September 30, 2021. The movement was primarily driven by IAP decreases of \$42 million due to a write-off of a single-named exposure and write-backs, partly offset by new IAPs raised. CAP decreased by \$44 million across all stages due to underlying movements across all portfolios, coupled with releases due to a more positive macroeconomic outlook, partly offset by management overlays adjustment and changes to downside scenario weightings. While some economic indicators were improving, economic overlays continued to apply to ensure a prudent level of provision was held during this early economic recovery until a more definitive situation was evident.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Total provision for ECL on loans and credit commitments decreased by \$132 million or 20% to \$525 million for the year ended September 30, 2021, compared to \$657 million for the year ended September 30, 2020. The movement was largely driven by CAP releases of \$127 million due to a more positive macroeconomic outlook, underlying movements across all portfolios, and customers exiting from COVID-19-related support programs. IAP decreased by \$5 million on account of large write-offs and higher write-backs, offset by IAP raised.

Impacts of changes in gross financial assets on loss allowances

The following table explains how changes in gross carrying amounts of loans during the relevant periods have contributed to changes in the provision for ECL on loans.

	Performing		Non-performing		Total
	Stage 1 CAP	Stage 2 CAP	Stage 3 CAP	Stage 3 IAP	
NZ\$ millions					
Total gross carrying amount as of September 30, 2021 ...	84,661	7,833	500	109	93,103
Transfers:					
Transfers to Stage 1	4,568	(4,463)	(105)	-	-
Transfers to Stage 2	(8,707)	8,914	(204)	(3)	-
Transfers to Stage 3 CAP	(112)	(349)	471	(10)	-
Transfers to Stage 3 IAP	(1)	(12)	(13)	26	-
Net further lending/(repayment)	(2,462)	73	(10)	(8)	(2,407)
New financial assets originated	20,181	-	-	-	20,181
Financial assets derecognized during the year	(12,766)	(622)	(134)	(5)	(13,527)
Amounts written-off	-	-	(23)	(49)	(72)
Total gross carrying amount as of September 30, 2022 ...	85,362	11,374	482	60	97,278
Provision for ECL as of September 30, 2022	(85)	(215)	(69)	(27)	(396)
Total net carrying amount as of September 30, 2022	85,277	11,159	413	33	96,882

	Performing		Non-performing		Total
	Stage 1 CAP	Stage 2 CAP	Stage 3 CAP	Stage 3 IAP	
NZ\$ millions					
Total gross carrying amount as of September 30, 2020 ...	80,836	7,023	572	129	88,560
Transfers:					
Transfers to Stage 1	4,755	(4,626)	(128)	(1)	-
Transfers to Stage 2	(6,619)	6,970	(350)	(1)	-
Transfers to Stage 3 CAP	(149)	(480)	639	(10)	-
Transfers to Stage 3 IAP	(43)	(2)	(16)	61	-
Net further lending/(repayment)	(4,162)	(100)	(29)	9	(4,282)
New financial assets originated	23,381	-	-	-	23,381
Financial assets derecognized during the year	(13,338)	(952)	(154)	(42)	(14,486)
Amounts written-off	-	-	(34)	(36)	(70)
Total gross carrying amount as of September 30, 2021 ...	84,661	7,833	500	109	93,103
Provision for ECL as of September 30, 2021	(84)	(244)	(74)	(69)	(471)
Total net carrying amount as of September 30, 2021	84,577	7,589	426	40	92,632

	Performing		Non-performing		Total
	Stage 1 CAP	Stage 2 CAP	Stage 3 CAP	Stage 3 IAP	
NZ\$ millions					
Total gross carrying amount as of September 30, 2019	80,055	3,972	379	69	84,475
Transfers:					
Transfers to Stage 1	7,398	(7,265)	(132)	(1)	-
Transfers to Stage 2	(11,297)	11,757	(446)	(14)	-
Transfers to Stage 3 CAP	(101)	(863)	970	(6)	-
Transfers to Stage 3 IAP	(1)	(65)	(32)	98	-
Net further lending/(repayment)	(3,935)	135	(10)	(6)	(3,816)
New financial assets originated	20,676	-	-	-	20,676
Financial assets derecognized during the year	(11,959)	(648)	(124)	(6)	(12,737)
Amounts written-off	-	-	(33)	(5)	(38)
Total gross carrying amount as of September 30, 2020	80,836	7,023	572	129	88,560
Provision for ECL as of September 30, 2020	(95)	(326)	(107)	(73)	(601)
Total net carrying amount as of September 30, 2020 ...	80,741	6,697	465	56	87,959

Year ended September 30, 2022 compared to the year ended September 30, 2021

Total gross carrying amount increased by \$4.2 billion or 4.5% to \$97.3 billion for the year ended September 30, 2022, compared to \$93.1 billion for the year ended September 30, 2021. The movement was largely driven by increases from new lending in home loans and business lending portfolios, offset by derecognitions and repayments. There was movement in exposures across all stages, due to improved performance across all portfolios, reductions in 90 days past due exposures in housing loans and other retail and write-offs.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Total gross carrying amount increased by \$4.5 billion or 5.1% to \$93.1 billion for the year ended September 30, 2021, compared to \$88.6 billion for the year ended September 30, 2020. The movement was largely driven by increases in new lending in the year ended September 30, 2021, offset by derecognitions and repayments. There was movement in exposures across all stages, due to customers exiting deferral packages, improved performance across all portfolios and a decline in some higher risk exposures, stage transfers for changes in staging methodology, COVID-19 overlays and an increased severity of the downside macroeconomic scenario.

	As of September 30,		
	2022	2021	2020
NZ\$ millions			
Charged to/(credited against) the income statement for CAP	(50)	(135)	252
Charged to/(credited against) the income statement for IAPs	7	32	51
Bad debts written off directly to the income	23	34	33
Recovery of amounts previously written off	(7)	(15)	(16)
Total impairment losses on financial assets	(27)	(84)	320

Impact of overlays on the provision for ECL

The following table shows the attribution of the total provision for ECL between modelled provision for ECL and other portfolio overlays.

Where there is increased uncertainty regarding the required forward-looking economic conditions under NZ IFRS 9, or limitations of the historical data used to calibrate the models to current stressed environments, overlays are typically used to address areas of potential risk not captured in the underlying modelled ECL.

	As of September 30,		
	2022	2021	2020
NZ\$ millions			
Modelled provision for ECL	313	448	522
Portfolio overlays ¹	126	77	135
Total provision for ECL	439	525	657

¹ Included in the September 30, 2020 portfolio overlays is \$128 million related to COVID-19.

Details of these changes, which are based on reasonable and supportable information up to the date of this Offering Memorandum, are provided below.

Modelled provision for ECL

The modelled provision for ECL is a probability weighted estimate based on three scenarios which together are representative of WNZL's view of the forward-looking distribution of potential loss outcomes. The changes in provisions as a result of changes in modelled ECL are reflected in the "Other charges/(credits) to the income statement" line in the table in "—Movements in components of loss allowance." Portfolio overlays are used to capture potential risk and uncertainty in the portfolio, which are not captured in the underlying modelled ECL.

The base case scenario uses WNZL Economics' forecasts, which includes increasing interest rates and reducing residential property prices due to the current high inflation environment. The forecasts also allow for a deterioration in GDP growth over fiscal year 2023, driven by the impact on consumer spending from higher interest rates and declining house prices. For more information, see Note 12 to the 2022 WNZL Financial Statements.

WNZL Economics' forecasts assume the following:

Key macroeconomic assumptions for base case scenario

	September 30, 2022¹	September 30, 2021
Annual gross domestic product.....	Forecasted to fall to 1.88% over the next 12 months.	Forecasted growth of 10.9% over the next 12 months.
Residential property prices	Forecasted to have a peak annual decrease of 10% during the next 12 months, with an annual decrease of 6.7% at September 2023.	Forecasted growth to peak at 26% during the financial year and then fall to 1.6% at September 2022.
Cash rate	Increase of 100 bps expected over the next 12 months.	Increase of 100 basis points expected over the next 12 months.
Unemployment rate	Forecast to increase to 3.7% by September 2023.	Forecast to peak at 4.2% in December 2021 then ease to 3.5% by September 2022.

Key macroeconomic assumptions for base case scenario

	Sep 30, 2020
Annual gross domestic product.....	Forecasted growth of 6.7% over the next 12 months.
Residential property prices	Forecasted growth of 6.8% over the next 12 months.
Cash rate	Reduction of 50 basis points in the next 12 months.
Unemployment rate ²	Forecast to peak at 7% (December 2020) and then fall to 6.6% at September 2021.

¹ WNZL has used the WNZL Economics' forecasts released on August 22, 2022. Any changes in inputs from updated forecasts reflecting assumptions as at September 30, 2022 do not have a material impact on the provision for ECL

² In September 30, 2020, credit cards have moved from a simplified approach to an advanced model using unemployment rate in the modelled ECL outcome.

The downside scenario is a more severe scenario with ECL higher than the base case scenario. The more severe loss outcome for the downside is generated under a recession scenario in which the combination of negative gross domestic product ("GDP") growth, declines in residential property prices and an increase in the unemployment rate simultaneously impact ECL across all portfolios from the reporting date. The assumptions in this scenario and relativities to the base case scenario will be monitored having regard to emerging economic conditions and updated where necessary. The upside scenario represents a modest improvement to the base case.

The following sensitivity table shows the reported provision for ECL based on the probability-weighted scenarios and what the provision for ECL would be assuming a 100% weighting is applied to the base case scenario and to the downside scenario (with all other assumptions, including customer risk grades, held constant).

NZ\$ millions	As of September 30, 2022	As of September 30, 2021	As of September 30, 2020
Reported probability-weighted ECL	439	525	657
100% base case ECL.....	330	412	492
100% downside ECL	578	700	902

If 1% of the Stage 1 gross exposure from loans and credit commitments (calculated on a 12 month ECL) was reflected in Stage 2 (calculated on a lifetime ECL) the provision for ECL would increase by \$23 million (September 30, 2021: \$57 million) based on applying the average provision coverage ratios by stage to the movement in the gross exposure by stage.

The following table indicates the weightings applied by WNZL as of September 30, 2022, 2021 and 2020.

Macroeconomic scenario weightings (%)	As of September 30,		
	2022	2021	2020
Upside.....	5	5	5
Base	50	55	55
Downside.....	45	40	40

The increase in September 30, 2022 weighting to the downside reflects an elevated level of uncertainty in potential credit losses driven by new geopolitical and economic headwinds, supply chain disruptions, capacity constraints and rising inflation.

Portfolio overlays

Portfolio overlays are typically used to address areas of potential risk, including significant uncertainties that are not captured in the underlying modelled provision for ECL. Determination of portfolio overlays requires expert judgment and is thoroughly documented and subject to internal governance and oversight. Overlays are reassessed and if the risk is judged to have changed (increased or decreased) or is subsequently captured in the underlying modelled ECL, the overlay will be released or remeasured.

Portfolio overlays were increased by \$49 million due to additional uncertainty arising from the current geopolitical and economic environment.

The total portfolio overlays as at September 30, 2022 were \$126 million (September 30, 2021: \$77 million) for WNZL and primarily comprise:

- \$52 million on the residential mortgages and other retail portfolios reflecting the expected lagged impact of increasing interest rates (September 30, 2021: \$0)
- \$40 million on the residential mortgages portfolio reflecting a worsening downside scenario (this impact is distinct from the increasing interest rate overlay above) not factored into the modelled downside outcome (September 30, 2021: \$0)
- \$30 million on the corporate portfolio reflecting the continued expected delay in stress and observed losses (September 30, 2021: \$0)
- \$4 million (September 30, 2021: \$3 million) reflecting other related risk

Overlays at September 30, 2021 relating to COVID-19 of \$74 million have been released on the basis that any delayed losses would have emerged as conditions have normalized, except to the extent reflected in the new overlays recognized above.

Impact of changes in credit exposures on the provision for ECL

Stage 1 credit exposures had a net increase of \$0.7 billion (September 30, 2021: increased by \$3.8 billion), primarily driven by increases in the residential mortgages and corporate portfolios, due to new lending in this financial year. The increase from portfolio growth is partially offset by derecognitions, repayments and additional exposures transferred to Stage 2 credit exposures to account for the increase in downside scenario severity, and overlays. Stage 1 ECL has increased in line with the increase in Stage 1 credit exposures, along with improvements due to portfolio movements offset by an increase in overlays.

Stage 2 credit exposures increased by \$3.5 billion (September 30, 2021: increased by \$0.8 billion), mainly driven by increases from the residential mortgages and corporate portfolios due to additional exposures transferred to Stage 2 to account for the increase in downside scenario severity and overlays, partially offset by improved

portfolio performance from the other retail and corporate portfolios. Stage 2 ECL has decreased driven by the reduction in overlays and improvements from portfolio movements.

Stage 3 credit exposures had a net decrease of \$0.1 billion (September 30, 2021: decreased by \$0.1 billion), driven by reductions in 90 days past due exposures mainly from the residential mortgages portfolio, offset by the increases from the other retail and corporate portfolios, coupled with releases due to write-offs across all portfolios. Stage 3 ECL has decreased in line with the decrease in Stage 3 credit exposures.

Capital resources, liquidity and funding

Capital adequacy

WNZL maintains an actively managed capital base to cover the risks inherent in its business. The adequacy of its capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (the “BCBS”) and adopted by the RBNZ in supervising WNZL.

Capital management

The primary objectives of WNZL’s capital management are to ensure that WNZL complies with the regulatory capital requirements prescribed by RBNZ and to maintain strong credit ratings and a strong capital position to support its business objectives and maximizes shareholder value.

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

Three independent processes, undertaken by Directors and senior management of WNZL, are designed to manage WNZL’s capital adequacy to support its current and future activities:

- WNZL actively monitors its capital adequacy as part of the annual WNZL internal capital adequacy assessment process (the “ICAAP”) and reports this to senior management and the WNZL’s Board Risk and Compliance Committee (the “WNZL BRCC”). This process supports the Board approved risk appetite statement, which outlines the target debt rating, target capital ratios and the degree of earnings volatility that WNZL determines to be acceptable. WNZL sets its target capital ratios at a higher level than required by the RBNZ, which both reduces WNZL’s risk of breaching its Conditions of Registration and provides investor confidence.
- WNZL calculates the capital required to be held for its current risk profile and forecasts the estimated capital position based on expected future activities. The forecast capital required is assessed against the target ranges that have been approved by the Board in regard to capital ratios. WNZL also reviews its capital positions in this process against other stakeholder requirements to ensure capital efficiency.
- The WBC Group takes capital considerations into account during its Board Strategy Review, which is an annual process where the current strategic direction of the WBC Group is reviewed and refined.

The following tables show WNZL's capital summary and capital ratios.

NZ\$ millions	As of September 30,		
	2022	2021	2020
Tier 1 capital			
Common Equity Tier 1 capital			
Total shareholders' equity ¹	8,780	8,363	7,690
Less deductions from Common Equity Tier 1 capital.....	(1,276)	(947)	(858)
Total Common Equity Tier 1 capital	7,504	7,416	6,832
Additional Tier 1 capital instruments ²	1,313	1,500	1,500
Total Tier 1 capital	8,817	8,916	8,332
Tier 2 capital instruments ^{2,3,4}	600	1,088	1,123
Eligible impairment allowance in excess of expected loss	-	-	43
Total Tier 2 capital	600	1,088	1,166
Total capital	9,417	10,004	9,498

¹ On February 21, 2022 and August 19, 2022 the WNZL Board declared and paid a dividend of \$465 million and \$323 million from Retained Profit respectively.

² Classified as a liability under Generally Accepted Accounting Practice and excludes capitalized transaction costs. Values represent amounts eligible as capital. Refer to "Capital ratios" below for further information.

³ On August 5, 2022, RBNZ approved the repayment of WNZL's existing Tier 2 loan capital. On August 29, 2022, WNZL gave notice to repay the Tier 2 loan capital on September 22, 2022.

⁴ On September 16, 2022, WNZL issued a new \$600 million Tier 2 Capital instrument with a maturity date of September 16, 2032 and an optional early redemption date of September 16, 2027 and every interest payment date thereafter.

Capital ratios

The following table is disclosed under the RBNZ's Basel III framework in accordance with Clauses 15 and 16 of Schedule 11 to the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014, as amended and published in the New Zealand Gazette, and represents the capital adequacy calculation based on the RBNZ's Banking Prudential Requirements ("BPRs").

Due to changes in BPRs effective from January 1, 2022, capital ratios for WNZL at September 30, 2022 are not comparable to September 30, 2021. As at January 1, 2022, the RWA of counterparties in the Bank and Sovereign asset classes are calculated under a standardized approach and the modelled exposures for banks using the Internal Rating Based approach are subject to a floor of 85% of the requirement under a standardized approach. In addition, existing capital instruments that have conversion features are no longer fully eligible as capital with 87.5% of the total nominal value of affected instruments recognized as regulatory capital between January 1, 2022 and December 31, 2022. As at September 30, 2022, this restriction only affected WNZL's Additional Tier 1 instrument.

		As of September 30,		
	RBNZ Minimum Ratios	2022	2021	2020
Capital ratios (%)				
Common Equity Tier 1 capital ratio.....	4.5	11.0	13.8	12.3
Tier 1 capital ratio.....	6.0	13.0	16.6	15.0
Total capital ratio.....	8.0	13.9	18.6	17.1
Prudential capital buffer ratio	3.5	5.9	9.3	7.8

WNZL remains well capitalized with a Tier 1 capital ratio of 13.0% as of September 30, 2022 (September 30, 2021: 16.6%).

Capital for other material risks

Summary of WNZL's ICAAP

WNZL's ICAAP outlines WNZL's approach to meeting minimum capital requirements and confirming that capital held by WNZL is commensurate with its risk profile. WNZL's ICAAP complies with the requirements set out in Part D of the RBNZ document BPR100 "Capital Adequacy" in accordance with WNZL's Conditions of Registration.

WNZL's ICAAP is based on the principle that its target level of capital is directly related to its risk appetite and corresponding risk profile. The ICAAP supplements the minimum regulatory capital requirements in respect of credit, market and operational risk through the consideration of a broader range of risk types and WNZL's risk and capital management capabilities. The ICAAP also takes account of future strategic objectives, stress testing, regulatory developments and peer group comparatives.

WNZL's ICAAP identifies, reviews and measures additional material risks that must be captured within WNZL's capital adequacy assessment process. The additional material risks considered are those not captured by Pillar 1 regulatory capital requirements and include compliance and conduct risk, liquidity risk, reputational risk, sustainability risk, financial crime risk, model risk, deferred acquisition cost risk, strategic risk, subsidiary risk and cyber risk.

WNZL's internal capital allocation for "other material risks" is \$350 million as at September 30, 2022 (September 30, 2021: \$316 million).

RBNZ capital review

On December 5, 2019, RBNZ announced changes to the capital adequacy framework that applies to New Zealand incorporated registered banks (including WNZL). The new framework includes the following components:

- Progressively increasing the total capital requirements from 10.5% of RWA to 18% for domestic systemically important banks (including WNZL) and 16% for all other banks over a seven-year period ending July 1, 2028, including:
 - Increasing the Tier 1 capital requirement from 8.5% to 16% of RWA for domestic systemically important banks and 14% for all other banks;
 - Increasing the Additional Tier 1 ("AT1") limit from 1.5% to 2.5% of the Tier 1 capital requirement ; and
 - Maintaining the existing Tier 2 capital limit of 2% of the total capital requirement.

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).

- Eligible Tier 1 capital under the new framework comprises common equity and redeemable perpetual preference shares. Existing AT1 instruments are being progressively phased out by July 1, 2028;
- The RWA for Sovereign and Banks asset classes are classified under a standardized approach from January 1, 2022;
- Credit IRB RWA is subject to a floor of 85% of the standardized requirement from January 1, 2022;
- The IRB scalar increased from 1.06 to 1.2 from October 1, 2022; and
- The scalar for standardized exposures reduced from 1.06 to 1.0 from October 1, 2022.

The increases in the required level of bank capital started to come into effect on July 1, 2022 with the increase in the prudential capital buffer from 2.5% to 3.5% and will be fully implemented on July 1, 2028. The new definitions of eligible capital came into effect on October 1, 2021.

Operational risk capital

Effective July 1, 2022, WNZL transitioned to the standardized operational risk approach to the calculation of its operational risk capital under the RBNZ prudential standard BPR 150 “Standardized Operational Risk”.

Liquidity sources and requirements

WNZL’s funding and liquidity risk is the risk that WNZL cannot meet its payment obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets. Funding and liquidity risk is measured and managed in accordance with the policies and processes defined in the BRCC approved Liquidity Risk Management Framework which is part of WNZL’s Board-approved Risk Management Framework. WNZL’s Liquidity Risk Management Framework sets out WNZL’s funding and liquidity risk appetite, roles and responsibilities of key people managing funding and liquidity risk within WNZL, risk reporting and control processes and limits and targets used to manage WNZL’s balance sheet.

Responsibility for managing WNZL’s liquidity and funding positions in accordance with the Liquidity Risk Management Framework is delegated to Treasury, under the oversight of WNZL’s Asset and Liability Committee (“ALCO”) and Financial Markets and Treasury Risk team. Daily liquidity risk reports are reviewed by Treasury and the Financial Markets and Treasury Risk teams. Liquidity reports are presented to ALCO monthly and to WNZL’s Executive Risk Committee (“RISCKO”) with regular reporting provided to the WNZL BRCC or Board as appropriate.

Liquidity risk

Liquidity risk is the risk that WNZL will be unable to fund assets and meet obligations as they become due. This risk is inherent for all banks as intermediaries between depositors and borrowers. WNZL has a liquidity risk management framework which seeks to meet our cash flow obligations under a wide range of market conditions and scenarios, as well as meeting the requirements of BS13.

RBNZ liquidity requirements

BS13 sets out the RBNZ’s policy on management of liquidity risk by registered banks in New Zealand. The objective of BS13 is to contribute to the effective functioning of the New Zealand financial system by reducing the likelihood of a liquidity problem affecting a registered bank.

The RBNZ requires banks to hold minimum amounts of liquid assets and to get a minimum amount of funding from stable sources to help ensure that they are effectively managing their liquidity risks.

Mismatch ratio

BS13 requires registered banks to meet a minimum mismatch ratio of 0% at the end of each business day. The mismatch ratio is a measure of a bank's liquid assets, adjusted for expected cash inflows and outflows during a 1-month or 1-week period of stress. It is expressed as a ratio over the bank's total funding.

WNZL's average 1-week mismatch ratio for the quarter ended September 30, 2022 was 8.8% (WNZL's average 1-week mismatch ratio for the quarter ended June 30, 2022 was 6.9%). The uplift in the 1-week mismatch ratio compared to the quarterly average for June 2022 was mainly due to an increase in funding raised.

WNZL's average 1-month mismatch ratio for the quarter ended September 30, 2022 was 7.9% (WNZL's average 1-month mismatch ratio for the quarter ended June 30, 2022 was 6.3%). The lift in the 1-month mismatch ratio compared to the quarterly average for June 2022 was mainly due to an increase in funding raised.

With effect from March 31, 2021, as a result of WNZL's non-compliance with BS13, the RBNZ amended WNZL's Conditions of Registration to apply an overlay to WNZL's mismatch ratios which will remain in place until the RBNZ is satisfied that its concerns regarding liquidity risk controls have been resolved and sufficient progress has been made to address the risk culture issues. The overlay was specified by the RBNZ as an adjustment to liquid assets calculated by dividing the total liquid asset balance by 114%. Effective August 15, 2022, the RBNZ reduced the adjustment to liquid assets to 107% (requiring WNZL to discount the value of its liquid assets by approximately 7%, which is \$1.5 billion as of September 30, 2022), reducing the overlay by 50%, reflecting the Liquidity Review findings that there had been improvements in the liquidity control environment and the associated risk culture. The overlay will remain in place until the RBNZ has received confirmation from the WNZL Board that the liquidity control assurance work is complete. This is expected by March 31, 2023.

See "Regulation and Supervision of WNZL—Recent Developments—Reviews under Section 95."

Core funding ratio

BS13 requires registered banks to meet a minimum Core Funding Ratio ("CFR") of 75% at the end of each business day, ensuring that at least a minimum proportion of bank funding is met through customer deposits, term wholesale funding and Tier 1 capital.

WNZL maintained funding and liquidity metrics comfortably above regulatory minimums throughout the year ending September 30, 2022. Quarterly average CFR as of September 30, 2022 was at 88.1 %, up from 86.2 %, as of June 30, 2022 due to an increase in funding raised.

WBC liquidity requirements

APRA Prudential Standard APS 210 (Liquidity) requires WBC to ensure that WNZL, as a material banking subsidiary of WBC, meets certain obligations regarding liquidity. WNZL sets management limits and targets regarding liquidity to facilitate compliance by WBC with its prudential obligations.

Liquidity coverage ratio

The Liquidity Coverage Ratio ("LCR") is designed to enhance banks' short-term resilience, by measuring the level of cash and high quality liquid assets ("HQLA") held against its liquidity needs for a 30 calendar day period under a regulator-defined stress scenario. To comply, ADIs are required to maintain an LCR of at least 100% at all times. WBC is required to ensure that WNZL, as a material banking subsidiary of WBC, maintains an LCR of at least 100%. RBNZ-eligible securities can be included as liquid assets in WBC's Level 2 LCR and WNZL's LCR calculations.

Net stable funding ratio

The Net Stable Funding Ratio (“NSFR”) is designed to encourage banks’ longer-term funding resilience. To comply, ADIs are required to maintain an NSFR of at least 100% at all times. WNZL is not required to meet the NSFR at 100% on a stand-alone basis under APS210; however, WNZL’s liquidity risk framework does include an internal NSFR target.

Sources of liquidity

WNZL has a number of sources of liquidity that provide a buffer against periods of liquidity stress. These are primarily cash and liquid assets that are readily convertible to cash via sale or repurchase agreements with the RBNZ. These assets are used to meet WNZL’s mismatch ratio and WNZL’s LCR needs.

RBNZ settlement cash balances

In response to the emergence of COVID-19, the RBNZ has amended its management of NZD settlement cash balances, such that total NZD settlement cash balances in the New Zealand banking system have increased from a prior operating level of approximately \$8 billion, to \$47 billion as of September 30, 2022. The effect of this increase in NZD settlement cash balances has been to increase bank deposit balances across the New Zealand banking system, including WNZL. The future direction of NZD settlement cash balances will have an impact on WNZL’s deposit balances, and consequently WNZL’s liquidity, and will be incorporated into WNZL’s funding and liquidity management activities.

RBNZ Term Auction Facility

On March 20, 2020 the RBNZ announced that it would provide term funding through a Term Auction Facility (the “TAF”) to give banks (including WNZL) the ability to access term funding, with collateralized loans out to a term of twelve months, in order to alleviate pressures in funding markets as a result of COVID-19. On March 10, 2021, the RBNZ announced that it would be removing some of the temporary facilities put in place during the COVID-19 pandemic. The TAF was removed on March 16, 2021.

RBNZ Term Lending Facility

On May 26, 2020, the RBNZ made available a TLF to eligible New Zealand banks, offering loans for a fixed term of three years at the OCR, with access to the funds linked to banks’ lending under the New Zealand Government’s Business Finance Guarantee Scheme (the “BFGS”) introduced to promote lending to businesses. The BFGS was designed to support lending to viable businesses, with the New Zealand Government taking up to 80% of the default risk. On August 20, 2020, the RBNZ announced that it would extend the term of funds lent to banks through the TLF from three years to five years. On December 16, 2020, the RBNZ announced that it would extend the availability of the TLF from February 1, 2021 to July 28, 2021.

The BFGS concluded on June 30, 2021 and the TLF subsequently closed on July 28, 2021. As at September 30, 2022, WNZL had drawn \$96 million under the TLF. WNZL fully utilized the facilities available to it under the TLF.

RBNZ Funding for Lending Programme

On November 11, 2020, the RBNZ announced that additional stimulus would be provided through a FLP, commencing in December 2020. The FLP provided funding to banks at the prevailing OCR for a term of three years, secured by high-quality collateral. The size of funding available under the FLP included an initial allocation of 4% of each bank’s total loans and advances to New Zealand households, private non-financial businesses and non-profit institutions serving households (“Eligible Loans”). A conditional, additional allocation of up to 2% of Eligible Loans was also available, subject to growth in Eligible Loans, for a total size of up to 6% of Eligible Loans. The FLP ran from December 7, 2020 to June 6, 2022 for the initial allocations, and to December 6, 2022 for the

additional allocations. The FLP term sheet is available on the RBNZ's website. As at September 30, 2022, WNZL had drawn \$3.871 billion under the FLP.

WNZL's residual FLP drawdown capacity as at September 30, 2022 was \$1.1 billion available until December 6, 2022. WNZL will manage its refinancing requirements of these RBNZ FLP and TLF facilities using the full range of its funding sources.

WNZL aims to maintain a mix of retail and wholesale funding, with emphasis on the value of core funding consistent with the principles inherent in BS13. Sources of funding are regularly reviewed to maintain a wide diversification by currency, geography, product and term. Sources include, but are not limited to, deposits, debt issues, proceeds from sales of marketable securities, repurchase agreements with central bank, related entities, principal repayments on loans, interest income and fees and commissions income.

The table below shows WNZL's holding of liquid assets and represents the key liquidity information provided to management. Liquid assets include high quality assets (including cash, government securities, corporate securities, supranational securities, registered certificates of deposit issued by other banks and residential mortgage-backed securities) readily convertible to cash to meet WNZL's liquidity requirements. In management's opinion, WNZL's liquidity is sufficient to meet WNZL's present requirements.

NZ\$ millions	As of September 30,		
	2022	2021	2020
Cash and balances with central bank	10,820	8,472	4,360
Interbank lending	-	541	-
Receivables due from WBC.....	-	424	86
Supranational securities	1,900	873	1,020
New Zealand Government securities	788	2,193	3,441
New Zealand public securities	2,544	2,384	2,563
New Zealand corporate securities	1,236	507	300
Residential mortgage-backed securities.....	7,397	8,603	11,081
Available liquid assets	24,685	23,997	22,851

Wholesale funding

The wholesale funding base is diversified with respect to term, investor base, currency and funding instrument. WNZL and Westpac Securities NZ Limited ("WSNZL") maintain funding programs for both short- and long-term debt in a range of global funding markets.

The following table sets forth the wholesale funding programs of WNZL and WSNZL, as of September 30, 2022.

Program Limit	Issuer	Program Type
Euro Market		
USD 20 billion	WBC/WSNZL ^{1 2}	Euro Commercial Paper and Certificate of Deposit Program
USD 10 billion	WSNZL ²	Euro Medium-Term Note Program
EUR 5 billion	WNZL	Global Covered Bond Program
United States		
USD 10 billion	WSNZL ²	Section 4(2) US Commercial Paper Program
USD 10 billion	WNZL	US Medium Term Notes
New Zealand		
No limit	WNZL	Medium-Term Note Program
No limit	WNZL	Registered Certificate of Deposit Programs

¹ The Program Limit is an aggregate for issuance by WBC and WSNZL. Neither WBC nor any of its Group entities (other than WNZL) guarantees the obligations of WSNZL under this Program.

² Notes issued by WSNZL (acting through its London branch) are guaranteed by WNZL.

Credit related commitments, contingent assets and contingent liabilities

Undrawn credit commitments

Undrawn credit commitments expose WNZL to liquidity risk when called upon, and also to credit risk if the customer fails to repay the amounts owed at the due date. The maximum exposure to credit loss is the contractual or notional amount of the instruments disclosed below. Some of the arrangements can be cancelled by WNZL at any time. The actual liquidity and credit risk exposure varies in line with drawings and may be less than the amounts disclosed. WNZL uses the same credit policies when entering into these arrangements as it does for on-balance sheet instruments.

It is not envisaged that any liability resulting in material loss to WNZL will arise from these obligations.

NZ\$ millions	As of September 30,		
	2022	2021	2020
Letters of credit and guarantees ^{1,2}	1,609	1,338	1,510
Commitments to extend credit ³	27,901	28,136	27,891
Total undrawn credit commitments	29,510	29,474	29,401

¹ Standby letters of credit and guarantees are undertakings to pay, against presentation documents, an obligation in the event of a default by a customer. Guarantees are unconditional undertakings given to support the obligations of a customer to third parties. WNZL may hold cash as collateral for certain guarantees issued.

² Letters of credit and guarantees includes the value of exposures guaranteed by WNZL to the NZ Branch. Comparatives have been restated to correctly reflect an additional \$503 million and \$677 million for September 30, 2021 and 2020, respectively, in off balance sheet credit exposures arising under the financial guarantee with the NZ Branch.

³ Commitments to extend credit include all obligations on the part of WNZL to provide credit facilities. As facilities may expire without being drawn upon, the notional amounts do not necessarily reflect future cash requirements.

Contingent assets

The credit commitments shown in the table above also constitute contingent assets. These commitments would be classified as loans on the balance sheet on the contingent event occurring.

Contingent liabilities

All potential claims and other liabilities are assessed on a case-by-case basis. A provision will be recognized where WNZL has conducted an assessment which determines the likelihood of loss as probable and where its potential loss can be reliably estimated. A contingent liability exists in respect of actual or potential claims where the likely loss is not assessed as probable, where the law is uncertain or, in rare circumstances, where the outflow of resources is probable but cannot be reliably estimated.

Please also see “—Guarantees” and “Certain Relationships and Related Party Transactions—Nature of Transactions—Transactions with WBC.”

As of the date of this Offering Memorandum, WNZL is reviewing the adequacy of its CCCFA compliance processes for some products. While compliance issues have been identified, the final outcome is uncertain and could result in customer remediation, regulatory action, litigation (including class actions) and reputational damage. For more on the CCCFA review and associated risks, see “Regulation and Supervision of WNZL—Recent Developments—Reviews of issues that may impact customers,” “Risk Factors—Risks Relating to WNZL’s Business and Industry—WNZL has suffered and could suffer further losses due to litigation (including class action proceedings)” and “Risk Factors—Legal and Regulatory Risks—WNZL has been and could be adversely affected by failing to comply with laws, regulations or regulatory policy.”

Guarantees

WNZL has an agreement with the NZ Branch whereby WNZL will reimburse the NZ Branch for any credit losses incurred by it due to certain customers referred to the NZ Branch by WNZL defaulting on certain financial market and international products provided by the NZ Branch. See “Certain Relationships and Related Party Transactions— Nature of Transactions—Transactions with WBC.”

Off-balance sheet arrangements

WNZL enters into various arrangements with customers which are only recognized on the balance sheet when called upon. These arrangements include commitments to extend credit, bill endorsements, financial guarantees, standby letters of credit and underwriting facilities.

The following table shows off-balance sheet arrangements as of September 30, 2022, 2021 and 2020.

	As of September 30,		
	2022	2021 ¹	2020 ¹
NZ\$ millions			
Off-balance sheet credit exposures			
Off-balance sheet credit exposures consists of			
Credit risk-related instruments.....	29,510	29,474	29,401
Total off-balance sheet credit exposures	29,510	29,474	29,401
Analysis of off-balance sheet credit exposures by industry sector			
Accommodation, cafes and restaurants	126	96	108
Agriculture	628	699	858
Construction	502	570	547
Finance and insurance	1,874	2,077	1,919
Forestry and fishing	183	230	252
Government, administration and defense	967	808	1,006
Manufacturing	1,551	1,797	2,012
Mining	106	57	111
Property	1,651	1,627	1,232
Property services and business services	806	720	937
Services	1,293	1,148	914
Trade.....	2,196	2,165	2,368
Transport and storage	789	986	957
Utilities	1,777	1,827	1,953
Retail lending	15,061	14,667	14,227
Total off-balance sheet credit exposures	29,510	29,474	29,401

¹ Comparatives have been restated to correctly reflect an additional \$503 million and \$677 million for September 30, 2021 and 2020, respectively, in off balance sheet credit exposures arising under the financial guarantee with the NZ Branch.

Quantitative and qualitative disclosures about market risk

Market risk is the risk of an adverse impact on earnings resulting from changes in market factors, such as foreign exchange rates, interest rates, commodity prices and equity prices. As WBC's financial markets business in New Zealand is conducted by the NZ Branch, the market risks faced by WNZL are only of a non-traded nature. Non-traded market risk includes interest rate and foreign exchange risks. WNZL does not carry material foreign currency risk due to the risk being hedged through the NZ Branch. WNZL's Market Risk Framework also does not allow for traded market risk, commodity and equity price risks to be held.

Non-traded market risk

Approach

Non-traded market risk includes IRRBB—the risk to interest income from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities. Responsibility for managing WNZL's non-traded market risk in accordance with the Market Risk Management Framework is delegated to Treasury, under the oversight of WNZL's ALCO and the Financial Markets Treasury Risk unit.

Limits

Market risk is managed using value at risk ("VaR") limits, Net interest income-at-risk ("NaR") and structural risk limits (including credit spread and interest rate basis point value limits) as well as scenario analysis and stress testing.

Market risk limits are assigned to business management based upon WNZL's risk appetite and business strategies in addition to the consideration of market liquidity and concentration of risks.

Market risk positions are managed by the WNZL Treasury team consistent with their delegated authorities and the nature and scale of the market risks involved.

Risk reporting

Daily monitoring of current exposure and limit utilization is conducted independently by WNZL's Financial Markets and Treasury Risk unit, which monitors market risk exposures against VaR and structural risk limits. Daily VaR position reports are produced by risk type. Key market risk metrics are presented to ALCO monthly and to RISKCO and BRCC quarterly to ensure transparency of material market risks and issues.

Daily stress testing and back-testing of VaR results are performed to support model integrity and to analyze extreme or unexpected movements. A review of the potential profit and loss outcomes is also undertaken to monitor any skew created by the historical data.

Net interest income-at-risk

Net interest income sensitivity is managed in terms of NaR. A simulation model is used to calculate WNZL's potential NaR. This combines the underlying balance sheet data with assumptions about run-off and new business, expected repricing behavior and changes in wholesale market interest rates.

To provide a series of potential future net interest income sensitivity outcomes, simulations use a range of interest rate scenarios over one to three year time horizons. This includes 100 and 200 basis point shifts up and down from the current market yield curves in Australia and New Zealand. Additional stressed interest rate scenarios are also considered and modelled.

A comparison between the net interest income sensitivity outcomes from these modelled scenarios indicates the sensitivity to interest rate changes.

Value at Risk

WNZL uses VaR as one of the mechanisms for controlling non-traded market risk.

VaR is a statistical estimate of the potential loss in earnings over a specified period of time and to a given level of confidence based on historical market movements. The confidence level indicates the probability that the loss will not exceed the VaR estimate on any given day.

VaR seeks to take account of all material market variables that may cause a change in the value of the portfolio, including interest rates, foreign exchange rates, price changes, volatility and the correlations between these variables. Daily monitoring of current exposure and limit utilization is conducted independently by the market risk unit, which monitors market risk exposures against VaR and structural concentration limits. These are supplemented by escalation triggers for material profits or losses and stress testing of risks beyond the 99% confidence interval.

The table below depicts VaR for IRRBB¹:

	Interest Rate Risk	Maximum Exposure	Minimum Exposure	Average Exposure
NZ\$ millions				
As of September 30, 2022	1.7	3.3	0.8	1.8
As of September 30, 2021	1.9	2.9	0.5	1.6
As of September 30, 2020	1.9	3.0	0.8	1.8

¹ IRRBB VaR includes interest rate risk, credit spread risk on liquid assets and other basis risks used for internal management purposes.

Market risk notional capital charges

WNZL's aggregate market risk exposure is derived in accordance with BPR140 and is calculated on a monthly basis. The end-of-period aggregate market risk exposure is calculated from the period end balance sheet information.

For each category of market risk, WNZL's peak end-of-day aggregate capital charge is derived by determining the maximum over the six months ended September 30, 2022 of the aggregate capital charge for that category of market risk is derived in accordance with BPR140.

The following table provides a summary of WNZL's notional capital charges by risk type as of the reporting date and the peak end-of-day notional capital charges by risk type for the years ended September 30, 2022, 2021 and 2020:

	As of September 30, 2022		As of September 30, 2021		As of September 30, 2020	
NZ\$ millions	Implied Risk weighted Exposure	Aggregate Capital Charge	Implied Risk weighted Exposure	Aggregate Capital Charge	Implied Risk weighted Exposure	Aggregate Capital Charge
End-of-period						
Interest rate risk.....	2,034	163	1,616	129	1,589	127
Foreign currency risk	-	-	-	-	-	-
Equity risk.....	-	-	-	-	-	-
Peak end-of-day						
Interest rate risk.....	3,088	247	3,523	282	2,773	222
Foreign currency risk	-	-	-	-	-	-
Equity risk.....	-	-	-	-	-	-

Critical accounting assumptions and estimates

The application of WNZL's accounting policies necessarily requires the use of estimates, judgments and assumptions. Should different estimates, judgments or assumptions be applied, the resulting values would change, impacting the net assets and profit of WNZL. The WNZL Board Audit Committee (the "WNZL BAC") reviews the accounting policies which are sensitive to the use of estimates, judgments and assumptions as part of its review of the integrity of the WNZL financial statements and general disclosure statements.

The estimates and assumptions used and the value of the resulting asset and liability balances in WNZL's financial statements are included below. For full accounting policies applied, refer to the 2022 WNZL Financial Statements, incorporated by reference herein.

Fair value of financial assets and financial liabilities

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The majority of valuation models used by WNZL are used for ongoing measurement of fair value, which are based on observable market data as inputs. Observable inputs are influenced by factors such as:

- product type;
- depth of market activity;
- maturity of market models; and
- complexity of the transaction.

Where unobservable market data is used, more judgment is required to determine fair value. The significance of these judgments depends on the significance of the unobservable input to the overall valuation. Unobservable inputs are generally derived from other relevant market data and adjusted against:

- standard industry practice;
- economic models; and
- observed transaction prices.

In order to determine a reliable fair value for a financial instrument, management may apply adjustments to the techniques previously described. These adjustments reflect WNZL's assessment of factors that market participants would consider in setting the fair value. These adjustments incorporate bid/offer spreads, credit valuation adjustments and funding valuation adjustments. For more information, see Note 25 to the 2022 WNZL Financial Statements.

Provisions for the ECL

Measurement

WNZL calculates the provision for ECL based on a three-stage approach. The provision for ECL is a probability-weighted estimate of the cash shortfalls expected to result from defaults over the relevant timeframe. They are determined by evaluating a range of possible outcomes and taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

The models use three main components to determine the ECL (as well as the time value of money) including:

- Probability of default ("PD"): the probability that a counterparty will default;
- Loss given default: the loss that is expected to arise in the event of a default; and
- Exposure at default: the estimated outstanding amount of credit exposure at the time of the default.

Critical accounting assumptions and estimates

The modelled provision for ECL is a probability weighted estimate based on three scenarios which together represent WNZL's view of the forward-looking distribution of potential loss outcomes. The changes in provisions as a result of changes in modelled ECL are reflected through the "Other charges/(credits) to the income statement" line in the "Movements in components of loss allowance" table. Portfolio overlays are used to capture potential risk and uncertainty in the portfolio, that are not captured in the underlying modelled ECL.

The base case scenario uses WNZL Economics' forecasts, which includes increasing interest rates and reducing residential property prices due to the current high inflation environment. The forecasts also allow for a deterioration in GDP growth over fiscal year 2023, driven by the impact on consumer spending from higher interest rates and declining house prices. For more information, see Note 12 to the 2022 WNZL Financial Statements.

Significant increase in credit risk

Determining when a financial asset has experienced a significant increase in credit risk (a "SICR") since origination is a critical accounting judgement which is based on the change in the PD since origination. In determining whether a change in PD represents a significant increase in risk, relative changes in PD and absolute PD thresholds are both considered based on the portfolio of the exposure.

WNZL does not rebut the presumption that instruments that are 30 days past due have experienced a SICR, but this is used as a backstop rather than the primary indicator.

Forward-looking macroeconomic information

The measurement of ECL for each stage, and the assessment of a SICR consider information about past events and current conditions as well as reasonable and supportable projections of future events and economic conditions. The estimation of forward-looking information is a critical accounting judgment. WNZL considers three future macroeconomic scenarios including a base case scenario along with upside and downside scenarios.

The macroeconomic variables used in these scenarios, based on current economic forecasts, include (but are not limited to) unemployment rates, real gross domestic product growth rates, base interest rates and residential property price indices.

- Base case scenario: This scenario utilizes the internal WNZL Economics' forecasts used for strategic decision making and forecasting.
- Upside scenario: This scenario represents a modest improvement on the base case scenario.
- Downside scenario: The downside scenario is a more severe scenario with ECL higher than those under the current base case scenario. The more severe loss outcome for the downside is generated under a recession scenario in which the combination of negative GDP growth, declines in residential property prices and an increase in the unemployment rate simultaneously impact ECL across all portfolios from the reporting date.

The three macroeconomic scenarios are probability weighted and together represent WNZL's view of the forward looking distribution of potential loss outcomes. The weighting applied to each of the three macroeconomic scenarios considers historical frequency, current trends and forward-looking conditions.

The macroeconomic variables and probability weightings of the three macroeconomic scenarios are subject to the approval of WNZL's Chief Financial Officer and Chief Risk Officer, with oversight from the Board of Directors (and its Committees).

Provisions (other than loan impairment losses)

Provisions are recognized for present obligations arising from past events where a payment (or other economic transfer) is likely to be necessary to settle the obligation and can be reliably estimated.

Provision for ECL on credit commitments

WNZL is committed to providing facilities and guarantees. If it is probable that a facility will be drawn and the resulting asset will be less than the drawn amount, then a provision for impairment is recognized. The provision for impairment is calculated using the same methodology as the provision for ECL.

Compliance, regulation and remediation provisions

The compliance, regulation and remediation provisions relate to matters pertaining to the provision of services to our customers identified both as a result of regulatory action and internal reviews. An assessment of the likely cost to WNZL of these matters (including applicable customer refunds) is made on a case-by-case basis and specific provisions are made where appropriate.

For more information, see Note 20 to the 2022 WNZL Financial Statements.

A provision was initially established in 2019 and continues to be updated for instances where issues requiring remediation are identified. The provision balance was \$65 million in 2022 (2021: \$76 million, 2020: \$42 million).

Current and deferred tax

Provisions for taxation require significant judgment in the application of tax laws. For any uncertain tax outcomes, provisions for taxation are determined based on the expected outcomes. Where the final tax determination differs from the amounts initially recorded, such differences impact the provisions for taxation in the period when such determination is made. During the period under review, there were no significant changes in the assumptions and judgments applied in calculating the provisions for taxation. There were also no events that gave rise to a significant restatement. For more information, see Note 7 to the 2022 WNZL Financial Statements.

On a similar basis to that described above, determining deferred tax assets and liabilities is considered one of WNZL's critical accounting assumptions and estimates. Deferred tax accounts for temporary differences between the carrying amounts of assets and liabilities and their values for taxation purposes. For more information, see Note 15 to the 2022 WNZL Financial Statements.

Intangible assets

Indefinite life intangible assets (Goodwill)

Goodwill acquired in a business combination is initially measured at cost, generally being the excess of:

- the consideration paid; over
- the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

Subsequently, goodwill is not amortized but rather tested for impairment. Impairment is tested at least annually or whenever there is an indication of impairment. Impairment of a given cash generating unit ("CGU") is determined using a value-in-use assessment through a discounted cashflow analysis of such CGU. The main drivers used in this discounted cashflow analysis are the relevant CGU's weighted average cost of capital ("WACC"), forecast future cashflows and terminal growth rates. COVID-19 has resulted in a reduction in WACC since the onset of the pandemic, as cost of funding capital decreased.

Finite life intangible assets

Finite life intangibles, such as computer software, are recognized initially at cost and subsequently at amortized cost less any impairment.

Critical accounting assumptions and estimates

Judgment is required in determining the fair value of assets and liabilities acquired in a business combination. A different assessment of fair values would have resulted in a different goodwill balance and different post-acquisition performance of the acquired entity.

When assessing impairment of intangible assets, significant judgment is needed to determine the appropriate cash flows and discount rates to be applied to the calculations. For more information, including the significant assumptions applied to the value-in-use calculations, see Note 16 to the 2022 WNZL Financial Statements.

ADDITIONAL FINANCIAL INFORMATION

Average balance sheet and analysis of net interest earnings

The following tables show the major categories of interest earning assets and interest bearing liabilities and the respective interest rates that were earned or paid as of and for the year ended September 30, 2022 and for the financial years ended September 30, 2021 and 2020. The interest rates were calculated by dividing the amount of interest received or paid by the average interest earnings assets and liabilities, respectively. Interest income figures include interest income on non-accrual loans to the extent cash payments in the nature of interest have been received. Non-accrual loans are included under the interest earning asset category "Loans."

NZ\$ millions	As of and for the year ended September 30, 2022			As of and for the year ended September 30, 2021		
	Average Balance	Interest Income/ expense	Average Rate ¹	Average Balance	Interest Income/ expense	Average Rate ¹
Assets						
Cash and balances with central bank	10,017	162	1.62%	6,283	16	0.25%
Investment securities.....	5,147	92	1.79%	4,895	79	1.61%
Loans	94,956	3,451	3.63%	90,966	2,906	3.19%
Other interest earning assets .	3,875	36	0.93%	3,783	11	0.29%
Total interest earning assets and interest income	113,995	3,741	3.28%	105,927	3,012	2.84%
Total non-interest earning assets	2,476	-		2,004	-	
Total assets	116,471	3,741		107,931	3,012	
Liabilities						
Deposits	65,440	829	1.27%	63,750	446	0.70%
Debt issues	18,919	206	1.09%	15,631	152	0.97%
Other interest bearing liabilities	7,030	415	5.90%	5,420	348	6.42%
Total interest bearing liabilities and interest expense.....	91,389	1,450	1.59%	84,801	946	1.12%
Total non-interest bearing liabilities	16,452	-		14,961	-	
Total liabilities.....	107,841	1,450		99,762	946	

¹ Calculated as interest income/expense divided by average balance

**As of and for the year ended September 30,
2020**

NZ\$ millions	Average Balance	Interest Income/ expense	Average Rate ¹
Assets			
Cash and balances with central bank	3,070	13	0.42%
Investment securities.....	4,388	102	2.32%
Loans	86,554	3,393	3.92%
Other interest earning assets	4,708	32	0.68%
Total interest earning assets and interest income.....	98,720	3,540	3.59%
Total non-interest earning assets.....	2,685	-	
Total assets	101,405	3,540	
Liabilities			
Deposits	60,695	936	1.54%
Debt issues	17,482	277	1.58%
Other interest bearing liabilities.....	4,471	452	10.11%
Total interest bearing liabilities and interest expense.....	82,648	1,665	2.01%
Total non-interest bearing liabilities	11,238	-	
Total liabilities.....	93,886	1,665	

¹ Calculated as interest income/expense divided by average balance.

Interest income

Year ended September 30, 2022 compared to the year ended September 30, 2021

Interest income was \$3.7 billion for the year ended September 30, 2022, which gave an annualized average interest rate on interest earning assets of 3.28%. This was higher when compared to the average interest rate of 2.84% for the year ended September 30, 2021 due to higher customer interest rates in a rising interest rate environment.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Interest income was \$3.0 billion for the year ended September 30, 2021, which gave an average interest rate on interest earning assets of 2.84%. This was lower when compared to the average interest rate of 3.59% for the year ended September 30, 2020 due to lower interest rates.

Average interest earning assets

Year ended September 30, 2022 compared to the year ended September 30, 2021

Average interest earning assets in the year ended September 30, 2022 increased by \$8.1 billion or 7.6% to \$114.0 billion from \$105.9 billion in the year ended September 30, 2021. The increase was mainly driven by an increase in average loans of \$4.0 billion or 4.4% due to continued housing loan increases, as well as an increase in average cash and balances with central banks of \$3.7 billion due to a higher system-wide balance of the RBNZ's exchange settlement account system.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Average interest earning assets in the year ended September 30, 2021 increased by \$7.2 billion or 7.3% to \$105.9 billion from \$98.7 billion in the year ended September 30, 2020. The increase was mainly driven by average loans increasing by \$4.4 billion or 5.1% due to continued housing loan increases instigated by lower interest rates and average cash and balances with central banks increasing by \$3.2 billion due to a higher system-wide balance of the RBNZ's exchange settlement account system.

Average interest bearing liabilities

Year ended September 30, 2022 compared to the year ended September 30, 2021

Average interest bearing liabilities in the year ended September 30, 2022 increased by \$6.6 billion or 7.8% to \$91.4 billion from \$84.8 billion in the year ended September 30, 2021. This increase was mainly driven by average debt increasing by \$3.3 billion or 21.2% due to new issues of EMTN, DMTN, USCP and Covered Bonds. Average other interest bearing liabilities increased by \$1.6 billion or 29.6% primarily due to drawdowns from FLP to support WNZL's funding and liquidity needs.

Average non-interest bearing liabilities in the year ended September 30, 2022 increased by \$1.5 billion or 10.0% to \$16.5 billion from \$15.0 billion in the year ended September 30, 2021, mainly due to an increase in non-interest bearing deposits.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Average interest bearing liabilities in the year ended September 30, 2021 increased by \$2.2 billion or 2.7% to \$84.8 billion from \$82.6 billion in the year ended September 30, 2020. The increase was mainly driven by increased average debt due to new issues of USCP and EMTN.

Average non-interest bearing liabilities in the year ended September 30, 2021 increased by \$3.8 billion or 33.1% to \$15.0 billion from \$11.2 billion in the year ended September 30, 2020, mainly due to an increase in non-interest bearing deposits.

Volume and rate movement

The following table allocates changes in net interest income between changes in volume and changes in interest rate for the years ended September 30, 2022, 2021 and 2020 for each category of interest earning asset and interest bearing liability. Volume and rate variances have been calculated based on the movement in average balances and the change in the interest rates on average interest-earning assets and average interest-bearing liabilities. The variance caused by changes in both volume and rate have been allocated in proportion to the relationship of the absolute dollar amount of each change to the total.

Change in volume and rate

NZ\$ millions	For the year ended September 30,					
	2022 vs 2021			2021 vs 2020		
	Change due to Volume	Change due to Rate	Total	Change due to Volume	Change due to Rate	Total
Interest earning assets						
Cash and balances with central bank	10	136	146	14	(11)	3
Investment securities	4	9	13	12	(35)	(23)
Loans (including impaired loans)	127	418	545	173	(660)	(487)
Other interest earning assets	-	25	25	(6)	(15)	(21)
Change in interest income	141	588	729	193	(721)	(528)
Interest-bearing liabilities						
Deposits	11	372	383	47	(537)	(490)
Debt issues	32	22	54	(29)	(96)	(125)
Other interest bearing liabilities ¹	37	30	67	30	(134)	(104)
Change in interest expense ²	80	424	504	48	(767)	(719)
Change in net interest income³	61	164	225	145	46	191

- ¹ Comparatives for year ended September 30, 2021 compared to the year ended September 30, 2020 have been restated to reflect an updated methodology of treating interest expense from derivatives as fully attributable to a change in interest rates. The restatement resulted in a \$66 million decrease in Due to change in volume from \$96 million to \$30 million and a corresponding increase in Due to change in rate from (\$200) million to (\$134) million.
- ² Comparatives for year ended September 30, 2021 compared to the year ended September 30, 2020 have been restated to reflect an updated methodology of treating interest expense from derivatives as fully attributable to a change in interest rates. The restatement resulted in a \$66 million decrease in Due to change in volume from \$114 million to \$48 million and a corresponding increase in Due to change in rate from (\$833) million to (\$767) million.
- ³ Comparatives for year ended September 30, 2021 compared to the year ended September 30, 2020 have been restated to reflect an updated methodology of treating interest expense from derivatives as fully attributable to a change in interest rates. The restatement resulted in a \$66 million increase in Due to change in volume from \$79 million to \$145 million and a corresponding decrease in Due to change in rate from \$112 million to \$46 million.

Investment Portfolio

Book value of investments

The following table shows the book value of trading securities and other financial assets designated at fair value as of September 30, 2022, 2021 and 2020.

NZ\$ millions	As of September 30,		
	2022	2021	2020
Government and semi-Government securities	954	1,839	2,296
Other debt securities	1,164	260	141
Reverse repurchase agreements	-	181	-
Total trading securities and other financial assets designated at fair value	2,118	2,280	2,437

Trading securities and other financial assets designated at fair value decreased by \$162 million or 7.1% as of September 30, 2022 compared to September 30, 2021. This included a decrease in New Zealand Government bonds and semi-Government bonds, and reverse repurchase agreements, which were partially offset by an increase in other debt securities.

The following table shows the book value of investment securities as of September 30, 2022, 2021 and 2020.

NZ\$ millions	As of September 30,		
	2022	2021	2020
Government and semi-government public securities	3,656	3,526	3,844

Other debt securities	1,967	1,154	1,177
Total investment securities	<u>5,623</u>	<u>4,680</u>	<u>5,021</u>

Maturity profile

The following table shows the maturity profiles of the trading securities and other financial assets designated at fair value as of September 30, 2022. As of September 30, 2022, WNZL held no tax exempt securities.

NZ\$ millions	1 Year or Less	1 to 5 Years	Total
Government and Semi-Government securities.....	760	194	954
Other debt securities	560	604	1,164
Total trading securities and other financial assets designated at fair value	1,320	798	2,118

As of September 30, 2022, WNZL did not hold any trading securities and other financial assets designated at fair value in the “5 to 10 years” or “after 10 years” categories.

Book value and market value of securities greater than 10% of shareholders’ equity

As of September 30, 2022, WNZL did not hold any debt securities from New Zealand financial institutions, where the aggregate book and market value exceeded 10% of the total shareholders’ equity of WNZL as of such date.

Loan portfolio

Types of loans

The following table shows loans disaggregated by type of product as of September 30, 2022, 2021 and 2020.

NZ\$ millions	As of September 30,		
	2022	2021	2020
Residential mortgages.....	63,869	60,854	55,212
Other retail.....	2,829	2,976	3,299
Corporate	30,459	29,144	29,957
Other.....	121	129	92
Total gross loans	<u>97,278</u>	<u>93,103</u>	<u>88,560</u>
Provision for ECL on loans.....	(396)	(471)	(601)
Total net loans	<u>96,882</u>	<u>92,632</u>	<u>87,959</u>

Additional information on interest rate sensitivity

Sensitivity to interest rates arises from mismatches in the interest rate characteristics of assets and their corresponding liability funding. One of the major causes of these mismatches is timing differences in the repricing of assets and liabilities. These mismatches are actively managed as part of the overall interest rate risk management process, which is conducted in accordance with WNZL’s policy guidelines.

The following table presents a breakdown of the earlier of the contractual repricing or maturity dates of WNZL’s net asset position as of September 30, 2022. WNZL uses this contractual repricing information as a base, which is then altered to take account of customer behavior to manage its interest rate risk.

As of September 30, 2022							
NZ\$ millions	Up to 3 Months	Over 3 Months and Up to 6 Months	Over 6 Months and Up to 1 Year	Over 1 Year and Up to 2 Years	Over 2 Years	Non- interest Bearing	Total
Financial assets							
Cash and balances with central bank	10,531	-	-	-	-	289	10,820
Collateral paid	42	-	-	-	-	-	42
Trading securities and financial assets measured at FVIS	1,409	209	276	3	221	-	2,118
Derivative financial instruments.....	-	-	-	-	-	169	169
Investment securities	-	35	522	1,443	3,623	-	5,623
Loans.....	43,099	7,862	16,796	18,773	10,996	(644)	96,882
Other financial assets	-	-	-	-	-	263	263
Due from related entities	485	-	-	-	-	2,121	2,606
Total financial assets	55,566	8,106	17,594	20,219	14,840	2,198	118,523
Non-financial assets							1,295
Total assets							119,818
Financial liabilities							
Collateral received.....	82	-	-	-	-	-	82
Deposits and other borrowings	47,526	9,982	7,384	951	614	14,391	80,848
Other financial liabilities	3,872	-	96	-	-	380	4,348
Derivative financial instruments.....	-	-	-	-	-	118	118
Debt issues	3,567	2,105	950	4,769	9,603	(1,061)	19,933
Due to related entities	2,026	-	-	-	33	902	2,961
Loan capital.....	1,493	-	-	-	590	-	2,083
Total financial liabilities	58,566	12,087	8,430	5,720	10,840	14,730	110,373
Non-financial liabilities.....							665
Total liabilities							111,038
On-balance sheet interest rate repricing gap	(3,000)	(3,981)	9,164	14,499	4,000		
Net derivative notional principals							
Net interest rate contracts (notional):							
Receivable/(payable)	15,750	160	(8,888)	(8,457)	1,435		
Net interest rate repricing gap	12,750	(3,821)	276	6,042	5,435		

Loan quality

WNZL maintains a systematic, continuous approach to the collection of loan arrears and issues notices of arrears or defaults, in terms detailed in its policies and procedures. WNZL monitors loan quality by independently verifying arrears and producing and distributing detailed credit performance reports to management. In addition, WNZL closely examines the trends on arrears of various products within the portfolio with a view to ensuring measures are taken to correct and control any adverse trends that may be identified.

For purposes of loan quality, WNZL distinguishes between residential loans, consumer loans and loans for business purposes. It generally classifies residential loans, consumer loans and loans for business purposes as either performing, individually impaired, past due 1-89 days and past due 90 days, or in some cases, restructured assets.

Assets that are in arrears based upon their contractual terms, but not yet impaired, are reported separately as “past due assets.” Assets that are greater than 90 days past their contractual terms, but not yet impaired, are reported separately as “90 days past due assets.” “Other assets under administration” include assets, not classified as impaired assets or past due assets, in which the counterparty is,

a) in receivership, liquidation, bankruptcy, statutory management or any form of administration in New Zealand; or

b) in any other equivalent form of voluntary or involuntary administration in an overseas jurisdiction, are reported separately.

Impaired financial assets include:

a) individually impaired assets, which are defined as assets where an individual provision has been made to cover the expected loss for which full recovery of principal is doubtful; and

b) restructured assets, which are defined as assets in which the original contractual terms have been formally modified to provide for concessions of interest or principal for reasons related to the financial difficulties of the customer.

Risk Elements

Concentration of credit exposures

The following table provides an analysis of the concentration of WNZL's credit exposures by borrower category. Relevant categorization for WNZL is by industry, as these borrowers are engaged in similar activities and would be similarly impacted by economic conditions as of September 30, 2022, 2021 and 2020.

NZ\$ millions	As of September 30,		
	2022	2021	2020
Analysis of on-balance sheet credit exposures by industry sector			
Accommodation, cafes and restaurants.....	395	464	480
Agriculture.....	9,263	9,371	9,330
Construction.....	495	496	581
Finance and insurance.....	6,029	5,547	5,116
Forestry and fishing.....	506	481	505
Government, administration and defense.....	16,086	13,828	10,602
Manufacturing.....	2,212	1,598	1,738
Mining.....	218	212	220
Property.....	8,097	7,777	7,975
Property services and business services.....	1,040	1,152	1,076
Services.....	1,384	1,720	2,226
Trade.....	2,210	1,810	1,767
Transport and storage.....	1,181	1,270	1,244
Utilities.....	1,894	1,687	1,605
Retail lending.....	65,197	62,165	56,769
Subtotal.....	116,207	109,578	101,234
Provision for ECL on loans.....	(396)	(471)	(601)
Due from related entities.....	2,606	1,834	1,094
Other financial assets.....	106	75	87
Total on-balance sheet credit exposures.....	118,523	111,016	101,814

Summary of loan loss experience

Analysis of the allowance for loan losses

The following tables show the CAP and IAP for loan and credit commitments as of September 30, 2022, 2021 and 2020.

	As of September 30, 2022				
	Performing		Non-performing		
NZ\$ millions	Stage 1 CAP	Stage 2 CAP	Stage 3 CAP	Stage 3 IAP	Total
Provision for ECL on loans					
Residential mortgages	40	87	43	9	179
Other retail	12	36	13	1	62
Corporate.....	33	92	13	17	155
Total provision for ECL on loans.....	85	215	69	27	396
Provision for ECL on credit commitments¹					
Residential mortgages	6	4	-	-	10
Other retail	5	7	-	-	12
Corporate.....	7	14	-	-	21
Total provision for ECL on credit commitments	18	25	-	-	43
Total provision for ECL on loans and credit commitments	103	240	69	27	439
Gross loans.....	85,362	11,374	482	60	97,278
Credit commitments	27,303	2,180	26	1	29,510
Gross loans and credit commitments.....	112,665	13,554	508	61	126,788
Coverage ratio on loans (%) ²	0.10	1.89	14.32	45.00	0.41
Coverage ratio on loans and credit commitments (%) ³	0.09	1.77	13.58	44.26	0.35

¹ Includes provision for ECL on related entity credit commitments of \$4 million classified as Due to Related Entities in the Balance Sheet.

² Coverage ratio on loans is calculated using total provision for ECL on loans over gross loans.

³ Coverage ratio on loans and credit commitments is calculated using total provision for ECL on loans and credit commitments over gross loans and credit commitments.

As of September 30, 2021					
NZ\$ millions	Performing		Non-performing		Total
	Stage 1 CAP	Stage 2 CAP	Stage 3 CAP	Stage 3 IAP	
Provision for ECL on loans					
Residential mortgages.....	41	69	46	8	164
Other retail.....	16	53	22	1	92
Corporate.....	27	122	6	60	215
Total provision for ECL on loans	<u>84</u>	<u>244</u>	<u>74</u>	<u>69</u>	<u>471</u>
Provision for ECL on credit commitments					
Residential mortgages.....	5	1	-	-	6
Other retail.....	5	9	1	-	15
Corporate.....	8	25	-	-	33
Total provision for ECL on credit commitments	<u>18</u>	<u>35</u>	<u>1</u>	<u>-</u>	<u>54</u>
Total provision for ECL on loans and credit commitments	<u>102</u>	<u>279</u>	<u>75</u>	<u>69</u>	<u>525</u>
Gross loans.....	84,661	7,833	500	109	93,103
Credit commitments.....	27,759	1,691	18	6	29,474
Gross loans and credit commitments.....	<u>112,420</u>	<u>9,524</u>	<u>518</u>	<u>115</u>	<u>122,577</u>
Coverage ratio on loans (%) ¹	0.10	3.12	14.80	63.30	0.51
Coverage ratio on loans and credit commitments (%) ²	0.09	2.93	14.48	60.00	0.43

¹ Coverage ratio on loans is calculated using total provision for ECL on loans over gross loans.

² Coverage ratio on loans and credit commitments is calculated using total provision for ECL on loans and credit commitments over gross loans and credit commitments.

As of September 30, 2020					
NZ\$ millions	Performing		Non-performing		Total
	Stage 1 CAP	Stage 2 CAP	Stage 3 CAP	Stage 3 IAP	
Provision for ECL on loans					
Residential mortgages.....	44	121	70	6	241
Other retail.....	21	70	31	2	124
Corporate.....	30	135	6	65	236
Total provision for ECL on loans	<u>95</u>	<u>326</u>	<u>107</u>	<u>73</u>	<u>601</u>
Provision for ECL on credit commitments					
Residential mortgages.....	5	2	-	-	7
Other retail.....	7	11	-	1	19
Corporate.....	9	21	-	-	30
Total provision for ECL on credit commitments	<u>21</u>	<u>34</u>	<u>-</u>	<u>1</u>	<u>56</u>
Total provision for ECL on loans and credit commitments	<u>116</u>	<u>360</u>	<u>107</u>	<u>74</u>	<u>657</u>
Gross loans.....	80,836	7,023	572	129	88,560
Credit commitments.....	28,866	481	20	34	29,401
Gross loans and credit commitments.....	<u>109,702</u>	<u>7,504</u>	<u>592</u>	<u>163</u>	<u>117,961</u>
Coverage ratio on loans (%) ¹	0.12	4.64	18.71	56.59	0.68
Coverage ratio on loans and credit commitments (%) ²	0.11	4.80	18.07	45.40	0.56

¹ Coverage ratio on loans is calculated using total provision for ECL on loans over gross loans.

² Coverage ratio on loans and credit commitments is calculated using total provision for ECL on loans and credit commitments over gross loans and credit commitments.

Year ended September 30, 2022 compared to the year ended September 30, 2021

Total provision for ECL on loans and credit commitments decreased by \$86 million or 16% to \$439 million for the year ended September 30, 2022, compared to \$525 million in the year ended September 30, 2021. This decrease was due to a positive forward-looking economic forecast, improved performance across all portfolios, including a decline in some higher risk exposures and a partial write-off of a single-named exposure.

The Stage 1 ECL increase was mainly due to additional overlays offset by improved performance across all portfolios and a more positive macroeconomic outlook. The Stage 2 ECL decreased mainly due to changes to overlays and improved performance across all portfolios coupled with releases on account of a more positive macroeconomic outlook. The Stage 3 ECL decrease is in line with the decrease in Stage 3 exposures, due to reductions in 90 days past due exposures in residential mortgages and other retail, and write-offs from the corporate portfolio. This decrease is partially offset by an increase in high-risk exposures from the corporate portfolio.

Year ended September 30, 2021 compared to the year ended September 30, 2020

Total provision for ECL on loans decreased by \$130 million or 22% to \$471 million for the year ended September 30, 2021, compared to \$601 million in the year ended September 30, 2020. The movement was due to a reduction in CAP, which was largely due to a more positive forward-looking economic forecast, coupled with releases on account of customers exiting from COVID-19 related support programs, offset by overlays, model adjustments and IAP raised mainly for a single named exposure. The Stage 1 ECL benefit is mainly due to a more positive macroeconomic forecast as compared to the prior year. Stage 2 ECL has decreased, driven by the reduction in COVID-19 overlays and impacts due to a more positive macroeconomic outlook compared to the prior year. The Stage 3 ECL decrease is in line with the decrease in Stage 3 exposures, driven by reductions in 90 days past due exposures in residential mortgages and higher write-backs from the corporate portfolio.

The COVID-19 pandemic has had, and continues to have, an impact on businesses around the world and the economic environments in which we operate. There also exists significant uncertainty regarding the duration and severity of COVID-19 impacts and the associated disruption to the economy and our customers. While the impacts on the broader economy are included in the assumptions used in the economic scenarios and the weightings applied to these scenarios, these general economy wide impacts may not fully reflect the specific impacts on individual customers, and therefore, the potential risk is not captured in the underlying modelled ECL. As at September 30, 2022, the remaining, direct effects of COVID-19 on the economy are now small and no COVID-19 specific overlays are in place.

Deposits

The following table provides an analysis of deposits by type as of September 30, 2022, 2021 and 2020. WNZL does not hold any foreign certificates of deposits.

NZ\$ millions	As of September 30,		
	2022	2021	2020
Certificates of deposit	2,939	3,450	2,996
Non-interest bearing, repayable at call.....	14,391	14,737	11,571
Other interest bearing:			
At call	31,245	32,849	28,412
Term	32,273	28,331	30,991
Total deposits and other borrowings.....	80,848	79,367	73,970
Deposits at fair value	2,939	3,450	2,996
Deposits at amortized cost	77,909	75,917	70,974
Total deposits and other borrowings.....	80,848	79,367	73,970

The following table shows average balances and average rates in each of September 30, 2022, 2021 and 2020 for major categories of deposits. Average balances have been calculated using daily closing balances.

NZ\$ millions	As of September 30,		
	2022 Average Balance	2021 Average Balance	2020 Average Balance
New Zealand			
Certificates of deposit	3,197	3,133	2,113
Non-interest bearing, repayable at call	15,179	13,245	9,292
Other interest bearing:			
At call	32,141	31,431	25,761
Term	30,466	29,470	32,651
Total New Zealand	80,983	77,279	69,817
Other overseas	-	-	-
Total	80,983	77,279	69,817

As of September 30, 2022, 2021 and 2020, there were no certificates of deposit issued by foreign offices that were greater than \$0.1 million.

Certificates of deposit are issued for a minimum of \$0.1 million. WNZL may, at its discretion, accept a minimum investment of less than \$0.1 million. The maturity profile of certificates of deposit greater than \$0.1 million issued by WNZL were as follows:

NZ\$ millions	Less than 3 Months	Between 3 and 6 months	Between 6 and 12 months	Total
September 30, 2022				
Certificates of deposit greater than \$100,000	2,322	582	35	2,939
September 30, 2021				
Certificates of deposit greater than \$100,000	2,609	821	20	3,450
September 30, 2020				
Certificates of deposit greater than \$100,000	1,803	1,173	20	2,996

Return on equity and assets

The following table sets forth WNZL's return on assets, return on equity, dividend payout ratio and equity to assets ratios as of September 30, 2022, 2021 and 2020.

	As of September 30,		
	2022	2021	2020
Return on average assets ¹	0.9%	0.9%	0.5%
Return on average total equity ²	12.1%	11.4%	7.3%
Dividend payout ratio on ordinary shares ³	75.3%	29.5%	59.1%
Equity to assets ratio ⁴	7.4%	7.6%	7.4%

¹ Calculated as net profit attributable to the owner of WNZL divided by average total assets.

² Calculated as net profit attributable to the owner of WNZL divided by average equity.

³ Calculated as dividends paid on ordinary shares divided by net profit attributable to the owner of WNZL.

⁴ Calculated as average equity divided by average total assets.

Short-term borrowings

The following table sets forth details of WNZL's US and Euro commercial paper short-term borrowings as of September 30, 2022, 2021 and 2020.

NZ\$ millions	As of September 30,		
	2022	2021	2020
US commercial paper			
Outstanding at year end	5,490	2,979	2,502
Maximum amount outstanding at any month end	5,555	4,031	3,052
Approximate average amount outstanding ¹	4,540	3,090	2,242

¹ Calculated using average of daily closing balances.

There was no outstanding Euro commercial paper as of the reported periods in the above table.

NEW ZEALAND BANKING INDUSTRY

The RBNZ publishes a semi-annual Financial Stability Report, in which it assesses and reports on the soundness and efficiency of the New Zealand financial system. The following section is an excerpt from the RBNZ Financial Stability Report dated November 2022 (the “RBNZ Report”). The charts and tables that accompany the following sections have not been included and minor amendments have been made to the text, including for formatting and readability in context. The information in this section has otherwise been accurately reproduced and, as far as WNZL is aware and is able to ascertain from the RBNZ Report, no facts have been omitted which would render the reproduced information inaccurate or misleading. For more information, please see the full RBNZ Report, which is available from the RBNZ’s website at <https://www.rbnz.govt.nz/-/media/045e2498a6f8488cb5a99561347e7f42.ashx>. However, the RBNZ Report is not incorporated by reference herein and does not form part of this Offering Memorandum.

According to the RBNZ Report, there are increasing downside risks to the global economic outlook. Strong and broadening inflationary pressures are leading central banks to tighten monetary policy more aggressively than had previously been anticipated. Financial markets have been increasingly volatile, and there is high uncertainty about the extent to which economic activity will slow in response to the monetary policy tightening. Financial stability risks have increased as a result.

House prices in New Zealand continue to decline as mortgage rates rise. Nationally, prices are down 12% from their November 2021 peak, with larger falls in Wellington and Auckland. Negative equity and mortgage servicing arrears are not widespread at present, but will grow if prices continue to fall and as mortgages reprice to higher interest rates. Significantly higher unemployment would lead to further stresses among households, and is the biggest risk to financial stability at present.

Rising household debt servicing costs and declining household wealth will limit consumption growth over the next year. Additionally, the current conditions in the housing market are likely to lead to a decline in new residential construction once existing development projects are completed, which would contribute to slowing economic activity. Businesses in most industries have reduced their leverage in recent years, which will limit vulnerabilities as debt servicing costs increase and demand slows.

Despite these challenges, New Zealand’s financial system is well placed to support the economy in the face of a rising interest rate environment. Banks’ capital and liquidity positions are strong, and profitability and asset quality remain high. Recent stress tests demonstrate banks’ resilience to scenarios involving rising unemployment and interest rates, and declining house prices.

While the financial system as a whole is resilient, some households and businesses will come under stress from the rising interest rate environment. It is important that institutions take a long-term perspective in the face of the current economic uncertainties, making prudent lending decisions and providing ongoing access to credit for the wider economy, as well as supporting customers in stress.

The RBNZ continues to strengthen the regulatory, supervisory and enforcement frameworks to support the stability of the financial system over the longer term, and are guided in this by their own assessment of the risks to it and its vulnerabilities. Financial institutions need to continue to invest in their systems, governance and risk management to build their long-term resilience.

Strong and persistent inflationary pressures are requiring continued monetary tightening, as acute challenges from COVID-19 and global supply chain issues lessen

Most countries have now removed COVID-19 restrictions, and global supply chain pressures that built up at the height of the pandemic have reduced somewhat in recent months. However, Russia’s invasion of Ukraine in February 2022 sparked a large increase in global commodity prices, particularly for energy, metals, and food, and they remain elevated compared to historical norms.

These global supply shocks, when combined with the lagged effects of significant fiscal and monetary policy stimulus provided in 2020 and early 2021, have caused inflation to rise substantially across major economies, to higher levels than had been anticipated by policymakers.

After a decade of low interest rates and muted inflationary pressures, central banks are having to tighten their monetary policy settings at a faster pace than in previous tightening cycles. In doing so, they aim to ensure that high inflation does not become embedded in inflation expectations. Financial market pricing indicates a substantial monetary tightening over the next two years.

Global economic growth is set to slow, with risks skewed to the downside, threatening New Zealand's economic outlook

The rapid rise in interest rates over the past year presents a headwind to global economic growth. Central banks have shown a willingness to aggressively tighten monetary policy to combat strong inflationary pressures, potentially at some cost to activity and employment. Historical experience provides little indication as to the economic impact of the current tightening cycle, particularly given the public and private debt burdens that have built up across both advanced and emerging economies in the past decade. Financial markets have been increasingly volatile amid heightened economic and geopolitical uncertainties. Investor risk appetite has fallen, with market conditions deteriorating in recent months. Recent volatility highlights the risk of a disorderly tightening of financial conditions.

In Europe, policymakers are grappling with acute energy-related pressures arising from Russia's invasion of Ukraine and subsequent diplomatic and trade sanctions. Declining deliveries of natural gas from Russia since late 2021 have driven a large increase in wholesale electricity prices and household energy bills. Fiscal support measures are being implemented to soften some of the immediate impacts on households and businesses. However, by increasing input costs, ongoing high energy prices are creating headwinds for economic growth in the near term, before alternative supply arrangements are developed.

In addition, the slowdown in China's residential property development sector, and the country's adherence to a zero-COVID strategy, have contributed to slower economic growth. Financial difficulties for some developers have led authorities to tighten financial controls on the sector, which alongside reduced buyer confidence has seen a slowdown in new development. Slowing new home sales may have flow-on effects to the construction sector and cause financial difficulties amongst banks and local governments, which derive a large portion of their revenue from land development. A broader decline in China's real estate market would weigh on household consumption and economic activity more generally.

A severe downturn in any of New Zealand's major trading partners would lead to reduced demand for New Zealand's exports, in turn lowering incomes of households and businesses, and leading to losses on banks' lending. A tightening in global financial conditions would also raise debt servicing costs for New Zealand households and businesses, and the New Zealand Government.

Asset prices, including New Zealand house prices, are declining in the face of tighter financial conditions

The rising interest rate environment and deteriorating global economic outlook have also seen prices decline across a broad range of asset classes in recent months. In New Zealand, house prices have fallen 12% since their peak in November 2021, with notable divergences across regions. Wellington, which experienced a relatively large increase in prices in recent years, has declined 20% since its peak, while Auckland has fallen by 17%.

Potential buyers' borrowing capacity has been reduced by rising mortgage rates, LVR restrictions, and tougher serviceability assessments following changes to lender processes under the Credit Contracts and Consumer Finance Act 2003. House sales have fallen to levels seen in the aftermath of the global financial crisis (GFC), and housing lending growth has slowed considerably in recent months. The relative attraction of buying a property compared to renting or investing elsewhere has declined, given the outlook for mortgage rates, the still high level of house prices, tax policy changes, and the potential for further price falls.

It is the view of the RBNZ that New Zealand house prices remain above sustainable levels. A continued gradual decline in prices towards more sustainable levels remains desirable for long-term financial stability. However, a sharper or deeper decline remains a plausible outcome, given the strength of the run-up in prices over recent years, and the potential self-reinforcing effects from negative market sentiment.

The decline in prices means that some borrowers who purchased houses in 2021 are now in negative equity, meaning their mortgages are larger than the current market value of their property. LVR restrictions, which were reintroduced in early 2021, have helped to limit the number of households in negative equity, which remains small compared to banks' overall mortgage portfolios. However, further declines in prices would see a marked rise. Negative equity among borrowers does not in itself lead to losses in the financial system. However, the default of a borrower who is in negative equity means the lender may not be able to recover the full value of their lending, for example through a mortgagee sale. A significant number of borrower defaults in an environment of widespread negative equity would lead to material financial losses for lenders.

The downturn in the housing market will weigh on economic activity

The repricing of households' mortgages from historically low levels to current interest rates will slow the volume of consumer spending, combined with declining housing wealth as house prices retreat. Among households with mortgages, the average percentage of disposable income dedicated to debt servicing is expected to rise from a recent low of 9% to 20%, based on current mortgage rates. Repayment increases will be particularly significant for many households that first borrowed in the past two years.

The number of households in financial difficulty will grow as more fixed-rate mortgages reprice, and could increase significantly if mortgage rates rise materially above the servicing assessment rates of around 6% that banks applied through the pandemic period. The labor market continues to perform strongly, but a significant deterioration in labor market conditions would lead to household debt servicing stress. In these situations, lenders are likely to be able to provide relief in the form of term extensions or temporary interest-only periods for households unable to fully absorb the repayment increases they may be facing.

The outlook for residential development has deteriorated in recent months, due to declining prices for existing houses, ongoing construction cost inflation, negative net migration, and rising interest rates. The number of new houses being sold off the plans (pre-sales) has declined considerably. Since a high level of pre-sales is a prerequisite for obtaining finance from lenders, developers are potentially facing a substantial slowdown in activity once currently committed development pipelines are completed. A slowing in residential construction would weigh on broader economic activity and employment. However, continued falls in land prices could help to restore the economic viability of future development projects, limiting the extent of the downturn in building activity.

Most businesses' balance sheets are in a strong position but a decline in economic activity would create difficulties

Input cost inflation, the tight labor market, and lingering supply chain issues in some sectors are creating a difficult operating environment for many businesses. However, overall profitability has remained healthy as most firms have been able to pass on input cost increases to customers, preserving profit margins. While interest servicing burdens will increase with the rising interest rate environment, the general deleveraging trends seen in most business sectors in recent years will lessen the strain this causes. This is particularly the case for the dairy sector, where farmers have used high milk payouts in recent years to reduce debt. To date, data on bank lending to businesses has shown limited signs of financial stress emerging, although a slowing in the economy due to declining household demand would lead to a deterioration in business incomes.

Commercial property remains a sector where pandemic-induced changes to consumer behavior are likely to persist, but these effects on rents and vacancy rates are likely to take some time to materialize as existing leases roll off. Banks have generally had conservative lending appetites for commercial property in recent years, meaning owners have sizeable buffers to handle increases in debt servicing costs and declines in property values.

New Zealand's financial system is well positioned to handle an environment of rising interest rates and slower economic growth

Registered banks' profitability has been robust, with very low levels of non-performing loans and slight increases in their net interest margins in the past six months. Banks have retained earnings and begun to issue additional capital instruments, as they build their capital levels in anticipation of higher regulatory requirements in the next few years. Since July 1, 2022, the four domestic-systemically important banks have been subject to an additional one percentage point capital buffer requirement, which will increase to two percentage points in July 2023.

As part of the RBNZ's stress testing program, the 2022 solvency stress test assessed nine locally incorporated banks' resilience to a simulated 'stagflation' scenario involving unemployment rising to 9.3%, 2-year fixed mortgage rates reaching 8.4%, and house prices falling by 47% from their late 2021 peak. Results from the exercise show that such a scenario would lead to substantial credit losses and some banks entering their prudential capital buffers, placing limits on dividend payments and requiring them to restore their capital positions. However, the test showed that even in the worst year of the stress, and before mitigating actions are considered, the aggregate banking system would maintain a higher Tier 1 Capital ratio than typical levels seen prior to the GFC.

The banking system's liquidity and funding positions also remain strong. The end of pandemic-related support measures, namely the Large-scale Asset Purchase program and FLP, will normalize funding conditions for banks. Banks will likely seek to increase the proportion of their deposits in term accounts rather than on call, to support their liquidity positions. With mortgage lending slowing due to reduced mortgage demand, banks' reliance on wholesale funding markets is expected to be modest in the near term, insulating them to an extent from current market volatility.

Banks' high asset quality in part reflects generally conservative lending standards that they have maintained in recent years. Results from the RBNZ's recent Credit Conditions Survey indicate that banks expect to maintain cautious risk appetites for most types of lending in the near term, reflecting the uncertain economic environment. To avoid a deterioration in credit conditions reinforcing an economic slowdown, it will be important for banks to maintain a long-term perspective for their customers, as was evidenced at the start of the pandemic. This will require balancing prudent lending decisions in the face of current economic uncertainties, and supporting customers in financial difficulties and the economy's ongoing access to credit.

Other parts of the financial system have been resilient through the pandemic

The non-bank deposit takers sector has been relatively stable in the past six months, with consolidation among credit unions continuing, aimed at supporting their financial viability. While non-deposit taking lenders remain a small part of the financial system, some have grown quickly in recent years and may be more exposed to credit losses than the prudentially regulated lenders if the property market downturn continues.

New Zealand insurers have retained capital through the pandemic period, supporting solvency ratios during a period of economic uncertainty. High inflation is leading to increased claim expenses and premium increases, which could also increase under-insurance. Insurers and customers need to regularly review their property sums insured to ensure they provide the desired level of protection.

New Zealand's Financial Market Infrastructures have continued to operate effectively despite the challenges of the pandemic.

Structural and long-term developments continue to be important for the financial system

While the near-term outlook for financial stability is dominated by the worsening global economic outlook, the rising interest rate environment, and soft housing market, financial institutions also need to keep a focus on other operational and longer-term challenges. The threat of cyberattacks continues to require vigilance and investment in systems' resilience, particularly in light of rising geopolitical tensions in recent years. Sound and effective governance is critical for institutions' long-term resilience, and is the focus of a thematic review the RBNZ are jointly undertaking with the Financial Markets Authority.

Climate change will present challenges and opportunities for institutions, with insurers already facing increased weather-related claims in recent years. The RBNZ are also working with banks to assess flooding risks to their mortgage portfolios caused by climate change.

LVR settings remain appropriate for now

The RBNZ recently reviewed the LVR settings and assessed the current speed limits in place on high-LVR lending as remaining appropriate for the time being. An easing in the speed limits would be considered by the RBNZ if they were judged to be creating excessively tight lending conditions at a point when the RBNZ were confident that house prices were around or below sustainable levels.

The RBNZ are also continuing to consider how limits on high DTI mortgage lending could operate, and are consulting on a regulatory framework with the aim of making final decisions in early 2023. We do not see an immediate need to introduce high DTI limits, given the current conditions in the housing market and recent tightening banks have made to their serviceability assessments. However, DTI limits will be an important tool for managing any future build-up of financial stability risks.

Policy developments

The RBNZ are continuing to strengthen the regulatory framework and build the resilience of the financial system for the longer term, and are prioritizing work on major legislative reforms and other key initiatives. Alongside the implementation of higher bank capital requirements, the RBNZ is continuing work on a strengthened prudential regime for all deposit-taking institutions. The Deposit Takers Bill, recently introduced into Parliament, will consolidate the prudential regulation of banks and non-bank deposit takers (NBDTs) into a single regime. The Bill is set to strengthen the RBNZ's supervisory toolkit, and introduce a depositor compensation scheme that would guarantee depositors' funds up to \$100,000 in the case of an entity failing.

The RBNZ's review of insurance regulation continues assessing potential improvements to the Insurance (Prudential Supervision) Act 2010, which governs the RBNZ's supervision of insurers, and the solvency standards applying to insurers. The RBNZ has recently released the Interim Solvency Standard 2023, to ensure that the solvency standard is compatible with new accounting rules. The RBNZ is now beginning a second phase of the solvency standards review to assess the calibration of the level of capital insurers need to maintain against different risks. The RBNZ is continuing with implementation aspects of the Financial Market Infrastructures Act 2021. In September the RBNZ released a draft of proposed standards under the Act for consultation.

In addition, the RBNZ's policy program will be shaped in the coming years by the introduction of a Financial Policy Remit.

MANAGEMENT

Board of Directors of WNZL

The roles and responsibilities of the WNZL Board are formalized in WNZL's constitution and Board Charter. The WNZL Board is responsible for the business and affairs of WNZL. In doing so, the Board will provide strategic guidance for WNZL and effective oversight of management. The Board is also required to act in the best interests of WNZL. The WNZL Board has delegated certain functions to management.

WBC has the power under WNZL's constitution to directly appoint up to 100% of the Board from time to time by giving written notice to WNZL. No Director may be appointed to the Board unless the RBNZ has advised it has no objection to that appointment. WNZL's Conditions of Registration prescribe minimum numbers of Directors and minimum numbers of independent Directors. See "—Director Independence and Avoidance of Conflicts of Interest" below.

As of the date of this Offering Memorandum there are eight non-executive Directors (six of whom are independent) on the WNZL Board. Information about each of the Directors as of the date of this Offering Memorandum is set out below.

Name	Position
Philippa (Pip) Mary Greenwood.....	Independent Non-Executive Director (Chair)
Catherine Anne McGrath.....	Non-Independent Executive Director, WNZL Chief Executive Officer
David John Green	Independent Non-Executive Director
Jonathan Parker Mason.....	Independent Non-Executive Director
Christine Joy Parker.....	Non-Independent Non-Executive Director, WBC Group Executive, Human Resources
Michael Campbell Rowland	Non-Independent Non-Executive Director, WBC Chief Financial Officer
Robert David Hamilton	Independent Non-Executive Director
Ian Samuel Knowles	Independent Non-Executive Director
David Thomas Havercroft	Independent Non-Executive Director

The Directors of WNZL, and their respective principal outside activities, where significant, at the date of this Offering Memorandum are as set out below. The business address of each of the Directors should be regarded for the purposes of this Offering Memorandum as Westpac on Takutai Square, 16 Takutai Square, Auckland 1010, New Zealand.

Philippa (Pip) Mary Greenwood, LLB. Pip Greenwood was appointed a Director of WNZL on April 1, 2019 and Board Chair on October 1, 2021. Pip brings significant experience in capital markets, mergers and acquisitions, telecommunications and governance, and was one of New Zealand's leading commercial lawyers as a partner at Russell McVeagh. Pip was with Russell McVeagh for 18 years, and has more than 10 years of experience on the firm's board, previously serving as Board Chair and interim Chief Executive Officer of the firm. Over the years, Pip has advised on many high-profile New Zealand corporate transactions. Pip was a member of the New Zealand Takeovers Panel from 2007 to 2011. Pip is a current director of Fisher & Paykel Healthcare Corporation Limited, The A2 Milk Company Limited and Vulcan Steel Limited, and a trustee of the Auckland Writers Festival.

Catherine Anne McGrath, LLB/BCom. Catherine McGrath is the Chief Executive Officer of WNZL, and was appointed a Director of WNZL on November 15, 2021. She has more than 25 years' experience working in financial services, spanning business, operational and people leadership roles to which she has driven significant people, structural, technology and strategic change. Prior to joining Westpac, Catherine led large-scale transformations at some of the world's best known banks including Barclays Group and Lloyds TSB in the UK. This included various positions such as Head of Channels, Managing Director of Transaction Products and Payments, and Transaction Banking Director. Earlier in her career she worked at Bank of New Zealand, ASB Bank Limited and the Prudential Group. Catherine was raised in New Zealand. She graduated from Canterbury University with a Bachelor

of Laws and a Bachelor of Commerce. Catherine is a current director of WSNZL, Westpac NZ Operations Limited and BTNZ.

David John Green, FCA. David Green was appointed a Director of WNZL on June 7, 2022. David is a private investor and director following a banking and finance sector career spanning more than 30 years across the Asia Pacific region. During his 14 years with ANZ Banking Group, he held a number of senior leadership positions, most recently as Singapore CEO and Head of South East Asia, India & Middle East; previous roles included Managing Director Institutional New Zealand and Head of Wholesale Digital Strategy. David was a member of ANZ's Ethics and Responsible Business Committee, a Director of ANZ Bank (Europe) Ltd and represented the bank as a Council Member of The Association of Banks in Singapore (ABS). David is a Fellow of Chartered Accountants Australia and New Zealand and a Fellow of the Institute of Finance Professionals New Zealand and in 2016 completed an Executive Program on Digital Business Transformation at the MIT Sloan School of Management in the United States. David is a current director of Abner & Hobson Limited, Casa Verde Investments Limited and MyFarm UF1 GP Limited.

Jonathan Parker Mason, M.B.A., M.A., B.A. Jonathan Mason was appointed a Director of WNZL on June 18, 2015 and Chair of the WNZL BAC in December 2015. Jonathan has more than 30 years of experience as a Chief Financial Officer in major corporates operating in competitive markets in the United States and New Zealand. Jonathan joined Fonterra in 2009 as Chief Financial Officer from US-based chemicals company Cabot Corporation, where he was Executive Vice-President and Chief Financial Officer. Prior to this, he was employed as the Chief Financial Officer at a forest products company, Carter Holt Harvey, and also held senior financial management positions at US-based International Paper. Earlier governance experience includes directorships at Carter Holt Harvey Limited and Natixis S.A. He also held not-for-profit board roles at the University of Auckland Council and Foundation. Jonathan serves as an Adjunct Professor of Management at the University of Auckland Business School. Jonathan is currently the Chair of Vector Limited and a current director of Zespri Group Limited, Zespri International Limited and Air New Zealand Limited.

Christine Joy Parker, BGDipBus (HRM). Christine Parker was appointed a Director of WNZL on August 30, 2021. Christine is Group Executive, Human Resources for the Westpac Group. Before her move to the Westpac Group role in Australia, Christine was General Manager HR & Corporate Affairs for WNZL. Christine was one of New Zealand's leading HR practitioners, and has held senior appointments in a number of high-profile organizations and a range of industries including manufacturing, retail and services. Prior to joining WBC, Christine was Group HR Director for Carter Holt Harvey where she was responsible for the development and delivery of all facets of their global human resource strategies. From 1999 to 2004, Christine was Director of HR with Restaurant Brands NZ, the franchisor for high-profile fast food brands that included KFC, Pizza Hut and Starbucks. Christine trained as an accountant and continued her professional development with a range of post-graduate qualifications in HR Management, Leadership and Quality Management. Christine is the current Chair of the St. George Foundation.

Michael Campbell Rowland, BComm, GradDipTax, FCA. Michael Rowland was appointed a Director of WNZL on August 30, 2021. Michael is Chief Financial Officer for WBC. Before joining WBC, Michael was a partner in management consulting at KPMG. Before that, he held a number of senior executive positions at Australia and New Zealand Banking Group Limited and its subsidiaries and associated companies from 1999 to 2013. These included Chief Financial Officer, Institutional Banking; Chief Financial Officer, Wealth; Chief Financial Officer, New Zealand; and Chief Financial Officer, Personal Financial Services and business leadership roles such as Chief Executive Officer Pacific, Managing Director Mortgages and General Manager, Transformation. Michael commenced his career at KPMG, where he was promoted to a tax partner in 1993. Michael holds a Bachelor of Commerce from the University of Melbourne and a Graduate Diploma of Taxation Law from Monash University. He is a Fellow of Chartered Accountants Australia and New Zealand. Michael is a current director of Rebalti Investments Pty Limited and Rebalti Pty Limited.

Robert David Hamilton, BSc, BCom. Rob Hamilton was appointed a Director of WNZL on September 20, 2021. Rob is an independent Director of Oceania Healthcare where he also chairs the Sustainability Committee and Tourism Holdings where he also chairs the Audit & Risk Committee. Rob has more than 30 years of experience in senior finance roles. He was Chief Financial Officer of SkyCity Entertainment Group from 2014 until 2021, where he also had oversight of SkyCity's International Business division, Group Risk function and ICT function. Rob was

previously a Managing Director and the Head of Investment Banking at Jarden (formerly First NZ Capital). In addition, Rob has his own advisory and consulting businesses (Stelvio Consulting Limited and Kamari Consulting Limited), a Trustee of Auckland Grammar School Foundation Trust and is a past Board member of the New Zealand Olympic Committee and Board of Trustees for Auckland Grammar School. Rob is a current director of Tourism Holdings Limited, Oceania Healthcare Limited, Stelvio Consulting Limited, Kamari Consulting Limited and NZX Limited.

Ian Samuel Knowles, MSc, BSc, F1stD. Sam Knowles was appointed a Director of WNZL on September 20, 2021. Sam brings wide experience in financial services and governance. His extensive career in financial services included 10 years as the founding Chief Executive Officer of Kiwibank. This role followed 15 years of senior executive positions in banks in Australia and New Zealand leading strategy, marketing and product management and retail financial services. Sam has spent the last decade in independent governance roles supporting young growth companies. Examples include PartnersLife Limited in insurance, Xero Limited in accounting and Synlait Milk Limited in the dairy industry. Sam is a current director of Rangatira Limited, Synlait Milk Limited, Synlait Milk Finance Limited, Adminis Limited, Adminis NZ Limited, Adminis Custodial Nominees Limited, Adminis Investors Nominees Limited, ACNL Nominees No.1 Limited, Leadrlly Limited, Tohora Holdings Limited, On-Brand Partners (NZ) Limited, Fire Security Services 2016 Limited, Montoux Limited, Software Innovation NZ Limited, Umajin Inc., Growthcom Limited, Com Investments Limited, CFB Group Inc. and Com Nominees Limited.

David Thomas Havercroft, BA(Hons). David Havercroft was appointed a Director of WNZL on August 19, 2021. David is an independent Director on a number of New Zealand companies and a current Technology Advisor to the Board of Air New Zealand Limited. He was formerly a Director of Kordia Group Limited and joined the Spark New Zealand Limited board in October 2021. David brings skills and experience from a career in the technology sector that has spanned more than 35 years. He was previously at Spark New Zealand Limited (then Telecom New Zealand) from 2009, where he held a number of roles including Chief Operating Officer and Chief Technology Officer until 2017. Over the years, he has also held executive and management positions in IBM Business Services Asia Pacific Private Limited, Cable & Wireless Worldwide plc and BT Group plc. David is a current director of Kiwi Wealth Limited, Kiwi Wealth Investments General Partner Limited, Kiwi Investment Management Limited, Portfolio Custodial Nominees Limited, Kiwi Wealth Management Limited, W3 Capital Limited, Spark New Zealand Limited, Reflect Limited, DJH Corporate Trustees Limited, and The Guitar Gallery Limited.

Remuneration of WNZL Directors

The WNZL non-executive Directors were paid an aggregate of \$1.4 million, \$1.1 million and \$0.9 million in Directors' fees for the years ended September 30, 2022, 2021 and 2020, respectively. Directors that are executives of WBC do not receive any Director fees as WNZL non-executive Directors.

Director Independence and Avoidance of Conflicts of Interest

The WNZL Board is aware of its obligations to ensure that Directors of WNZL properly deal with conflicts of interest between their duties to WNZL and their own interests. In accordance with the requirements of the NZ Companies Act, a Director of WNZL must, forthwith after becoming aware of the fact that he or she is "interested" (as defined in the NZ Companies Act) in a transaction or proposed transaction with WNZL, cause to be entered in WNZL's register certain details regarding that interest and disclose the interest to the WNZL Board.

The WNZL Conflicts of Interest Policy establishes procedures to ensure that conflicts and potential conflicts of interest between the Directors' duty to WNZL and their personal, professional or business interests are managed appropriately. In accordance with WNZL's Board Charter, each Director must comply with the provisions of section 140 of the NZ Companies Act. Where a matter is to be considered at a Directors' meeting in which one or more Directors have an interest, the Board's practice is to manage any conflict of interest on a case-by-case basis, depending on the circumstances.

Further, the Conditions of Registration include a requirement that WNZL's constitution may not include any provision permitting a Director, when exercising powers or performing duties as a Director, to act other than in

what he or she believes is the best interests of WNZL. In addition, a Director is required to disclose any actual or potential conflict of interest on appointment as a Director and is required to keep these disclosures up to date.

The Conditions of Registration require that WNZL must have at least five Directors, at least half of the Directors and the Chair must be independent, the majority of the Board must be non-executive Directors and at least half of the independent Directors must be ordinarily resident in New Zealand. Directors are considered to be independent if they do not control or have significant influence over WNZL and are not an officer of an entity that controls or has significant influence over WNZL (at any point during the three years immediately before their current appointment), are not an employee and have not previously been employed in an executive capacity by WNZL or another WBC Group member, are not a Director of any sister company of WNZL, and are not a current principal of a material professional adviser or a material consultant to WNZL or another WBC Group member (and have not within the last three years been a principal of such a firm with responsibility for such services to WNZL or another WBC Group member) and are not currently and have not within the last three years been an employee of such a firm materially associated with the service provided. The RBNZ BS14 document permits certain exceptions to the independence criteria. As of the date of this Offering Memorandum, there are six independent Directors on the WNZL Board.

In assessing independence, consideration is given to whether the Director has a business or other relationship with WNZL directly or as a partner, shareholder, or officer of a company or other entity that has an interest, or a business or other relationship, with WNZL or another WBC Group member.

Information about any such interests or relationships, including any related financial or other details, is assessed to determine whether the relationship could, or could reasonably be perceived to, materially interfere with the exercise of a Director's unfettered and independent judgment.

In addition, the Conditions of Registration require that Directors and the Chair of WNZL can only be appointed after the RBNZ has been supplied with a copy of the curriculum vitae of the proposed appointee and the RBNZ has advised that it has no objections to the appointment.

The Directors are subject to the Westpac Group Securities Trading Policy that restricts trading in WBC ordinary shares and WNZL debt securities, except in specified trading window periods.

As of the date of this Offering Memorandum, taking into account the above criteria and relationships, there are no existing or potential conflicts of interest between any duties owed to WNZL by its Directors and the private interests or external duties of those directors that have not been identified, recorded and managed in accordance with the Conflicts of Interests Policy and existing protocols. There have been no transactions entered into by any Director, or any immediate relative or close business associate of any Director, with WNZL or any of its controlled entities, on terms other than those that would, in the ordinary course of business of WNZL or any of its controlled entities, be given to any other person of like circumstances or means, or which could otherwise be reasonably likely to influence materially the exercise of the Director's duties.

WNZL Board Practices

Framework and approach to corporate governance and responsibility

While WNZL is listed on the NZDX (the New Zealand market for listed debt securities, operated by NZX Limited), it is not listed on the NZSX (the New Zealand main board equity security market, also operated by NZX Limited) and accordingly is not subject to the corporate governance regime promulgated by NZX Limited's Corporate Governance Code. Notwithstanding, the WNZL Board has adopted a Statement of Corporate Governance that sets out WNZL's key corporate governance, regulatory and other requirements and how these are supported by an internal framework of policies and processes. This is an internal rather than a public facing policy document.

WNZL Board committees

The WNZL Board is supported by the WNZL BAC, WNZL Board Technology Committee (the “WNZL BTC”), WNZL BRCC, WNZL Board People & Remuneration Committee (the “WNZL BPRC”) and the WNZL Board Risk s95 Committee (the “WNZL BRSC”).

WNZL Board Audit Committee

The WNZL BAC consists of four of the non-executive Directors of the WNZL Board (one non-independent and three independent). The WNZL BAC assists the Board in fulfilling its responsibilities in relation to financial reporting, external and internal audit and regulatory compliance.

WNZL Board Technology Committee

The WNZL BTC consists of three of the non-executive Directors of the WNZL Board (two independent and one non-independent). The WNZL BTC assists the Board in the monitoring of WNZL’s technology and data strategy.

WNZL Board Risk & Compliance Committee

The WNZL BRCC consists of six of the non-executive Directors of the WNZL Board (five independent and one non-independent). The WNZL BRCC assists the Board in overseeing WNZL’s risk profile.

WNZL Board People & Remuneration Committee

The WNZL BPRC consists of three of the non-executive Directors of the WNZL Board (two independent and one non-independent). The WNZL BPRC assists the Board in oversight of people and remuneration matters.

WNZL Risk s95 Committee

The WNZL BRSC consists of two of the non-executive Directors and one executive Director of the WNZL Board (two independent and one non-independent). The WNZL BRSC assists the Board in oversight of the delivery of WNZL’s s95 risk governance remediation plan.

WNZL’s Constitution

Under WNZL’s constitution, the business and affairs of WNZL are managed by or under the direction or supervision of, the WNZL Board.

The WNZL Board may issue shares in different classes. Under the constitution, shares may be issued that confer preferential rights to distributions of capital or income, confer special, limited or conditional voting rights, do not confer voting rights, or are redeemable in accordance with section 68 of the NZ Companies Act. Except with the prior written approval of WBC, shares other than ordinary shares carry no voting rights. Where WNZL takes action which affects the rights attached to shares, under the NZ Companies Act such action must be approved by special resolution of each affected interest group. Subject to WBC’s prior written approval, there are no general restrictions in WNZL’s constitution on changes in capital, rights to own securities or restrictions on foreign shareholders. The WNZL Board may, at any time but with the prior approval of WBC, issue shares, securities convertible into or exchangeable for shares or options to acquire. WNZL may purchase or otherwise acquire its own shares, but only with the prior approval of WBC. Any transfer of shares in WNZL must also be approved by WBC.

The WNZL Board has the power to authorize any remuneration, payment or benefit referred to in section 161 of the NZ Companies Act to a Director. As set out in WNZL’s constitution and the WNZL deed of indemnity, WNZL indemnifies each Director of WNZL for certain costs incurred and acts or omissions by the Director in his or her capacity as such.

Under the NZ Companies Act, Directors of WNZL who are “interested” (as defined in the NZ Companies Act) in a transaction with WNZL are required to disclose their interest. Under WNZL’s constitution, a Director so interested in a transaction may be included in the quorum of the WNZL Board for the purpose of consideration of matters relating to the transaction, and (subject to the provisions of the constitution) may vote on any matter relating to the transaction. Failure to disclose such an interest will not affect the validity of the transaction, but the Director may commit an offense under the NZ Companies Act, and if WNZL does not receive fair value under the transaction, the transaction may be voided within three months of the disclosure of the transaction to all shareholders of WNZL.

In regard to shareholders, the power to:

- alter, revoke or adopt a new constitution;
- approve a major transaction; or
- approve an amalgamation or put WNZL into liquidation,

must be exercised by special resolution of the shareholders under the NZ Companies Act. All other powers reserved to shareholders may be exercised by an ordinary resolution of shareholders. Resolutions can be passed at a meeting of shareholders or pursuant to a written resolution in lieu of a meeting (that complies with section 122 of the NZ Companies Act).

Executive Team of WNZL

Information about WNZL’s Executive Team as of the date of this Offering Memorandum is set out below:

Name	Position
Catherine Anne McGrath.....	Chief Executive Officer
Tania O’Brien.....	Chief Financial Officer
Dirk McLiesh.....	Chief Risk Officer
Jo McGregor.....	Acting General Manager of Consumer Banking & Wealth
Reuben Tucker.....	General Manager of Institutional & Business Banking
Stephen O’Brien.....	General Counsel New Zealand
Marc Figgins.....	General Manager of Human Resources & Communications
Russell Jones.....	Chief Information Officer
Martin Gaskell.....	Chief Transformation Officer

Biographical information for Catherine McGrath is set forth above under “—Board of Directors of WNZL.”

Tania O’Brien, BComm, MBA, FCA. Tania O’Brien has been Chief Financial Officer since March 2022. In addition to her role as the Chief Financial Officer, Tania also has responsibility for WNZL’s Properties and Commercial Services teams. Tania joined WNZL after a long career with Australia and New Zealand Banking Group Limited where she had held a range of senior executive finance roles in New Zealand, Australia, and the Asia Pacific. She is a Chartered Accountant, with an MBA (Distinction) from Massey University, and a Bachelor of Commerce (Accounting and Finance) from the University of Auckland.

Dirk McLiesh, MBA, BSc, BEng. Dirk McLiesh was appointed WNZL’s Chief Risk Officer in August 2022. Dirk holds a Bachelor of Engineering and a Bachelor of Science from the University of Melbourne and a Masters in Business Administration from INSEAD. Dirk has over 25 years’ experience in the banking industry and has held senior risk roles in some of the major banks and financial services organizations in Australia, New Zealand, and in the US, including in WBC in Sydney. Dirk has extensive experience in risk management in the financial services industry.

Jo McGregor, BCom CA. Jo McGregor is a Chartered Accountant and registered mentor with CAANZ. She has been with Westpac for 17 years, holding positions in Finance, Strategy, Product Management and more

recently leading the Chief Operating Office within Consumer Banking & Wealth. Jo was appointed to the Acting GM role in November 2022. Jo started her career at PricewaterhouseCoopers in Auckland and Edinburgh and subsequently took on financial control roles within the hospitality industry before shifting to the Financial Services sector in 2005.

Reuben Tucker, BA, MAppFin. Reuben Tucker joined WNZL as the General Manager of Institutional and Business Banking in August 2022. Prior to joining WNZL, Reuben was the Managing Director of a venture capital and investments advisory business. Reuben was with ANZ in Hong Kong and New Zealand for over 10 years in various senior roles, as well as with Barclays Capital in Hong Kong, and with BNP Paribas (Singapore, Australia, and New Zealand). He is a fellow member of the Financial Services Institute of Australasia, a certified member of INFENZ and a chartered member of the New Zealand Institute of Directors. Reuben holds a Bachelor of Arts (Economics & Political Science) and a Masters of Applied Finance from the Securities Institute of Australia.

Stephen O'Brien, LLB(Hons). Stephen O'Brien was appointed General Counsel of WNZL in March 2022. He leads WNZL's legal, regulatory affairs and secretariat functions. He joined WNZL in 2014. Prior to joining WNZL, Steve was a finance lawyer in private practice in the City of London for more than 20 years, and has strong experience in domestic and international financial services law. Steve holds a Bachelor of Laws (Honours) from Brunel University in London.

Marc Figgins, LLB. Marc Figgins joined WNZL in May 2020, as General Manager, Human Resources and Communications. He oversees the teams and activities within Human Resources, Corporate Affairs and Events. Prior to joining WNZL, Marc was General Manager, People for Revenue and Operations divisions at Air New Zealand. In this role, he was responsible for driving the strategy to support more than 5,000 employees across 11 countries. Earlier in his career, he spent a number of years in Hong Kong, working in senior leadership roles in the International Division of Australia and New Zealand Banking Group Limited, and for Standard Chartered Bank. Marc holds a Bachelor of Laws from Waikato University, and has also completed a post-graduate program with Stanford University on leading organizational change and renewal.

Russell Jones, BSc(Hons), BSc. Russell Jones was appointed Acting Chief Information Officer in May 2022 and formally stepped into the role following Andrew Henderson's resignation on November 17, 2022. In his role he oversees functions including technology engineering, architecture and IT risk, while also maintaining tech standards and disciplines. Russell is a globally experienced executive and governance professional in manufacturing and financial services. He has held senior executive roles in technology in organizations in New Zealand, South Africa, Europe and in the US. Russell was awarded the New Zealand Chief Information Officer of the Year in 2011, and was ranked #1 in the NZ CIO100 rankings in 2017. He is a member of the New Zealand Institute of Directors and the Australian Institute of Company Directors, and is the current President of New Zealand Masters Swimming.

Martin Gaskell, CPA, CGMA, CIMA, MinsD. Martin Gaskell has been Chief Transformation Officer since February 2022, a role in which he is responsible for overseeing change and transformation activities throughout the bank. Prior to joining WNZL, Martin held various leadership roles at Bank of New Zealand including Director of Customer Fulfilment Services, and Chief Operating Officer for Bank of New Zealand Partners. He left Bank of New Zealand in 2018 and set up a consultancy. Martin is a qualified accountant who started his career with Ford Retail Group in the United Kingdom.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Controlled Entities

WNZL is an indirect controlled entity of WBC. As of September 30, 2022, WNZL had the following controlled entities:

Name of Controlled Entity	Principal Activity	Notes
Westpac NZ Operations Limited (“WNZOL”)	Holding company	
Aotearoa Financial Services Limited	Non-active company	
Number 120 Limited	Finance Company	
Red Bird Ventures Limited	Corporate venture capital company	
The Home Mortgage Company Limited	Residential mortgage company	
Westpac New Zealand Staff Superannuation Scheme Trustee Limited	Trustee Company	
Westpac (NZ) Investments Limited	Property Company	
Westpac Securities NZ Limited	Funding Company	
Westpac NZ Covered Bond Holdings Limited (“WNZCBHL”)	Holding Company	9.5% owned
Westpac NZ Covered Bond Limited	Guarantor	9.5% owned
Westpac NZ Securitisation Holdings Limited (“WNZSHL”)	Holding Company	9.5% owned
Westpac NZ Securitisation Limited	Funding company	9.5% owned
Westpac NZ Securitisation No. 2 Limited (“WNZSL 2”)	Non-active Company	9.5% owned
Westpac Cash PIE Fund	Portfolio investment entity	Not owned
Westpac Notice Saver PIE Fund	Portfolio investment entity	Not owned
Westpac Term PIE Fund	Portfolio investment entity	Not owned

All of WNZL’s controlled entities are 100% owned unless otherwise stated. All the entities within WNZL have a balance date of September 30 and are incorporated in New Zealand, except the PIE Funds (defined below), which has a balance date of March 31.

WNZL, through its subsidiary WNZOL, has a qualifying interest of 9.5% in WNZCBHL and its wholly-owned subsidiary company, WNZCBL. WNZL is considered to control both WNZCBHL and WNZCBL, based on contractual arrangements in place, and as such, both WNZCBHL and WNZCBL are consolidated within the financial statements of WNZL.

WNZL, through its subsidiary, WNZOL, has a qualifying interest of 9.5% in WNZSHL, and its wholly-owned subsidiary companies, WNZSL and WNZSL2. WNZL is considered to control WNZSHL, WNZSL and WNZSL2 based on contractual arrangements in place, and as such, WNZSHL, WNZSL and WNZSL2 are consolidated within the financial statements of WNZL.

Westpac Term PIE Fund, Westpac Cash PIE Fund and Westpac Notice Saver PIE Fund (collectively, the “PIE Funds”), were established as unit trusts. The PIE Funds are Portfolio Investment Entities (“PIE”), of which BTNZ (an indirectly wholly-owned subsidiary of WBC) is the manager and issuer. The manager has appointed WNZL to perform all customer management and account administration for the PIE Funds. WNZL is the PIE

Funds' registrar and administration manager. WNZL does not hold any units in the PIE Funds; however, it is considered to control them, and as such the PIE Funds are consolidated in the financial statements of WNZL.

Nature of Transactions

WNZL enters into intragroup transactions with members of the WBC Group on commercial terms, including the provision of management, distribution and administrative services.

Transactions with WBC

Loan finance and current account banking facilities are provided by WBC to WNZL and its controlled entities on commercial terms. The interest earned on these loans and the interest paid on deposits are at market rates. The NZ Branch provides financial market services, foreign currency, trade and interest rate risk products to WNZL and its customers, which includes derivative transactions.

Effective October 1, 2014, WNZL and the NZ Branch entered into an agreement whereby WNZL will reimburse the NZ Branch for any credit losses incurred by it due to certain customers of WNZL defaulting on certain financial market and international products. WNZL receives commission from the sale of these products to customers for providing this guarantee. Commission received for the year ended September 30, 2022 was \$46 million (year ended September 30, 2021: \$43 million).

This is treated as a financial guarantee for accounting purposes. Financial guarantee contracts are recognized as financial liabilities (recorded within provisions) when a payment under a contract has become probable. The liability is initially measured at fair value and subsequently at the higher of the amount of the loss allowance determined in accordance with NZ IFRS 9 and the amount initially recognized less, when appropriate, the cumulative amount of income recognized.

The value of the exposures guaranteed at September 30, 2022 is \$1,057 million (September 30, 2021: \$821 million¹), for which a liability has been recognized of \$4.3 million (September 30, 2021: \$5.5 million).

Transactions with other controlled entities of WBC

WNZL enters into derivative transactions with WBC and its non-WNZL subsidiaries in the normal course of business. Management systems and operational controls are in place to manage any resulting interest rate or currency risk. Accordingly, it is not envisaged that any liability resulting in material loss will arise from these transactions.

Until and including February 28, 2022, WNZL marketed and distributed life insurance products which were underwritten by Westpac Life, a member of the WBC Group. The sale of Westpac Life was first announced in July 2021 and the change of ownership came into effect on February 28, 2022, at which point it was renamed Fidelity Insurance Limited and ceased to be a subsidiary of WBC or a related entity of WNZL. Under the sale agreement, WNZL will continue to distribute life insurance through a 15-year strategic alliance with Fidelity Insurance Limited. Life insurance products are sold in New Zealand by the Consumer Banking and Wealth segment of WNZL. WNZL receives commission on these sales.

Distribution fees received on life and general insurance products from related parties for the year ended September 30, 2022 was \$5 million (year ended September 30, 2021: \$31 million).

¹ The comparative for September 30, 2021 has been restated to correctly reflect an additional \$101 million in off balance sheet credit exposures arising under the financial guarantee with the NZ Branch.

WNZL also provides distribution and support services for superannuation and other managed fund products (including KiwiSaver) issued by BTNZ, through WNZL's distribution channels (including through its branches, call centers and online channels), as well as investment advice in relation to BTNZ's products through its Wealth Office.

Distribution fees received on managed fund products for the year ended September 30, 2022 was \$15 million (year ended September 30, 2021: \$16 million).

WNZL provides operational support services to Westpac Financial Services Group-NZ Limited in respect of separation and transition activities from the sale of Westpac Life. The cost incurred for these services are recharged to Westpac Financial Services Group-NZ Limited and recognized as income rather than being net-off against the expense incurred in line with accounting standards.

Operational cost recharges for the year ended September 30, 2022 was \$8 million (year ended September 30, 2021: \$0)

Transactions with associates

On December 17, 2020, WNZL, through its controlled entity Red Bird Ventures Limited, acquired 31.87% equity in Akahu Technologies Limited, an investment in an associate, which is not a controlled entity. The Red Bird Ventures Limited shareholding will be registered as a 29.6% equity holding if all shares are vested under the Akahu Technologies employee share plan.

Key Management Personnel Compensation

Key management personnel are those who, directly or indirectly, have authority and responsibility for planning, directing and controlling the activities of WNZL. This includes all Executive/Non-Executive Directors and members of the executive team.

The following table summarizes the compensation awarded to key management personnel of WNZL.

	Year ended September 30, 2022
NZ\$ thousands	
Salaries and other short-term benefits	9,105
Post-employment benefits	627
Termination benefits	684
Share-based payments ¹	<u>1,672</u>
Total key management compensation	<u><u>12,088</u></u>
Loans to key management personnel	3,805
Deposits from key management personnel	8,397
Interest income on amounts due from key management personnel	54
Interest expense on amounts due to key management personnel	56

¹ Equity-settled remuneration is based on the amortization over the performance and vesting period (normally two to four years). It is calculated using the fair value at the grant date of hurdled and unhurdled share rights granted during the four years ending September 30, 2022.

The WNZL non-executive Directors were paid an aggregate of \$1.4 million, \$1.1 million and \$0.9 million in Directors' fees for the years ended September 30, 2022, 2021 and 2020, respectively. Directors that are executives of WBC do not receive any Director fees as WNZL non-executive Directors.

Loans and Deposits with Key Management Personnel

All loans and deposits with key management personnel are made in the ordinary course of business of WNZL. Loans are on terms of repayment that range between variable, fixed rate up to five years and interest only loans, all of which are in accordance with WNZL's lending policies.

As at September 30, 2022, no amounts have been written off and no individual provisions have been recognized in respect of loans given to key management personnel and their related parties (September 30, 2021: \$0). These loans have been included within the loan portfolio when determining collectively assessed provisions.

Other Related Party Transactions

All other transactions with key management personnel, their related entities and other related parties are conducted in the ordinary course of business. These transactions principally involve the provision of financial, investment and insurance services.

MAJOR SHAREHOLDERS AND SHARE CAPITAL

WNZL is a direct wholly-owned subsidiary of WNZGL, a New Zealand company, which, in turn, is a wholly-owned subsidiary of WOHL, an Australian company. WOHL is a wholly-owned subsidiary of WBC. WBC is incorporated in Australia under the Australian Corporations Act and its address for service of process is Level 18, Westpac Place, 275 Kent Street, Sydney, New South Wales 2000, Australia.

As of the date of this Offering Memorandum, WNZGL had a direct qualifying interest in 100% of the voting securities of WNZL. WBC has an indirect qualifying interest in 100% of the voting securities of WNZL.

WNZL has no partly paid share capital.

REGULATION AND SUPERVISION OF WNZL

Regulation and Supervision of Registered Banks

The RBNZ is responsible for supervising New Zealand registered banks and protecting and promoting the stability of New Zealand's financial system through the application of minimum prudential obligations (see “—The Supervisory Role of the RBNZ” below).

The FMA is responsible for monitoring compliance with, and enforcing, financial markets legislation and certain other legislation, such as company law, as it applies to financial markets participants and securities markets. It also regulates securities exchanges, financial advice providers and issuers. It jointly oversees designated settlement systems in New Zealand, with the RBNZ. Its main objective is to promote and facilitate the development of fair, efficient and transparent financial markets. WNZL holds a financial advice provider license from the FMA. Regulation of markets and their participants is undertaken through a combination of market supervision, corporate governance and licensing approvals.

The Commerce Commission of New Zealand is responsible for, amongst other matters, enforcing laws relating to competition, fair trading and consumer credit contracts. It also regulates and enforces retail payment systems legislation. Its overarching goal is to make New Zealanders better off through its role in ensuring markets work well and consumers and businesses are confident participants in those markets.

In New Zealand, other relevant regulator mandates include those relating to taxation, privacy and foreign affairs and trade. Registered banks are also subject to a number of self-regulatory regimes. Examples include Payments NZ, the New Zealand Bankers' Association and the Financial Services Council. Examples of industry agreed codes include the New Zealand Bankers' Association's Code of Banking Practice and Financial Services Council's Code of Conduct.

Reserve Bank of New Zealand as prudential regulator

Together with Treasury (the New Zealand Government's lead economic and financial adviser and steward of the public sector financial management and regulatory systems), the RBNZ has undertaken a review of the prudential regulatory framework, as a result of which it was determined that the previous Reserve Bank of New Zealand Act 1989 would be primarily replaced with two new pieces of legislation, being the Reserve Bank of New Zealand Act 2021 (which commenced on July 1, 2022) and a new Deposit Takers Bill (See “—Recent Developments—Deposit Takers Bill”).

The Reserve Bank of New Zealand Act 2021 replaces parts of the previous legislation related to the RBNZ's institutional arrangements; and sets out the RBNZ's high-level objectives, functions, powers, funding model and accountability and governance arrangements. The Reserve Bank of New Zealand Act 2021 also gives the RBNZ a new overarching policy objective of “protecting and promoting the stability of New Zealand's financial system.” Prior to the enactment of the Deposit Takers Bill, remaining aspects of the Reserve Bank of New Zealand Act 1989 will continue as the Prudential Supervision Act. Some aspects of that previous legislation, relating to financial market infrastructures, have also been replaced by the Financial Market Infrastructures Act 2021.

The Supervisory Role of the RBNZ

The Reserve Bank of New Zealand Act 2021 provides that the RBNZ's main economic and financial stability objectives are:

- protecting and promoting the stability of New Zealand's financial system; and
- achieving and maintaining stability in the general level of prices over the medium term, and supporting maximum sustainable employment.

The Prudential Supervision Act requires the RBNZ to exercise its powers of registration of banks and prudential supervision of registered banks (including WNZL) for the purposes of:

- promoting the maintenance of a sound and efficient financial system; and
- avoiding significant damage to the financial system that could result from the failure of a registered bank.

The RBNZ's policy around the registration of banks aims to ensure that only financial institutions of appropriate standing and repute are able to become registered banks. Subject to this requirement, the RBNZ has stated that it intends to keep to a minimum any impediments to the entry of new registered banks, in order to encourage competition in the banking system.

As part of its registration, WNZL is subject to the Conditions of Registration imposed by the RBNZ. The Conditions of Registration may be changed by the RBNZ at any time, although the RBNZ is required to give WNZL notice and consider submissions made by WNZL prior to any such change. WNZL's current Conditions of Registration are set out on its 2022 Disclosure Statement.

The RBNZ has powers to require registered banks to provide specified information to the RBNZ pursuant to a notice issued under section 93(1) of the Prudential Supervision Act. On March 24, 2022, the RBNZ established a public register which lists breaches of key prudential requirements that, in the RBNZ's opinion, are material. The register provides further details on such breaches. By notices issued under section 93(1) of the Prudential Supervision Act, registered banks (including WNZL) are required to report as soon as practicable when they become aware of information that leads it to form a belief (or ought to have led it to form a belief) that it had breached, may have breached, or may be likely to breach, (amongst other things) any of its conditions of registration. As a result, there may at any time be matters which may amount to breaches of a registered bank's conditions of registration in the process of being reported to the RBNZ, under consideration by the RBNZ for materiality or with the RBNZ enforcement division for consideration. The RBNZ's "Guidance on reporting by banks of breaches of regulatory requirements" provides that, when assessing materiality, it expects consideration to be given to whether a breach "...is part of a recurring pattern of breaches in relation to a matter that is of the same nature." The RBNZ has also indicated that a prevalence of immaterial breaches of the same nature may be determined by the RBNZ to be material in the aggregate.

The Prudential Supervision Act imposes criminal liability on a registered bank that fails to comply with a condition of its registration. A conviction for such an offence can result in a fine of up to \$1,000,000 for a body corporate. In the event that the RBNZ were to conclude that WNZL did not satisfy any of its Conditions of Registration, the RBNZ has a range of alternative or additional responses such as publication on the material breach register, imposing a requirement to obtain an independent report by issuing a s95 Notice, revocation, suspension or variation of its Conditions of Registration. For an example of the latter approach to WNZL's breaches of BS13, see "Risk Factors—Risks Relating to WNZL's Business and Industry—WNZL has suffered, and in the future could suffer, losses and be adversely affected by the failure to implement effective risk management". For further information, please see "Other material matters" in the 2022 Disclosure Statement, incorporated by reference herein.

The RBNZ's supervisory functions are aimed at encouraging the soundness and efficiency of the financial system as a whole, and are not aimed at preventing individual bank failures or at protecting creditors. The RBNZ seeks to achieve this by drawing on and enhancing disciplines that are naturally present in the market.

As a consequence, the RBNZ places considerable emphasis on requirements that banks disclose, on a semiannual basis, information on financial performance and risk positions, and on a requirement that Directors regularly attest to certain key matters. These measures are intended to strengthen market disciplines and to ensure that responsibility for the prudent management of banks lies with those who the RBNZ considers are best placed to exercise that responsibility—the Directors and management.

The main elements of the RBNZ's supervisory role include:

- requiring all registered banks to comply with certain minimum prudential requirements, which are applied through each bank's conditions of registration. These include constraints on connected exposure, minimum capital adequacy requirements and minimum standards for liquidity risk management;
- monitoring each registered bank's financial condition and compliance with conditions of registration, principally on the basis of published semiannual disclosure statements and other regular data provided to the RBNZ. This monitoring is intended to ensure that the RBNZ maintains familiarity with the financial condition of each registered bank and the banking system as a whole, and maintains a state of preparedness to invoke crisis management powers should this be necessary;
- consulting with the senior management of registered banks. Formal prudential consultations are held annually, and generally focus on the strategic direction of the banks, major changes in their operations and other high-level issues;
- using crisis management powers available to it under the Prudential Supervision Act to intervene where a registered bank distress or failure situation threatens the soundness of the financial system;
- assessing whether a registered bank is carrying on business prudently; and
- issuing guidelines on AML/CFT under the AML/CFT Act.

The disclosure statements that are required to be issued semiannually by registered banks contain comprehensive corporate details and full financial statements. These financial statements are subject to full external audit at the end of each financial year and a limited scope review at the end of each financial half-year. Each director is required to sign his or her bank's disclosure statements and to make certain attestations. A bank and its directors may incur criminal and civil penalties if the bank's disclosure statement contains information that is held to be false or misleading. The RBNZ currently also requires all registered banks to obtain and maintain a credit rating from an approved organization and publish that rating in their semiannual disclosure statements.

The RBNZ publishes a quarterly dashboard of key information on registered banks on the RBNZ's website which complements the existing registered bank disclosure regime (the "Dashboard"). The Dashboard shows banks' financial information side by side on a comparable basis, and in a central location and aims to improve the ability of the public and market participants to understand and act on information about such banks' financial strength and risk profile. Information relating to WNZL published on the Dashboard is not incorporated by reference herein and does not form part of this Offering Memorandum. In some cases, information relating to WNZL published on the Dashboard may be classified or presented differently to the presentation in WNZL's financial statements.

In addition, the RBNZ has wide-reaching powers to obtain further information, data and forecasts in connection with its supervisory functions, and to require that information, data and forecasts be audited.

It also possesses a number of crisis management powers. Those powers include recommending that a bank's registration be cancelled, investigating the affairs of a registered bank, giving directions to a registered bank, removing, replacing or appointing a Director of a registered bank or recommending that a registered bank be subject to statutory management.

If a registered bank is declared to be subject to statutory management, no person may, among other things:

- commence or continue any action or other proceedings including proceedings by way of counterclaim against that bank;
- issue any execution, attach any debt, or otherwise enforce or seek to enforce any judgment or order obtained in respect of that bank;

- take any steps to put that bank into liquidation; or
- exercise any right of set-off against that bank (subject to certain exceptions).

For banks under statutory management, the RBNZ maintains an OBR policy. OBR is aimed at resolving a bank failure quickly, including by suspending payment of a portion of liabilities so the bank can be promptly reopened for business, consequently minimizing stresses on the overall banking and payments system. Banks with over \$1 billion dollars of retail deposits (such as WNZL) are required to put in place the necessary systems to allow the OBR to be carried out within the necessary timescales.

As part of the RBNZ’s supervisory powers, a person must obtain the written consent of the RBNZ before giving effect to a transaction resulting in that person acquiring or increasing a “significant influence” over a registered bank. “Significant influence” means the ability to appoint 25% or more of the Board of Directors of a registered bank or a qualifying interest (e.g., legal or beneficial ownership) in 10% or more of its voting securities.

In assessing applications for consent to acquire a significant influence over a registered bank, the RBNZ has stated that it will have regard to the same matters as are relevant in assessing an application for registration as a registered bank. In giving its consent, the RBNZ may impose such terms and conditions as it sees fit.

Capital Adequacy and Liquidity

New Zealand-incorporated banks are required to comply with the Basel III capital adequacy requirements, as modified to reflect New Zealand conditions. The RBNZ has classified WNZL as a domestic, systemically important bank and, as such, WNZL is required to maintain a prudential capital buffer of 3.5% above the minimum ratios or face restrictions on distributions. This prudential capital buffer will progressively increase to 9% of RWA from July 2022 to July 2028. See “—Recent Developments—RBNZ capital review” below for further information.

New Zealand-incorporated banks (including WNZL) are required to comply with the BS13 Liquidity Policy. A requirement of BS13 is that New Zealand-incorporated banks meet minimum liquidity requirements. See “—Liquidity Sources and Requirements — RBNZ liquidity requirements, Mismatch ratio and Core funding ratio” for more information. BS13 requires registered banks (including WNZL) to have a comprehensive Board-approved framework for liquidity risk management. This framework must be adequate in the registered bank’s view for managing the registered bank’s liquidity risk at a prudent level and must, amongst other requirements, identify the principal methods that the registered bank will use for measuring, monitoring and controlling liquidity risk. The framework must also prepare the registered bank to manage stress through a contingency funding plan. WNZL has such a framework and has systems and processes in place to comply with the framework.

In September 2021, the RBNZ released the findings from a thematic review on compliance with BS13 by New Zealand-incorporated banks. During the course of this thematic review, the RBNZ identified breaches of BS13 by WNZL and non-compliances with WNZL’s Condition of Registration 14. See “—Recent Developments—Reviews under Section 95” for more information. After its thematic review, the RBNZ then commenced a more comprehensive review of BS13 in February 2022, which includes reconsidering certain aspects of the Basel III liquidity standards that the RBNZ had previously considered were not suitable for adoption in New Zealand. The key issues being covered by its comprehensive review include:

- a potential move towards the BCBS liquidity framework;
- eligibility requirements for ‘liquid assets’ in New Zealand;
- the availability of liquid assets in New Zealand;
- current and future arrangements for banks to sell liquid assets to the RBNZ;
- how liquidity requirements should be applied across the spectrum of deposit takers;

- whether liquidity requirements should be applied to foreign bank branches; and
- whether liquidity requirements should be used as a macro-prudential tool.

The first consultation paper for the review was released in February 2022. The review is expected to involve multiple rounds of consultation and take approximately three years to complete. See “Recent Developments—Reviews under Section 95” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity sources and requirements—RBNZ liquidity requirements” sections for further information.

Recent Developments

COVID-19 impacts

In response to the COVID-19 pandemic, the New Zealand Government has enacted a number of laws to help reduce the economic impact and implemented a range of material restrictions on businesses, venues, travel and movement. Many of these new measures have impacted WNZL’s operations. Also in response to the COVID-19 pandemic, there have been a number of new guidance updates published and regulatory delays announced by New Zealand regulators, including the RBNZ and the Commerce Commission. The most significant of these updates or changes for WNZL are described below.

Any further impacts of the COVID-19 pandemic, including from any further changes to the regulation and supervision of financial services institutions like WNZL in response to the pandemic, are still uncertain and, as of the date of this Offering Memorandum, difficult to predict.

RBNZ dividend restrictions

On April 2, 2020, a decision was made by the RBNZ to freeze the distribution of dividends on ordinary shares by all locally incorporated banks in New Zealand (including WNZL) during the period of economic uncertainty caused by the COVID-19 pandemic. With effect from April 29, 2021, those dividend restrictions were eased to allow locally-incorporated banks to pay up to a maximum of 50% of their earnings as dividends to shareholders. The 50% dividend restriction was lifted completely on July 1, 2022.

RBNZ steps to support liquidity and customer lending

On April 2, 2020, the RBNZ reduced the minimum CFR for banks (including WNZL) from 75% to 50%. The RBNZ returned the minimum CFR for banks (including WNZL) to 75% on January 1, 2022.

On May 26, 2020, the RBNZ made available a TLF to eligible New Zealand banks and on November 11, 2020, the RBNZ announced that additional stimulus would be provided through a FLP. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of operations—Balance sheet review—Liquidity sources and requirements—Sources of liquidity—RBNZ Term Auction Facility,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of operations—Balance sheet review—Liquidity sources and requirements—Sources of liquidity—RBNZ Term Lending Facility” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of operations—Balance sheet review—Liquidity sources and requirements—Sources of liquidity—RBNZ Funding for Lending Programme.”

Large-scale Asset Purchase program

The RBNZ implemented an up to \$100 billion Large-scale Asset Purchase (“LSAP”) program, under which it purchased New Zealand Government bonds, New Zealand Government Inflation-Indexed Bonds and Local Government Funding Agency bonds, on the secondary market in order to inject cash into the economy. The RBNZ purchased approximately \$53 billion of bonds under the LSAP program. The RBNZ halted additional purchases under the LSAP program in July 2021 after the Monetary Policy Committee agreed to reduce the current stimulatory

level of monetary settings to meet its consumer price and employment objectives. In July 2022, the RBNZ commenced a gradual reduction of its bond holdings under the LSAP program.

Retail Payments System Act 2022

The Retail Payments Systems Act received Royal Assent on May 13, 2022 and introduces a new regulatory regime for retail payments with the Commerce Commission as regulator. The Initial Pricing Standards (which set out interchange fee caps) came into effect on November 13, 2022 and applies to Visa and Mastercard. The Commerce Commission is conducting initial monitoring under the Act and preparing guidance on the Initial Pricing Standard, which explains the obligations of network participants (particularly Visa and Mastercard), and issuers and acquirers within their networks, under the interchange fee limits. Interchange fees are a major component of merchant service fees (fees paid by merchants when their customers make credit or debit card payments). The Retail Payments Systems Act confers new powers on the Commerce Commission to issue merchant surcharging standards to prevent merchants from passing on excessive surcharges to consumers, and supervisory powers to monitor, investigate and enforce those standards. WNZL is assessing the impact on its revenue from interchange fees and actions that may be taken to mitigate this impact. The outcome of the assessment is not currently certain, but the net revenue impact is currently considered unlikely to exceed \$50 million per annum.

Reviews under Section 95

On March 23, 2021, the RBNZ issued two notices to WNZL under Section 95 of the Prudential Supervision Act (“s95”) requiring WNZL to supply two external reviews to the RBNZ: the “Risk Governance Review” and the “Liquidity Review”, each as described below.

The Risk Governance Review related to the effectiveness of WNZL’s risk governance, with a focus on the role played by WNZL’s Board. This review was undertaken by Oliver Wyman Limited and completed in November 2021. The review identified deficiencies in WNZL’s risk governance practices and operations which have impacted the Board’s effectiveness in governing risk. These deficiencies are likely to have contributed to issues related to technology resilience and non-compliance with some of WNZL’s Conditions of Registration. WNZL has accepted the findings of the review and has a program of work underway to address the issues raised, which is being overseen by the Board. The remedial actions include augmenting the WNZL Board’s collective skills and training, and re-designing the Board Committee structure; improving WNZL’s risk management reporting; and enhancing remediation program oversight, design and monitoring. WNZL has engaged Oliver Wyman Limited to provide independent assurance that WNZL’s remediation has been delivered to an appropriate standard.

The Liquidity Review related to the effectiveness of WNZL’s actions to improve liquidity risk management and the associated risk culture. This review was undertaken by Deloitte and completed in May 2022. The Liquidity Review followed:

- previous breaches of BS13 resulting in non-compliance with Condition of Registration 14. These breaches related to WNZL’s methodologies for determining cash flows of certain treasury products for the purpose of calculating mismatch ratios; and
- potential breaches of BS13 identified by the RBNZ in January 2021 during its industry-wide liquidity thematic review. The RBNZ subsequently confirmed those findings during the course of its review, and concluded that, when considered collectively, the breaches constituted non-compliance with Condition of Registration 14 in a material respect.

Deloitte’s s95 review found that WNZL had improved its liquidity control environment; did not identify any material control gaps or issues; and made some recommendations for improvement, which will be implemented as part of WNZL’s ongoing continuous improvement activity. The review also found that WNZL had made improvements to its associated risk culture.

With effect from March 31, 2021, as a result of WNZL’s non-compliance with BS13, the RBNZ amended WNZL’s Conditions of Registration to apply an overlay to WNZL’s mismatch ratios which will remain in place

until the RBNZ is satisfied that its concerns regarding liquidity risk controls have been resolved and sufficient progress has been made to address the risk culture issues. The overlay was specified by the RBNZ as an adjustment to liquid assets calculated by dividing the total liquid asset balance by 114%. Effective August 15, 2022, the RBNZ reduced the adjustment to liquid assets to 107% (requiring WNZL to discount the value of its liquid assets by approximately 7%, which is \$1.5 billion as of September 30, 2022), reducing the overlay by 50%, reflecting the Liquidity Review findings that there had been improvements in the liquidity control environment and the associated risk culture. The overlay will remain in place until the RBNZ has received confirmation from the WNZL Board that the liquidity control assurance work is complete. This is expected by March 31, 2023.

Commitments to regulators

Separate to the s95 reviews, WNZL has also committed:

- to the RBNZ and the FMA that it will address its technology issues through the technology resilience program, and has engaged Deloitte to monitor progress; and
- to the RBNZ that it will review its program delivery plan for compliance with BS11.

While work has been underway to address these areas for some time, more work is required to meet WNZL's expectations and those of the regulators. For further detail regarding WNZL's technology resilience program, please see "Westpac New Zealand Limited—Technology" and "Risk Factors—Risks Relating to WNZL's Business and Industry—WNZL could suffer losses due to technology failures or its inability to appropriately manage and upgrade its technology." For further detail regarding WNZL's "Path to Compliance Plan" for BS11 compliance, please see "—RBNZ revised outsourcing policy."

The New Zealand Credit Contracts and Consumer Finance Act 2003

Under the CCCFA, WNZL is subject to a range of obligations in respect of consumer lending, such as requirements for responsible lending, initial and other disclosure, and enforcement and hardship processes.

As of the date of this Offering Memorandum, WNZL is reviewing the adequacy of its CCCFA compliance processes for some products (See "—Reviews of issues that may impact customers"). In September 2021, class actions were launched against two of WNZL's competitors in New Zealand, in relation to alleged breaches of the CCCFA. These proceedings are at an early stage and it is not possible to predict their outcomes or whether they will lead to further proceedings, including against WNZL.

A number of changes were introduced to the CCCFA commencing on December 1, 2021, including new duties for Directors and senior managers, increased penalties and statutory damages, more prescriptive requirements around suitability and affordability assessments and a cap for interest and fees of "high cost" loans (defined as loans with annualized interest of 50% or greater). Due to concerns related to the new requirements, the Government commissioned an investigation into the impacts of the changes and has amended the Credit Contracts and Consumer Finance Regulations 2004 and the Responsible Lending Code. Initial changes came into force on July 7, 2022 to address concerns relating to the new requirements, such as unnecessary inquiries by lenders into living expenses on bank statements. Further changes are expected to come into force in early 2023 to address remaining unintended impacts and improve safe access to credit. These changes include narrowing the expenses considered by lenders; providing more flexibility for lenders around how certain repayments may be calculated; and expanding exceptions from a full income and expense assessment for refinancing of existing credit contracts.

For further information, please see "Risk Factors—Risks Relating to WNZL's Business and Industry—WNZL has suffered and could suffer further losses due to litigation (including class action proceedings)" and "Risk Factors—Legal and Regulatory Risks—WNZL has been and could be adversely affected by failing to comply with laws, regulations or regulatory policy."

Reviews of issues that may impact customers

WNZL continues to undertake a number of reviews to identify and resolve issues that have the potential to impact our customers and reputation. These internal reviews continue to identify a number of issues in respect of which we are taking steps or will take steps to put things right so that our customers are not at a disadvantage from certain past practices including making compensation/remediation payments to customers and providing refunds where appropriate.

These reviews include compliance with obligations under CCCFA (which is the most significant and complex of the reviews and is an area of industry focus); the charging of certain fees; and the way some product terms and conditions are operationalized. We are in discussion with relevant regulators as we progress the reviews. By undertaking these reviews we can also improve our processes and controls.

In respect of the CCCFA review, while compliance issues have been identified, the final outcome is uncertain and could result in customer remediation, regulatory action, litigation (including class actions) and reputational damage. The consequences of non-compliance with the CCCFA are uncertain, but may include an inability to enforce relevant consumer credit contracts and related guarantees and, in some circumstances, the ability of WNZL to recover or retain costs of borrowing and other fees in relation to certain credit contracts could be affected. At present, it is not possible for WNZL to reliably estimate the financial impact of these consequences.

RBNZ revised outsourcing policy

The outsourcing arrangements of large New Zealand incorporated registered banks including WNZL must comply with BS11, which regulates a wide range of bank outsourcing arrangements, including services or functions provided by an independent third-party or a related party (i.e. a legal entity part of the Westpac Group that is not controlled by WNZL). BS11 requires that a bank must be able to achieve the following outcomes, following any failure event: (i) clear and settle payments and meet time critical obligations; (ii) monitor and manage its financial and other risk positions; (iii) make available the financial data and systems necessary for a statutory manager to run the bank; and (iv) have the ability to provide basic banking services to existing customers.

The RBNZ requires different risk mitigation measures to be in place for outsourcing arrangements under BS11 depending on whether the outsourcing arrangement is with an independent third-party or a related party. For related party outsourcing that is in scope of BS11, a bank is required to put in place automated, robust, sustainable backup arrangements, or an alternative arrangement, that are immediately available in a failure event to ensure the bank can operate independently. Where outsourcing is provided by an independent third-party, the risk mitigants relate to putting in other prescribed contractual terms. WNZL has until October 1, 2023 to become fully compliant with certain of these obligations.

WNZL is undertaking a large-scale, complex project to meet the regulatory requirements. WNZL continuously monitors its progress and, while it considers that it has a pathway to achieve compliance, significant risks remain in relation to the delivery of its plan by the compliance date. As required under BS11, WNZL has engaged KPMG to conduct semi-annual reviews to monitor WNZL's progress toward full BS11 compliance before October 1, 2023.

WNZL anticipates that the changes required to fully comply with BS11 will result in additional operating costs of approximately \$45 million per year, not including initial implementation costs.

If WNZL does not fully comply with BS11 before October 1, 2023, the RBNZ could take enforcement action, impose disclosure requirements, issue a direction to comply, stricter policy interpretation or policy strengthening, issue a s95 review of WNZL's outsourcing arrangements or ultimately cancel WNZL's bank registration. A failure to comply with BS11 amounts to a breach of a Condition of Registration. For more information, see "Conditions of registration" in our 2022 Disclosure Statement.

For more on non-compliance risks, see "Risk Factors—Legal and Regulatory Risks—WNZL's businesses are highly regulated and WNZL could be adversely affected by legal or regulatory change" and "Risk Factors—

Legal and Regulatory Risks—WNZL has been and could be adversely affected by failing to comply with laws, regulations or regulatory policy.”

RBNZ capital review

On December 5, 2019, the RBNZ announced changes to the capital adequacy framework that applies to New Zealand incorporated registered banks (including WNZL). The new framework includes the following components:

- increasing total capital requirements from 10.5% of RWA to 18% for systemically important banks (including WNZL) and 16% for all other banks;
- setting a Tier 1 capital requirement of 16% of RWA for systemically important banks and 14% for all other banks;
- AT1 can comprise no more than 2.5% of the 16% Tier 1 capital requirement;
- eligible Tier 1 capital will comprise common equity and redeemable perpetual preference shares. Existing AT1 instruments will be phased out over a seven-year period;
- maintaining the existing Tier 2 capital limit of 2% of RWA; and
- recalibrating RWA for internal rating based banks, such as WNZL, such that aggregate RWA will increase to approximately 90% of standardized RWA. This includes the aggregate effect of an internal ratings-based scalar of 1.2 and a floor of 85% of standardized RWA.

The RBNZ mandated increases in the required level of bank capital came into effect on July 1, 2022 and the new definitions of eligible capital came into effect on October 1, 2021. Given market conditions in 2020 and 2021, following the impacts of COVID-19, banks have been given up to seven years to comply with the new capital requirements.

The new processes for issuing Tier 2 instruments set out in the BPR documents came into effect on July 1, 2021 pursuant to a change to WNZL’s Conditions of Registration. Several further changes to the Conditions of Registration applied from October 1, 2021, none of which had an adverse impact on operations. The first increase in the prudential capital buffer associated with the outcome of the capital review took effect from July 1, 2022, taking the prudential capital buffer from 2.5% to 3.5% for WNZL.

Deposit Takers Bill

The Deposit Takers Bill was introduced to the New Zealand House of Parliament in September 2022 that will create a single regulatory regime for banks and non-bank deposit takers and introduce a depositor compensation scheme to protect up to \$100,000 per eligible depositor, per institution, if a payout event is triggered. WNZL does not expect the Notes to be covered by the depositor compensation scheme. The Bill includes broader supervision and enforcement tools as well as a new crisis management regime with powers for the RBNZ to make directions and put a deposit taker into resolution in certain circumstances, including where the RBNZ is satisfied on reasonable grounds that the deposit taker is insolvent or is likely to become insolvent. While a deposit taker is in resolution, the Bill proposes that management of that deposit taker vests in the resolution manager appointed and supervised by the RBNZ and, among other things, no person may commence or continue a proceeding against that deposit taker without leave of the RBNZ or the High Court. Enactment of the Deposit Takers Bill is expected in mid- to-late-2023 and initial implementation of the depositor compensation scheme is expected in early 2024, with the remainder of the Bill to be implemented later following the development of secondary legislation. Until fully implemented, the parts of the current Prudential Supervision Act and the Non-Bank Deposit Takers Act 2013 relating to the regulation and supervision of registered banks will remain in place.

Conduct regulations for financial institutions

The Financial Markets (Conduct of Institutions) Amendment Bill received Royal Assent on June 29, 2022, and requires financial institutions (including registered banks, licensed insurers and non-bank deposit takers) that are in the business of providing relevant services and associated products to:

- obtain a license under Part 6 of the New Zealand FMCA;
- comply with a fair conduct principle (requiring them to treat consumers fairly, including by paying due regard to their interests);
- establish, implement, maintain and comply with an effective fair conduct program to operationalize the fair conduct principle, and publish a summary of the fair conduct program; and
- comply with regulations that regulate performance incentives for staff and others who are involved in providing a service.

Applications for licenses open in mid-2023, with the regime to come fully into force in early 2025.

RBNZ consultation on debt serviceability

In November 2021, the RBNZ commenced consultation on debt serviceability restrictions for residential mortgage lending. The consultation focused on two proposed restrictions: DTI limits (which restrict lending to borrowers based on the ratio of their total debt to total income) and interest rate floors (which set a minimum test interest rate that banks may use in their serviceability assessments). Consultation closed in February 2022. The RBNZ has published its responses to the feedback received and advised that it intends to proceed with designing a framework for operationalizing DTI limits. The RBNZ is now seeking feedback on the technical design aspects of the regulatory framework for DTI restrictions. The RBNZ has not made a decision to activate DTI restrictions. Once the framework is in place and banks' systems are ready, changes to the Bank's Conditions of Registration would be needed to activate the restrictions. The RBNZ intends to have the framework finalized by early 2023, so that DTI limits may be implemented by March 2024 at the earliest.

Loan-to-value ratio restrictions

With effect from March 1, 2021, restrictions on WNZL's new residential lending at high LVR ratios were reinstated, with restrictions for owner-occupiers reinstated to a maximum of 20% of new lending at LVRs above 80% (after exemptions); and restrictions for investors reinstated to a maximum of 5% of new lending at LVRs above 70% (after exemptions). The RBNZ has recently tightened its LVR restrictions for residential mortgage lending:

- With effect from May 1, 2021, LVR restrictions for owner-occupiers remained at a maximum of 20% of new lending at LVRs above 80% (after exemptions); and LVR restrictions for investors were further tightened to a maximum of 5% of new lending at LVRs above 60% (after exemptions); and
- With effect from November 1, 2021, LVR restrictions for owner-occupiers were restricted to a maximum of 10% of new lending at LVRs above 80% (after exemptions).

Review of Branch Policy

On October 20, 2021, the RBNZ announced it is reviewing its policy for branches of overseas banks (including the NZ Branch), with a view to creating a simple, coherent and transparent policy framework for branches of overseas banks. On August 24, 2022, the RBNZ released a second and final consultation paper, outlining its preferred approach to the regulation of branches, including:

- Restricting overseas bank branches to engaging in wholesale business only (meaning they could not take retail deposits or offer products or services to retail customers), and limiting the maximum size of a branch to \$15 billion in total assets; and

- Requiring dual-registered branches (such as the NZ Branch), to only conduct business with customers with a turnover greater than \$50 million. In addition, the branch must be sufficiently separate from the relevant subsidiary with any risks mitigated by specific conditions of registration.

The NZ Branch currently provides financial markets, trade finance and international payments products and services to customers referred by WNZL. The consultation period closed on November 16, 2022.

Australian Regulation

Effect of APRA's prudential standards

WBC is subject to extensive prudential regulation by APRA, including in respect of its business carried out overseas, including in New Zealand through the NZ Branch and WNZL. APRA's current or future requirements may have an adverse effect on WNZL's business.

APRA's Prudential Standard APS222 ("APS222") sets minimum requirements for ADIs in Australia, including WBC, in relation to the monitoring, management and control of risks which arise from associations with related entities such as WNZL and also includes maximum limits on intra-group financial exposures.

Under APS222, WBC's ability to provide financial support to WNZL is subject to the following restrictions:

- WBC should not undertake any third-party dealings with the prime purpose of supporting the business of WNZL;
- WBC must not hold unlimited exposures (i.e., should be limited as to specified time or amount) to WNZL (e.g., not provide a general guarantee covering any of WNZL's obligations) either in aggregate or at an individual entity level;
- WBC must not enter into cross-default clauses whereby a default by WNZL on an obligation (whether financial or otherwise) triggers or is deemed to trigger a default of WBC on its obligations; and
- the level of exposure, net of exposures deducted from capital, of WBC's Level 1 Tier 1 capital base to WNZL should not exceed:
 - (i) 25% on an individual exposure basis; or
 - (ii) 75% in aggregate to all related ADIs or equivalents.

In addition, in August 2021, APRA finalized its revisions to Prudential Standard APS111 ("APS111"), which changes the Level 1 capital treatment for Australian ADIs, such as WBC, investing in ADIs (or overseas equivalents such as WNZL) and insurance subsidiaries from the implementation date of January 1, 2022.

In addition, APRA has limits on non-equity exposures to its New Zealand operations. As at January 1, 2022, no more than 5% of WBC's Level 1 Tier 1 capital base can comprise non-equity exposures to its New Zealand operations (including its subsidiaries incorporated in New Zealand, such as WNZL, and WBC's NZ Branch) during ordinary times. This limit does not include holdings of capital instruments or eligible secured contingent funding support provided to WNZL during times of financial stress.

APRA has also confirmed that contingent funding support by WBC to its New Zealand operations during times of financial stress must be provided on terms that are acceptable to APRA. At present, only covered bonds meet APRA's criteria for contingent funding.

Effect of the Level 3 framework

In addition, certain requirements of APRA's Level 3 framework relating to, among other things, group governance and risk exposures became effective on July 1, 2017. This framework also requires the WBC Group to have acceptable limits on its financial and operational exposures to intra-group entities (including WNZL). If in APRA's view, the WBC Group is exposed to a significant level of intra-group exposures, APRA may require the WBC Group to limit or reduce its level of intra-group exposures (this may include exposures to WNZL).

These requirements are not expected to place additional restrictions on WBC's ability to provide financial or operational support to WNZL.

Other APRA powers

WBC may not provide financial support in breach of the Banking Act. Under the Banking Act:

- APRA must exercise its powers and functions for the protection of a bank's depositors in Australia and for the promotion of financial system stability in Australia; and
- in the event of a bank becoming unable to meet its obligations or suspending payment, the assets of the bank in Australia will be available to meet that bank's deposit liabilities in Australia and certain liabilities to APRA in priority to all other liabilities of the bank.

The requirements of the Banking Act and the exercise by APRA of its powers have the potential to impact the management of WNZL's liquidity.

Australian crisis management

Under the Banking Act, APRA has the power to facilitate the orderly resolution of the entities that it regulates in times of distress. Powers which could impact WNZL include oversight, management and directions powers in relation to WBC and other WBC Group entities and statutory management powers over regulated entities within the WBC Group in Australia (but APRA may not appoint a statutory manager to WNZL). The Banking Act includes provisions which are designed to give statutory recognition to the conversion or write-off of regulatory capital instruments (the "Statutory Conversion and Write-Off Provisions").

The Statutory Conversion and Write-Off Provisions apply in relation to instruments issued by certain financial sector entities (including ADIs and their subsidiaries, such as WNZL) that contain provisions for conversion or write-off for the purposes of APRA's prudential standards. Where the Statutory Conversion and Write-Off Provisions apply to an instrument, that instrument may be converted in accordance with its terms. This is so despite any law (other than specified laws, currently those relating to the ability of a person to acquire interests in an Australian corporation or financial sector entity), the constitution of the issuer, any contract to which the issuer is a party, and any listing rules, operating rules or clearing and settlement rules applicable to the instrument. In addition, the Banking Act includes a moratorium on the taking of certain actions, such as denying any obligation, accelerating any debt, closing out any transaction or enforcing any security, on grounds relating to the operation of the Statutory Conversion and Write-Off Provisions.

DESCRIPTION OF THE NOTES

In this “Description of the Notes,” references to the “Issuer” refer to WNZL.

This section summarizes the material terms that will apply generally to the Notes. The specific terms of each series of Notes will be described in the applicable pricing supplement for each series of Notes. Those terms may vary from the terms described here.

The specific terms of each series of Notes as described in the applicable pricing supplement will supplement and, if applicable, may modify or replace the general terms described in this section. If the applicable pricing supplement for any series of Notes is inconsistent with this Offering Memorandum, the applicable pricing supplement will control with regard to the terms of that series. Thus, the statements made in this section may not apply to each series of Notes.

This Section Is Only a Summary

The Fiscal Agency Agreement and its associated documents, including the Notes and the applicable pricing supplement, contain the full legal text of the matters described in this section. The Fiscal Agency Agreement and the Notes will be governed by New York law. See “Available Information” for information on how to obtain copies of the Fiscal Agency Agreement.

This section and the applicable pricing supplement summarize all the material terms of the Fiscal Agency Agreement and each series of Notes. They do not, however, describe every aspect of the Fiscal Agency Agreement and each series of Notes. For example, in this section entitled “Description of the Notes,” terms that have been given special meaning in the Fiscal Agency Agreement are used, but the meaning of only the more important of these terms is described.

The Notes Will Be Issued under the Fiscal Agency Agreement

The Notes are governed by a Fiscal Agency Agreement between Westpac New Zealand Limited, as Issuer of the Notes, and The Bank of New York Mellon, which will initially act as fiscal agent and paying agent (the “Fiscal Agent”). The Fiscal Agent performs administrative duties for the Issuer such as sending interest payments and notices. See “—The Relationship of the Issuer with the Fiscal Agent” below for more information about the Fiscal Agent.

Under the Fiscal Agency Agreement, the Issuer has the option to appoint additional fiscal agents. References in this Offering Memorandum to the “Fiscal Agent” include any other fiscal agent appointed for a particular series.

The Issuer May Issue Other Series of Debt Securities

The Fiscal Agency Agreement permits the Issuer to issue different series of Notes in such amounts, at such times and on such terms as the Issuer wishes from time to time. The Notes of each series may differ from other series in their terms.

Amounts That the Issuer May Issue

The Fiscal Agency Agreement does not limit the aggregate amount of debt securities that the Issuer may issue, nor does it limit the number of series or the aggregate amount of any particular series that the Issuer may issue. Also, if the Issuer issues Notes of a series in a particular offering, it may “reopen” that offering at any later time and offer additional Notes of that series unless such additional notes are not fungible for US federal income tax purposes with any then-existing Notes in such series.

The Issuer intends to issue Notes from time to time so that the aggregate principal amount (or, in the case of Notes issued at a discount from the principal amount or Indexed Notes, the aggregate initial offering price) of Notes outstanding at any time shall not exceed the amount specified on the cover of this Offering Memorandum (or its equivalent based upon the applicable exchange rate at the time of issuance, if the Notes are denominated in one or more non-US currencies or currency units). However, the Issuer may issue Notes in excess of that amount at any time, without your consent and without notifying you.

The Fiscal Agency Agreement and the Notes do not limit the ability of the Issuer to incur other indebtedness or to issue other securities. Also, the Issuer is not subject to financial or similar restrictions by the terms of the Notes or the Fiscal Agency Agreement.

General

Ranking of the Notes

Unless otherwise specified in the applicable pricing supplement, the Notes will be the Issuer's direct, unconditional, unsubordinated and unsecured obligations and will rank equally among themselves and equally with all of the Issuer's other unsubordinated and unsecured obligations from time to time outstanding (except such obligations as are preferred by law).

The Notes are not protected accounts or deposit liabilities and neither the Notes nor any of the Issuer's obligations under the Notes are insured or guaranteed by the Sovereign in right of New Zealand acting by and through the Minister of Finance, the United States of America, the United States Federal Deposit Insurance Corporation or any other government or governmental agency or instrumentality of the United States, New Zealand, Australia or any other jurisdiction.

The Notes are not obligations of WBC nor are they guaranteed or insured by the United States Federal Deposit Insurance Corporation or any other government or governmental agency or instrumentality of the United States, New Zealand, Australia or any other jurisdiction.

Maturity

Each Note will mature one year or more from its date of original issuance on the last scheduled interest payment date, as specified in the applicable pricing supplement.

Listing

Unless otherwise specified in the applicable pricing supplement, the Notes will not be listed on any securities exchange or quoted on any quotation system.

Interest

Each interest bearing Note will bear interest from its date of issue at the rate per annum, in the case of Notes that bear interest at fixed rates, or pursuant to the interest rate formula, in the case of Notes that bear interest at floating rates, in each case as specified in the applicable pricing supplement, until the principal thereof is paid or made available for payment. The Issuer will make interest payments in respect of the Notes in an amount equal to the interest accrued from and including the immediately preceding interest payment date in respect of which interest has been paid or duly provided for or from and including the date of issue, if no interest has been paid, to but excluding the applicable interest payment date or the maturity date, as the case may be (each, an "interest period").

Interest on each Note will be payable in arrears on each interest payment date and on the maturity date. Interest payable on any interest payment date will be payable to the registered holder at the close of business on the record date (as defined below), except that interest, if any, due at maturity will be paid to the person to whom the principal of the Note is paid. Unless otherwise specified in the applicable pricing supplement, the first payment of interest on each Note originally issued between a record date (as defined below) and the related interest payment

date will be made on the interest payment date immediately following the next succeeding record date to the registered holder on the next succeeding record date. Unless otherwise specified in the applicable pricing supplement, the “record date” will be the day that is fifteen (15) calendar days preceding the applicable interest payment date, whether or not a business day.

Currency of Notes

Amounts that become due and payable on your Note in cash will be payable in a currency, composite currency, basket of currencies or currency unit or units specified in the applicable pricing supplement. This currency, composite currency, basket of currencies or currency unit or units is referred to as the “Specified Currency.” The Specified Currency for each Note will be US dollars, unless the applicable pricing supplement states otherwise.

Some Notes may have different Specified Currencies for principal, premium and interest. You will have to pay for your Notes by delivering the requisite amount of the Specified Currency for the principal to any of the Agents that the Issuer names in the applicable pricing supplement, unless other arrangements have been made between you and the Issuer or you and any such Agents. The Issuer will make payments on your Notes in the Specified Currency, except as described below in “—Payment Mechanics for Notes.”

Types of Notes

The Issuer may issue any of the following types of Notes and any other types of Notes that may be described in a supplement hereto:

Fixed Rate Notes

A Note of this type (a “Fixed Rate Note”) will bear interest at a fixed rate described in the applicable pricing supplement. This type includes Zero Coupon Notes, which, unless otherwise specified in the applicable pricing supplement, bear no interest and are instead issued at a price lower than the principal amount. See “—Types of Notes—Discount Notes” below for more information about Zero Coupon Notes and other Discount Notes.

Each Fixed Rate Note, except any Zero Coupon Note, will bear interest from its issue date or from the most recent date to which interest on the Note has been paid or made available for payment. Interest will accrue on the principal of a Fixed Rate Note at the fixed yearly rate stated in the applicable pricing supplement, until the principal is paid or made available for payment or the Note is converted or exchanged. Each payment of interest due on an interest payment date or the maturity date will include interest accrued from and including the last date to which interest has been paid, or made available for payment, or from the issue date if none has been paid or made available for payment, to but excluding the interest payment date or the maturity date, as the case may be. The Issuer will compute interest on Fixed Rate Notes on the basis of a 360-day year of twelve 30-day months or, if specified in the applicable pricing supplement, on the basis of a 365-day year. The Issuer will pay interest on each interest payment date and at the maturity date as described below under “—Payment Mechanics for Notes.”

Floating Rate Notes

A Note of this type (a “Floating Rate Note”) will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a Spread or multiplying by a Spread Multiplier and may be subject to a minimum rate or a maximum rate. The various interest rate formulas and these other features are described below under “—Interest Rates—Floating Rate Notes.” If a Note is a Floating Rate Note, the formula and any adjustments that apply to the interest rate will be specified in the applicable pricing supplement.

Each Floating Rate Note will bear interest from its issue date or from and including the most recent date to which interest on the Note has been paid or made available for payment. Interest will accrue on the principal of a Floating Rate Note at the yearly rate determined according to the interest rate formula stated in the applicable pricing supplement, until the principal is paid or made available for payment or the Note is converted or exchanged.

The Issuer will pay interest on each interest payment date and at the maturity date as described below under “— Payment Mechanics for Notes.”

Indexed Notes

A Note of this type (an “Indexed Note”) provides that the principal amount payable at its maturity date, and/or the amount of interest payable on an interest payment date, will be determined by reference to:

- one or more securities;
- one or more currencies;
- one or more commodities;
- any other financial, economic or other measures or instruments, including the occurrence or non-occurrence of any event or circumstance; and/or
- indices or baskets of any of these items.

If you are a holder of an Indexed Note, you may receive a principal amount at the maturity date that is greater than or less than the face amount of your Note depending upon the value of the applicable referenced item at the maturity date. That value may fluctuate over time.

An Indexed Note may provide either for cash settlement or for physical settlement by delivery of the underlying property or another property of the type listed above. An Indexed Note may also provide that the form of settlement may be determined at the Issuer’s option or at the holder’s option. Some Indexed Notes may be convertible, exercisable or exchangeable, at the Issuer’s option or the holder’s option, into or for securities of an issuer other than the Issuer, or into other property.

If you purchase an Indexed Note, the applicable pricing supplement will include information about the relevant referenced item, about how amounts that are to become payable will be determined by reference to the price or value of that referenced item and about the terms on which the Indexed Note may be settled physically or in cash. The applicable pricing supplement will also identify the Calculation Agent that will calculate the amounts payable with respect to the Indexed Note and may exercise certain discretion in doing so.

Amortizing Notes

A Note of this type (an “Amortizing Note”) may be a Fixed Rate Note, a Floating Rate Note or an Indexed Note. The amount of principal of and interest payable on an Amortizing Note will be paid in installments over the term of such Amortizing Note. Unless otherwise specified in the applicable pricing supplement, interest on an Amortizing Note will be computed on the basis of a 360-day year of twelve 30-day months. Payment with respect to Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. Further information concerning additional terms and provisions of Amortizing Notes will be specified in the applicable pricing supplement, including a table setting forth repayment information for such Amortizing Notes.

Discount Notes

A Note of this type (a “Discount Note”) may be a Fixed Rate Note, a Floating Rate Note or an Indexed Note. A Note of this type is issued at a price lower than its principal amount and provides that, upon redemption or acceleration of its maturity, an amount less than its principal amount will be payable. A Discount Note may be a Zero Coupon Note. A Discount Note may, for US federal income tax purposes, be considered to be issued with original issue discount, regardless of the amount payable upon redemption or acceleration of maturity. See “Tax Considerations—Certain United States Federal Income Tax Considerations—Interest and original issue discount.”

Information in the Applicable Pricing Supplement

The applicable pricing supplement for each series of Notes will describe one or more of the following terms of such Notes:

- the series of the Notes;
- the stated maturity;
- the Specified Currency or Currencies for principal, premium and interest, if not US dollars;
- the price at which the Issuer originally issues the Notes, expressed as a percentage of the principal amount, and the issue date;
- whether the Notes are Fixed Rate Notes, Floating Rate Notes, Indexed Notes, Amortizing Notes or Discount Notes (which may be Zero Coupon Notes), or any combination of the foregoing;
- if the Notes are Fixed Rate Notes, the yearly rate at which the Notes will bear interest, if any, and the interest payment dates, if different from those stated below under “—Interest Rates—Fixed Rate Notes,” and the conditions, if any, under which such Notes may be convertible into or exchangeable for Floating Rate Notes;
- if the Notes are Floating Rate Notes, the interest rate basis, which may be one of the nine Base Rates described in “—Interest Rates—Floating Rate Notes—Base Rates” below; any applicable index maturity, Spread or Spread Multiplier or initial, maximum or minimum rate; the interest reset, determination, calculation and payment dates; the day count used to calculate interest payments for any period; and the Calculation Agent, all of which are described below under “—Interest Rates—Floating Rate Notes,” and the conditions, if any, under which such Notes may be convertible into or exchangeable for Fixed Rate Notes;
- if the Notes are Indexed Notes, the principal amount, if any, the Issuer will pay on the Notes at the maturity date, the amount of interest, if any, the Issuer will pay on the Notes on an interest payment date or the formula the Issuer will use to calculate these amounts, if any, whether the Notes will be payable in cash or other property and whether the Notes will be convertible, exercisable or exchangeable into or for securities of an issuer other than the Issuer;
- if the Notes are Discount Notes, the yield to maturity;
- any special US federal or New Zealand income tax considerations relating to the purchase, ownership and disposition of a particular issuance of Notes;
- if applicable, the circumstances under which the Notes may be redeemed at the Issuer’s option or repaid at the holder’s option before the stated maturity, including any redemption commencement date, repayment date(s), redemption price(s) and redemption period(s);
- the authorized denominations, if other than denominations of US\$200,000 and multiples of US\$1,000 in excess thereof;
- the Depositary (as defined herein) for the Notes, if other than DTC, and any circumstances under which the holder may request Notes in non-global form, if the Issuer chooses not to issue the Notes in book-entry form only;
- the name of each offering Agent;
- the price of the Notes to the offering Agent or Agents;

- the discount or commission to be received by the offering Agent or Agents;
- the net proceeds to be received by the Issuer;
- the names and duties of any co-Agents, Depositaries, Paying Agents, transfer agents, exchange agents or registrars for your Note; and
- any other terms of the Notes, which could be different from those described in this Offering Memorandum.

Form of Notes

The Issuer will issue each Note in book-entry form only, unless specified otherwise in the applicable pricing supplement. Notes in book-entry form will be represented by a global security registered in the name of a Depositary, which will be the holder of all the Notes represented by the global security. Those who own beneficial interests in a Global Note (as defined under “Legal Ownership and Book Entry Issuance—What Is a Global Note?”) will do so through participants in the Depositary’s securities clearance system, and the rights of these indirect owners will be governed solely by the applicable procedures of the Depositary and its participants. Book-entry Notes are described below under “Legal Ownership and Book Entry Issuance.”

In addition, the Issuer will generally issue each Note in registered form, without coupons, unless specified otherwise in the applicable pricing supplement.

Interest Rates

This subsection describes the different kinds of interest rates that may apply to your Note, if it bears interest.

Fixed Rate Notes

Interest on a Fixed Rate Note will be payable annually or semiannually or as otherwise specified in the applicable pricing supplement on the date or dates specified in the applicable pricing supplement and at the maturity date. Any payment of principal, premium and interest for any Fixed Rate Note required to be made on an interest payment date that is not a business day (as defined below) will be made on the next succeeding business day, and no interest will accrue on that payment for the period from and after the interest payment date to the date of that payment on the next succeeding business day. For each Fixed Rate Note that bears interest, interest will accrue, and the Issuer will compute and pay accrued interest, as described under “—Types of Notes—Fixed Rate Notes” above and “—Payment Mechanics for Notes” below.

Floating Rate Notes

In this subsection, several specialized terms relating to the manner in which floating interest rates are calculated are used. These terms appear in bold, italicized type the first time they appear, and these terms are defined at the end of this subsection under “—Special Rate Calculation Terms.”

For each Floating Rate Note, interest will accrue, and the Issuer will compute and pay accrued interest, as described above under “—Types of Notes—Floating Rate Notes” and below under “—Payment Mechanics for Notes.” In addition, the following will apply to Floating Rate Notes.

Base Rates

The Issuer currently expects to issue Floating Rate Notes that bear interest at rates based on one or more of the following “Base Rates”:

- Commercial Paper Rate;
- Prime Rate;

- Compounded SOFR;
- Compounded SOFR Index;
- Treasury Rate;
- CMT Rate;
- CD Rate;
- Federal Funds Rate; or
- New Zealand Bank Bill Rate.

Each of the Base Rates is described in further detail below in this subsection.

The applicable pricing supplement for each series of Floating Rate Notes will specify the type of Base Rate that applies to those Notes.

Unless otherwise specified in the applicable Note and the applicable pricing supplement, each Floating Rate Note will be issued as described below. The applicable Note and the applicable pricing supplement will specify certain terms with respect to each Floating Rate Note being delivered, including: whether such Floating Rate Note is a “Regular Floating Rate Note”, a “Floating Rate/Fixed Rate Note”, a “Fixed Rate/Floating Rate Note” or an “Inverse Floating Rate Note”, the Floating Rate Commencement Date (as defined below) or the Fixed Rate Commencement Date (as defined below), if applicable, fixed interest rate, if applicable, Base Rate, initial interest rate, if any, Initial Interest Reset Date, interest reset period and interest reset dates, record dates, Index Maturity, maximum interest rate and/or minimum interest rate, if any, and Spread and/or Spread Multiplier, if any, as such terms are defined below. If the applicable Base Rate is the CMT Rate, the applicable Note and applicable pricing supplement will also specify the Reuters Page FEDCMT, as applicable.

The interest rate borne by the Floating Rate Notes will be determined as follows:

- unless such Floating Rate Note is designated as a “Floating Rate/Fixed Rate Note”, a “Fixed Rate/Floating Rate Note” or an “Inverse Floating Rate Note” or as having an addendum attached or having “other/additional provisions” apply, in each case relating to a different interest rate formula, such Floating Rate Note will be designated as a “Regular Floating Rate Note” and, except as described below or as specified in the applicable Note and in the applicable pricing supplement, will bear interest at the rate determined by reference to the applicable Base Rate (a) plus or minus the applicable Spread, if any, and/or (b) multiplied by the applicable Spread Multiplier, if any, each as specified in the applicable pricing supplement. Commencing on the first Interest Reset Date (as defined below) occurring after the issue date (the “Initial Interest Reset Date”), the rate at which interest on such Regular Floating Rate Note will be payable will be reset as of each Interest Reset Date; provided, however, that the interest rate in effect for the period, if any, from the issue date to, but excluding, the Initial Interest Reset Date will be the initial interest rate;
- if such Floating Rate Note is designated as a “Floating Rate/Fixed Rate Note”, then, except as described below or as specified in the applicable Note and the applicable pricing supplement, such Floating Rate Note will bear interest at the rate determined by reference to the applicable Base Rate (a) plus or minus the applicable Spread, if any, and/or (b) multiplied by the applicable Spread Multiplier, if any, each as specified in the applicable pricing supplement. Commencing on the Initial Interest Reset Date, the rate at which interest on such Floating Rate/Fixed Rate Note will be payable will be reset as of each Interest Reset Date; provided, however, that (y) the interest rate in effect for the period, if any, from the issue date to, but excluding, the Initial Interest Reset Date will be the initial interest rate and (z) the interest rate in effect for the period commencing on the date specified in the applicable pricing supplement (the “Fixed Rate Commencement Date”) to, but excluding, the maturity date will be the fixed interest rate, if such rate is specified in the applicable Note and the applicable

pricing supplement or, if no such fixed interest rate is specified, the interest rate in effect thereon on the business day immediately preceding the Fixed Rate Commencement Date;

- if such Floating Rate Note is designated as a “Fixed Rate/Floating Rate Note”, then, except as described below or as specified in the applicable Note and the applicable pricing supplement, such Floating Rate Note will bear interest at the fixed rate specified in such Note and the applicable pricing supplement from the issue date to, but excluding, the date specified in the applicable pricing supplement (the “Floating Rate Commencement Date”) and the interest rate in effect for the period commencing on such Floating Rate Commencement Date will be the rate determined by reference to the applicable Base Rate (a) plus or minus the applicable Spread, if any, and/or (b) multiplied by the applicable Spread Multiplier, if any, each as specified in such Note or applicable pricing supplement. Commencing on the first Interest Reset Date after such Floating Rate Commencement Date, the rate at which interest on such Fixed Rate/Floating Rate Note will be payable will be reset as of each Interest Reset Date;
- if such Floating Rate Note is designated as an “Inverse Floating Rate Note”, then, except as described below or as specified in the applicable Note and the applicable pricing supplement, such Floating Rate Note will bear interest at the applicable fixed interest rate minus the rate determined by reference to the applicable Base Rate (a) plus or minus the applicable Spread, if any, and/or (b) multiplied by the applicable Spread Multiplier, if any, each as specified in the applicable pricing supplement; provided, however, that, unless otherwise specified in the applicable Note and the applicable pricing supplement, the interest rate thereon will not be less than zero. Commencing on the Initial Interest Reset Date, the rate at which interest on such Inverse Floating Rate Note will be payable will be reset as of each Interest Reset Date; provided, however, that the interest rate in effect for the period, if any, from the issue date to, but excluding, the Initial Interest Reset Date will be the initial interest rate.

Initial Base Rate. For any Floating Rate Note, the Base Rate in effect from the issue date to the first Interest Reset Date will be the Initial Base Rate. The Issuer will specify the Initial Base Rate in the applicable pricing supplement.

Spread or Spread Multiplier. In some cases, the Base Rate for a Floating Rate Note may be adjusted:

- by adding or subtracting a specified number of basis points, called the “Spread”, with one basis point being 0.01%; or
- by multiplying the Base Rate by a specified percentage, called the “Spread Multiplier.”

The applicable pricing supplement for each series of Floating Rate Notes will specify whether a Spread or Spread Multiplier will apply to those Notes and, if so, the amount of the Spread or Spread Multiplier.

Maximum and Minimum Rates. The actual interest rate, after being adjusted by the Spread or Spread Multiplier, may also be subject to either or both of the following limits:

- a maximum rate—i.e., a specified upper limit that the actual interest rate in effect at any time may not exceed; and/or
- a minimum rate—i.e., a specified lower limit that the actual interest rate in effect at any time may not fall below.

The applicable pricing supplement for each series of Floating Rate Notes will specify whether a maximum rate and/or minimum rate will apply to those Notes and, if so, what those rates are.

Whether or not a maximum rate applies, the interest rate on a Floating Rate Note will in no event be higher than the maximum rate permitted by New York law, as it may be modified by US federal law of general application. Under current New York law, the maximum rate of interest, with some exceptions, for any loan in an amount less

than US\$250,000 is 16% and for any loan in the amount of US\$250,000 or more but less than US\$2,500,000 is 25% per year on a simple interest basis. These limits do not apply to loans of US\$2,500,000 or more.

The rest of this subsection describes how the interest rate and the interest payment dates will be determined, and how interest will be calculated, on a Floating Rate Note.

Interest Reset Dates. The rate of interest on a Floating Rate Note will reset daily, weekly, monthly, quarterly, semi-annually, annually or at some other interval specified in the applicable pricing supplement. The date on which the interest rate resets and the reset rate becomes effective is called the Interest Reset Date. Except as otherwise specified in the applicable pricing supplement, the Interest Reset Date will be as follows:

- for Floating Rate Notes that reset daily, each business day;
- for Floating Rate Notes that reset weekly and are not Treasury Rate Notes, the Wednesday of each week;
- for Treasury Rate Notes that reset weekly, the Tuesday of each week, except as otherwise described in the next to last paragraph under “—Interest Rates—Interest Determination Dates” below;
- for Floating Rate Notes that reset monthly, the third Wednesday of each month;
- for Floating Rate Notes that reset quarterly, the third Wednesday of March, June, September and December of each year;
- for Floating Rate Notes that reset semi-annually, the third Wednesday of each of two months of each year as specified in the applicable pricing supplement; and
- for Floating Rate Notes that reset annually, the third Wednesday of one month of each year as specified in the applicable pricing supplement.

For a Floating Rate Note, the interest rate in effect on any particular day will be the interest rate determined with respect to the latest Interest Reset Date that occurs on or before that day. There are several exceptions, however, to the reset provisions described above.

The Base Rate in effect from the issue date to the first Interest Reset Date will be the Initial Base Rate. For Floating Rate Notes that reset daily or weekly, the Base Rate in effect for each day following the second business day before an interest payment date to, but excluding, that interest payment date, and, in the case of the maturity date, for each day following the second business day before the maturity date to, but excluding, the maturity date, will be the Base Rate in effect on that second business day.

If any Interest Reset Date for a Floating Rate Note would otherwise be a day that is not a business day, the Interest Reset Date will be postponed to the next day that is a business day. For a Compounded SOFR Note or a Compounded SOFR Index Note, however, if that business day is in the next succeeding calendar month, the Interest Reset Date will be the immediately preceding business day.

Interest Determination Dates. The interest rate that takes effect on an Interest Reset Date will be determined by the Calculation Agent by reference to a particular date called an Interest Determination Date. Except as otherwise specified in the applicable pricing supplement:

- For all Floating Rate Notes other than Federal Funds Rate Notes, Compounded SOFR Notes, Compounded SOFR Index Notes, Treasury Rate Notes or New Zealand Bank Bill Rate Notes the Interest Determination Date relating to a particular Interest Reset Date will be the second business day before the Interest Reset Date.

- For Compounded SOFR Notes and Compounded SOFR Index Notes, the Interest Determination Date relating to a particular Interest Reset Date will be the date two US Government Securities Business Days (as defined below) before each interest payment date.
- For Treasury Rate Notes, the Interest Determination Date relating to a particular Interest Reset Date (a “Treasury Interest Determination Date”) will be the day of the week in which the Interest Reset Date falls on which Treasury Bills (as defined below) would normally be auctioned (Treasury Bills are usually sold at auction on the Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that the auction may be held on the preceding Friday), provided that, if, as the result of a legal holiday, an auction is held on the preceding Friday, that Friday will be the Treasury Interest Determination Date relating to the Interest Reset Date occurring in the next succeeding week, and *provided further*, that if the auction is held on a day that would otherwise be an Interest Reset Date, then the Interest Reset Date will instead be the first business day following the auction date.
- For New Zealand Bank Bill Rate Notes and Federal Funds Rate Notes, the Interest Determination Date will be the same day as the Interest Reset Date.

The “Interest Determination Date” pertaining to a Floating Rate Note, the interest rate of which is determined by reference to two or more Base Rates, will be the most recent business day which is at least two business days prior to the applicable Interest Reset Date for such Floating Rate Note on which each Base Rate is determinable. Each Base Rate will be determined as of such date, and the applicable interest rate will take effect on the applicable Interest Reset Date.

Interest Calculation Dates. As described above, the interest rate that takes effect on a particular Interest Reset Date will be determined by reference to the corresponding Interest Determination Date. Except in the case of New Zealand Bank Bill Rate Notes and Federal Funds Rate Notes, the calculation of the amount of interest payable will actually be made on a day no later than the corresponding Interest Calculation Date. The Interest Calculation Date will be the earlier of the following:

- the tenth calendar day after the Interest Determination Date or, if that tenth calendar day is not a business day, the next succeeding business day; and
- the business day immediately preceding the interest payment date or the maturity date, whichever is the day on which the next payment of interest will be due,

provided that, for Notes the applicable interest rate of which resets daily, the Interest Calculation Date will be the business day immediately preceding the interest payment date or the maturity date, whichever is the day on which the next payment of interest will be due.

The Calculation Agent need not wait until the relevant Interest Calculation Date to determine the interest rate if the rate information it needs to make the determination is available from the relevant sources sooner.

Interest Payment Dates. The interest payment dates for a Floating Rate Note will depend on when the interest rate is reset and, unless the Issuer specifies otherwise in the applicable pricing supplement, will be as follows:

- for Floating Rate Notes that reset daily, weekly or monthly, the third Wednesday of each month or the third Wednesday of March, June, September and December of each year, as specified in the applicable pricing supplement;
- for Floating Rate Notes that reset quarterly, the third Wednesday of March, June, September and December of each year;

- for Floating Rate Notes that reset semi-annually, the third Wednesday of the two months of each year specified in the applicable pricing supplement; or
- for Floating Rate Notes that reset annually, the third Wednesday of the month specified in the applicable pricing supplement.

Regardless of these rules, if a Note is originally issued after the Regular Record Date and before the date that would otherwise be the first interest payment date, the first interest payment date will be the date that would otherwise be the second interest payment date. The term “Regular Record Date” is defined below under “—Payment Mechanics for Notes.”

If any interest payment date other than the maturity date for any Floating Rate Note would otherwise be a day that is not a business day, that interest payment date will be postponed to the next succeeding business day, except that in the case of a Compounded SOFR Notes or a Compounded SOFR Index Note where that business day falls in the next succeeding calendar month, that interest payment date will be the immediately preceding business day. If the maturity date of a Floating Rate Note falls on a day that is not a business day, the required payment of principal, premium and interest will be made on the next succeeding business day as if made on the date that payment was due, and no interest will accrue on that payment for the period from and after the maturity date to the date of that payment on the next succeeding business day.

Calculation of Interest. Calculations relating to Floating Rate Notes will be made by the “Calculation Agent,” an institution that the Issuer appoints as its agent for this purpose. That institution may include any of the Issuer’s affiliates. The Issuer has initially appointed The Bank of New York Mellon as its Calculation Agent for any Floating Rate Notes pursuant to a Calculation Agency Agreement, dated as of September 2, 2022, between the Issuer and The Bank of New York Mellon (the “Calculation Agency Agreement”). The applicable pricing supplement for a particular Floating Rate Note will name the institution that the Issuer has appointed to act as the Calculation Agent for that Note as of its issue date, if other than The Bank of New York Mellon. The Issuer may appoint a different institution to serve as Calculation Agent from time to time after the issue date of your Note without your consent. The Issuer will provide notice, or cause notice to be provided, to the holders of Notes in the event a new Calculation Agent is appointed.

For each Floating Rate Note, the Calculation Agent will determine, on the corresponding interest calculation or determination date, the interest rate that takes effect on each Interest Reset Date. In addition, the Calculation Agent will calculate the amount of interest that has accrued during each interest period—i.e., the period from and including the issue date, or the last date to which interest has been paid or made available for payment, to but excluding the next payment date. For each interest period, the Calculation Agent will calculate the amount of accrued interest by multiplying the face or other specified amount of the Floating Rate Note by an accrued interest factor for the interest period. This factor will equal the sum of the interest factors calculated for each day during the interest period. Unless otherwise specified in the applicable pricing supplement, the interest factor for each day will be calculated by dividing the interest rate, expressed as a decimal, applicable to that day by the following:

- 360, in the case of Commercial Paper Rate Notes, Prime Rate Notes, Compounded SOFR Notes, Compounded SOFR Index Notes, CD Rate Notes and Federal Funds Rate Notes; or
- the actual number of days in the year, in the case of Treasury Rate Notes, CMT Rate Notes and New Zealand Bank Bill Rate Notes.

Unless otherwise specified in the applicable pricing supplement, the interest factor for Floating Rate Notes whose interest rate is calculated by reference to two or more Base Rates will be calculated for each interest period in the same manner as if only one of the applicable Base Rates applied as specified in the applicable Note and any applicable pricing supplement.

Upon the request of the holder of any Floating Rate Note, the Calculation Agent will provide for that Note the interest rate then in effect and, if determined, the interest rate that will become effective on the next Interest Reset Date. The Calculation Agent’s determination of any interest rate, and its calculation of the amount of interest

for any interest period, will be final and binding in the absence of manifest error, and will be made without any liability on the part of the Calculation Agent.

All percentages resulting from any calculation relating to a Note will be rounded upward or downward, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths or more of a percentage point rounded upward, e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a Floating Rate Note will be rounded upward or downward, as appropriate, to the nearest cent, in the case of US dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than US dollars, with one-half cent or one-half of a corresponding hundredth of a unit or more being rounded upward.

In determining the Base Rate that applies to a Floating Rate Note during a particular interest period, the Calculation Agent may obtain rate quotes from various banks or dealers active in the relevant market. Those reference banks and dealers may include the Calculation Agent itself and its affiliates, as well as any underwriter, dealer or Agent participating in the distribution of the relevant Floating Rate Notes and its affiliates, and they may include one of the Issuer's affiliates.

Commercial Paper Rate Notes

Commercial Paper Rate Notes will bear interest at a Base Rate equal to the Commercial Paper Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the Commercial Paper Rate will be determined as of the applicable Interest Determination Date (a "Commercial Paper Rate Interest Determination Date") and will be the ***Money Market Yield*** on the Commercial Paper Rate Interest Determination Date of the rate for commercial paper having the ***Index Maturity*** specified in the applicable pricing supplement as published in ***H.15*** under the heading "Commercial Paper-Financial" or, if such rate is not so published by 3:00 P.M., New York City time, on the related Interest Determination Date, the rate on such Commercial Paper Rate Interest Determination Date for commercial paper having such Index Maturity as published in ***H.15 Daily Update***, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Commercial Paper-Financial." If neither of such rates is published by 3:00 P.M., New York City time, on such Interest Determination Date, then the Commercial Paper Rate on such Commercial Paper Rate Interest Determination Date will be calculated by the Calculation Agent and will be the Money Market Yield of the arithmetic mean of the offered rates at approximately 11:00 A.M., New York City time, on such Commercial Paper Rate Interest Determination Date, of three leading dealers in US dollar commercial paper in The City of New York selected by the Calculation Agent (after consultation with the Issuer) for commercial paper having the Index Maturity specified in the applicable pricing supplement placed for an industrial issuer whose bond rating is "AA", or the equivalent, from a nationally recognized statistical rating organization; provided, however, that if fewer than the three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Commercial Paper Rate with respect to the applicable Commercial Paper Rate Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Rate Interest Determination Date.

Prime Rate Notes

Prime Rate Notes will bear interest at a Base Rate equal to the Prime Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the Prime Rate will be determined on each Interest Determination Date for a Note bearing interest at the Prime Rate (a "Prime Rate Interest Determination Date") and will be the rate set forth for such Prime Rate Interest Determination Date in ***H.15*** under the heading "Bank Prime Loan", or, if not published by 3:00 P.M., New York City time, on the related Interest Determination Date, the rate on such Prime Rate Interest Determination Date as published in ***H.15 Daily Update***, or such other recognized electronic source used for the purpose of displaying such rate, under the caption "Bank Prime Loan." In the event that such rate is not published prior to 3:00 P.M., New York City time, on the related Interest

Determination Date, then the Prime Rate with respect to such Prime Rate Interest Determination Date will be the arithmetic mean, as determined by the Calculation Agent, of the rates of interest publicly announced by each bank that appears on such Prime Rate Interest Determination Date on **Reuters Page US PRIME 1** as such bank's prime rate or base lending rate as of 11:00 A.M., New York City time, on such Prime Rate Interest Determination Date. If fewer than four such rates appear on Reuters Page US PRIME 1 on such Prime Rate Interest Determination Date, the Prime Rate with respect to such Prime Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the prime rates or base lending rates (quoted on the basis of the actual number of days in the year divided by a 360-day year) as of the close of business on such Prime Rate Interest Determination Date by three major money center banks in The City of New York selected by the Calculation Agent (after consultation with the Issuer); provided, however, that if fewer than the three banks selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Prime Rate with respect to the applicable Prime Rate Interest Determination Date will be the Prime Rate in effect on such Prime Rate Interest Determination Date.

Compounded SOFR Notes

Compounded SOFR Notes will bear interest at a Base Rate equal to Compounded SOFR, as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable pricing supplement for any series of Compounded SOFR Notes. As further described herein, the amount of interest accrued and payable on Compounded SOFR Notes for each interest period will be equal to the product of (i) the outstanding principal amount of Compounded SOFR Notes multiplied by (ii) the product of (a) the interest rate for the relevant interest period multiplied by (b) the quotient of the actual number of calendar days in such Observation Period (as defined below) divided by 360.

The interest rate on Compounded SOFR Notes for each interest period will be equal to Compounded SOFR, as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable pricing supplement for any series of Compounded SOFR Notes. "Compounded SOFR" will be determined by the Calculation Agent in accordance with the following formula:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

" d_0 ," for any Observation Period, is the number of US Government Securities Business Days in the relevant Observation Period;

" i " is a series of whole numbers from one to d_0 , each representing the relevant US Government Securities Business Day in chronological order from, and including, the first US Government Securities Business Day in the relevant Observation Period;

" $SOFR_i$," for any US Government Securities Business Day " i " in the relevant Observation Period, is equal to SOFR in respect of that day " i ";

" n_i ," for any US Government Securities Business Day " i " in the relevant Observation Period, is the number of calendar days from, and including, such US Government Securities Business Day " i " to, but excluding, the following US Government Securities Business Day (" $i+1$ "); and

" d " is the number of calendar days in the relevant Observation Period.

For these calculations, the daily SOFR in effect on any US Government Securities Business Day will be the applicable SOFR as reset on that date.

For purposes of determining Compounded SOFR, “SOFR” means, with respect to any US Government Securities Business Day:

(1) SOFR published for such US Government Securities Business Day as such rate appears on the SOFR Administrator’s Website at 3:00 P.M. (New York time) on the immediately following US Government Securities Business Day (the “**Compounded SOFR Determination Time**”); or

(2) if the rate specified in (1) above does not so appear, unless both a Benchmark Transition Event and its related Benchmark Replacement Date (each as defined below) have occurred, the SOFR as published in respect of the first preceding US Government Securities Business Day for which the SOFR was published on the SOFR Administrator’s Website.

Notwithstanding anything to the contrary in the documentation relating to Compounded SOFR Notes, if the Issuer or its Designee determines on or prior to the relevant Reference Time (as defined below) that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to determining Compounded SOFR, then the benchmark replacement provisions set forth will thereafter apply to all determinations of the rate of interest payable on Compounded SOFR Notes.

For the avoidance of doubt, in accordance with the benchmark replacement provisions, after a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the interest payable for each interest period on Compounded SOFR Notes will be an annual rate equal to the sum of the Benchmark Replacement (as defined below) and the applicable margin.

Compounded SOFR Index Notes

Compounded SOFR Index Notes will bear interest at a Base Rate equal to Compounded SOFR Index, as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable pricing supplement for any series of Compounded SOFR Index Notes. As further described herein, the amount of interest accrued and payable on Compounded SOFR Index Notes for each interest period will be equal to the product of (i) the outstanding principal amount of Compounded SOFR Index Notes multiplied by (ii) the product of (a) the interest rate for the relevant interest period multiplied by (b) the quotient of the actual number of calendar days in such interest period divided by 360.

The interest rate on Compounded SOFR Index Notes for each interest period will be equal to Compounded SOFR Index, as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable pricing supplement for any series of Compounded SOFR Index Notes. “SOFR Index” will be determined by the Calculation Agent in accordance with the following formula:

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \left(\frac{360}{d_c} \right)$$

where:

“ d_c ” is the number of calendar days from (and including) the day in relation to which “SOFR Index_{Start}” is determined to (but excluding) the day in relation to which “SOFR Index_{End}” is determined (being the number of calendar days in the applicable reference period);

“SOFR Index_{End}” means the SOFR Index value relating to the US Government Securities Business Day falling the Relevant Number of US Government Securities Business Days prior to (1) the interest payment date for the relevant interest period or (2) if applicable, the relevant payment date if the Compounded SOFR Index Notes become due and payable on a date other than an interest payment date;

“SOFR Index_{Start}” means the SOFR Index value relating to the US Government Securities Business Day falling the Relevant Number of US Government Securities Business Days specified in applicable pricing supplement preceding the first date of the relevant interest period;

“Relevant Number” is as specified in the applicable pricing supplement;

For purposes of determining SOFR Index, “SOFR” means, with respect to any US Government Securities Business Day:

(1) the SOFR Index value published for such US Government Securities Business Day as such value appears on the SOFR Administrator’s Website at 3:00 P.M. (New York City time) on such US Government Securities Business Day (the “**Compounded SOFR Index Determination Time**”); provided that

(2) If a SOFR Index_{Start} or SOFR Index_{End} is not published on the associated SOFR Interest Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to SOFR, “Compounded SOFR Index” means, for the applicable interest period for which such index is not available, the rate of return on a daily compounded interest investment calculated in accordance with the formula for SOFR Averages, and definitions required for such formula, published on the SOFR Administrator’s Website at <https://www.newyorkfed.org/markets/treasury-reporeference-rates-information>. For the purposes of this provision, references in the SOFR Averages compounding formula and related definitions to “calculation period” shall be replaced with “Observation Period” and the words “that is, 30-, 90-, or 180- calendar days” shall be removed. If the daily SOFR (“SOFR_i”) does not so appear for any day, “i” in the Observation Period, SOFR_i for such day “i” shall be SOFR published in respect of the first preceding US Government Securities Business Day for which SOFR was published on the SOFR Administrator’s Website.

Notwithstanding anything to the contrary in the documentation relating to Compounded SOFR Index Notes, if the Issuer or its Designee determines on or prior to the relevant Reference Time (as defined below) that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to determining Compounded SOFR Index, then the benchmark replacement provisions set forth will thereafter apply to all determinations of the rate of interest payable on Compounded SOFR Index Notes.

For the avoidance of doubt, in accordance with the benchmark replacement provisions, after a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the interest payable for each interest period on Compounded SOFR Index Notes will be an annual rate equal to the sum of the Benchmark Replacement (as defined below) and the applicable margin.

Provisions Relating to Compounded SOFR Notes and Compounded SOFR Index Notes

Secured Overnight Financing Rate (“SOFR”)

SOFR is published by the SOFR Administrator and is intended to be a broad measure of the cost of borrowing cash overnight collateralized by US Treasury securities.

The SOFR Administrator notes on its publication page for SOFR that use of SOFR is subject to important limitations, indemnification obligations and disclaimers, including that the SOFR Administrator may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice.

Effect of Benchmark Transition Event

(a) Benchmark Replacement. If the Issuer or its Designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark (as defined herein) on any date, the Benchmark Replacement will replace the then-

current Benchmark for all purposes relating to Compounded SOFR Notes or Compounded SOFR Index Notes, as applicable, in respect of such determination on such date and all determinations on all subsequent dates.

(b) **Benchmark Replacement Conforming Changes.** In connection with the implementation of a Benchmark Replacement, the Issuer or its Designee will have the right to make Benchmark Replacement Conforming Changes (as defined herein) from time to time.

(c) **Decisions and Determinations.** Any determination, decision or election that may be made by the Issuer or its Designee pursuant to the benchmark replacement provisions described herein, including any determination with respect to tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection:

- will be conclusive and binding absent manifest error;
- if made by the Issuer, will be made in its sole discretion;
- if made by the Issuer's Designee, will be made after consultation with the Issuer, and the Designee will not make any such determination, decision or election to which the Issuer objects; and
- shall become effective without consent from any other party.

Any determination, decision or election pursuant to the benchmark replacement provisions not made by the Issuer's Designee will be made by the Issuer on the basis as described above. The Designee shall have no liability for not making any such determination, decision or election. In addition, the Issuer may designate an entity (which may be its affiliate) to make any determination, decision or election that the Issuer has the right to make in connection with the benchmark replacement provisions set forth in this Offering Memorandum.

The interest rate and amount of interest to be paid on Compounded SOFR Notes or Compounded SOFR Index Notes for each interest period will be determined by the Calculation Agent. The Bank of New York Mellon is currently serving as the Calculation Agent; however, the Issuer may change the Calculation Agent at any time without notice, and The Bank of New York Mellon may resign as Calculation Agent at any time upon thirty days' prior written notice to us. All determinations made by the Calculation Agent shall, in the absence of manifest error, be conclusive for all purposes and binding on the Issuer and the holders of Compounded SOFR Notes or Compounded SOFR Index Notes. So long as Compounded SOFR or Compounded SOFR Index is required to be determined with respect to Compounded SOFR Notes or Compounded SOFR Index Notes, there will at all times be a Calculation Agent. In the event that any then acting Calculation Agent shall be unable or unwilling to act, or that such Calculation Agent shall fail duly to establish Compounded SOFR or Compounded SOFR Index Notes for any interest period, or the Issuer proposes to remove such Calculation Agent, the Issuer shall appoint another Calculation Agent.

In no event shall the Fiscal Agent or the Calculation Agent be our designee, and neither the Fiscal Agent nor the Calculation Agent shall have any liability for any determination made by or on behalf of the Issuer or its Designee in connection with a Benchmark Transition Event or a Benchmark Replacement or any adjustments or conforming changes thereto.

For the avoidance of doubt, in no event shall the Fiscal Agent or the Calculation Agent be responsible for determining whether any Benchmark Transition Event or Benchmark Replacement Date has occurred, or for making any Benchmark Replacement Adjustments or Benchmark Replacement Conforming Changes. In connection with the foregoing, the Calculation Agent will be entitled to conclusively rely on any determinations made by the Issuer or its Designee.

Treasury Rate Notes

Treasury Rate Notes will bear interest at a Base Rate equal to the Treasury Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable pricing supplement for any series of Treasury Rate Notes.

The Treasury Rate shall be determined as of the applicable Interest Determination Date (a “Treasury Rate Interest Determination Date”) as the rate from the auction held on such Treasury Rate Interest Determination Date (the “Auction”) of direct obligations of the United States (“Treasury Bills”) having the Index Maturity specified in the applicable pricing supplement under the caption “INVEST RATE” on the display on the Reuters Page designated as USAUCTION10 (or any other page as may replace such page on such service) or page USAUCTION11 (or any other page as may replace such page on such service) or, if not so published by 3:00 P.M., New York City time, on the related Interest Determination Date, the **Bond Equivalent Yield** of the auction rates for the related Interest Determination Date and for such Treasury Bills as announced by the US Department of the Treasury by 3:00 P.M., New York City time, on the related Treasury Rate Interest Determination Date. In the event that the auction rate of Treasury Bills having the Index Maturity specified in the applicable pricing supplement is not so announced by the United States Department of the Treasury by 3:00 P.M., New York City time, on the related Treasury Rate Interest Determination Date, or if no Auction is held for the relevant week, then the Treasury Rate will be the Bond Equivalent Yield of the rate on such Treasury Rate Interest Determination Date of Treasury Bills having such Index Maturity, as published in H.15 under the caption “US Government Securities/Treasury Bills/Secondary Market” or, if not yet published by 3:00 P.M., New York City time, on the related Interest Determination Date, the rate on such Treasury Rate Interest Determination Date of such Treasury Bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “US Government Securities/Treasury Bills/Secondary Market.” If such rate is not yet published in H.15, H.15 Daily Update or another recognized electronic source, then the Treasury Rate will be calculated by the Calculation Agent and will be the Bond Equivalent Yield of the arithmetic mean of the secondary market bid rates as of approximately 3:30 P.M., New York City time, on such Treasury Rate Interest Determination Date, of three primary United States government securities dealers selected by the Calculation Agent (after consultation with the Issuer), for the issue of Treasury Bills with a remaining maturity closest to the Index Maturity specified in the applicable pricing supplement; *provided, however*, that if fewer than the three dealers so selected by the Calculation Agent are quoting as mentioned in this sentence, the Treasury Rate determined as of such Treasury Rate Interest Determination Date will be the Treasury Rate in effect on such Treasury Rate Interest Determination Date.

CMT Rate Notes

CMT Rate Notes will bear interest at a Base Rate equal to the CMT Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable pricing supplement for any series of CMT Rate Notes.

Unless otherwise specified in the applicable pricing supplement, “CMT Rate” means, with respect to any Interest Determination Date relating to a Note for which the interest rate is determined with reference to the CMT Rate (a “CMT Rate Interest Determination Date”):

- (i) if “Reuters Page FRBCMT” is the Designated CMT Reuters Page in the applicable pricing supplement, the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at “constant maturity” having the Index Maturity specified in the applicable pricing supplement as set forth in H.15 under the caption “Treasury Constant Maturities”, as such yield is displayed on Reuters on page FRBCMT (or any other page as may replace such page on such service) (“Reuters Page FRBCMT”) for such CMT Rate Interest Determination Date. If such rate does not appear on Reuters Page FRBCMT by 3:00 P.M., New York City time, on the related CMT Rate Interest Determination Date, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the yield for United States Treasury securities at “constant maturity” having the Index Maturity specified above and for such CMT Rate Interest Determination Date as published in H.15 under the caption “Treasury Constant Maturities.” If such rate does not appear in H.15 by 3:00 P.M., New York City time, on the related CMT Rate Interest Determination Date, the CMT Rate on such CMT Rate Interest Determination Date shall be the rate for the period of the Index Maturity as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15. If neither the Board of Governors of the Federal Reserve System nor the United States Department of the Treasury publishes a yield on United States Treasury securities at “constant maturity” having the Index Maturity specified above for such

CMT Rate Interest Determination Date by 3:00 P.M., New York City time, on the related CMT Rate Interest Determination Date, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three leading primary United States government securities dealers in The City of New York (each, a “Reference Dealer”) selected by the Calculation Agent (after consultation with the Issuer) (from five Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity specified above, a remaining term to maturity no more than one year shorter than such Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be determined as provided in the second succeeding paragraph; or

- (ii) if “Reuters Page FEDCMT” is the Designated CMT Reuters Page in the applicable pricing supplement, the CMT Rate on the CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as specified in the applicable pricing supplement, average yield for United States Treasury securities at “constant maturity” having the Index Maturity specified in the applicable pricing supplement as published in H.15 opposite the caption “Treasury Constant Maturities”, as such yield is displayed on Reuters on page FEDCMT (or any other page as may replace such page on such service) (“Reuters Page FEDCMT”) for the week or month, as applicable, ended immediately preceding the week or month, as applicable, in which such CMT Rate Interest Determination Date falls. If such rate does not appear on Reuters Page FEDCMT by 3:00 P.M., New York City time, on the related CMT Rate Interest Determination Date, the CMT Rate on such CMT Rate Interest Determination Date shall be a percentage equal to the one-week or one-month, as applicable, average yield for United States Treasury securities at “constant maturity” having the Index Maturity specified above for the week or month, as applicable, preceding such CMT Rate Interest Determination Date as set forth in H.15 opposite the caption “Treasury Constant Maturities.” If such rate does not appear in H.15 by 3:00 P.M., New York City time, on the related CMT Rate Interest Determination Date, the CMT Rate on such CMT Rate Interest Determination Date shall be the rate for the period of the Index Maturity as may then be published by either the Board of Governors of the Federal Reserve System or the United States Department of the Treasury that the Calculation Agent determines to be comparable to the rate which would otherwise have been published in H.15. If neither the Board of Governors of the Federal Reserve System nor the United States Department of the Treasury publishes a yield on United States Treasury securities at “constant maturity” having the Index Maturity specified above for such CMT Rate Interest Determination Date by 3:00 P.M., New York City time, on the related CMT Rate Interest Determination Date, the CMT Rate on such CMT Rate Interest Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices at approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (after consultation with the Issuer) (from five Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity equal to the Index Maturity specified above, a remaining term to maturity no more than one year shorter than such Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five such prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be determined as provided in the next succeeding paragraph.

If fewer than five but more than two secondary market bid prices are provided as requested in either of the preceding clauses (i) and (ii), the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotations shall be eliminated. If fewer than three prices are provided as requested, the CMT Rate on such CMT Rate Interest

Determination Date shall be calculated by the Calculation Agent and shall be a yield-to-maturity based on the arithmetic mean of the secondary market bid prices as of approximately 3:30 P.M., New York City time, on such CMT Rate Interest Determination Date of three Reference Dealers selected by the Calculation Agent (after consultation with the Issuer) (from five Reference Dealers and eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest)) for United States Treasury securities with an original maturity longer than the Index Maturity specified above, a remaining term to maturity closest to such Index Maturity and in a principal amount that is representative for a single transaction in such securities in such market at such time. If fewer than five but more than two prices are provided as requested, the CMT Rate on such CMT Rate Interest Determination Date shall be based on the arithmetic mean of the bid prices obtained and neither the highest nor the lowest of such quotations shall be eliminated; *provided, however*, that if fewer than three such prices are provided as requested, the CMT Rate determined as of such CMT Rate Interest Determination Date shall be the CMT Rate in effect on such CMT Rate Interest Determination Date. If two United States Treasury securities with an original maturity greater than the Index Maturity specified above have remaining terms to maturity equally close to such Index Maturity, the quotes for the Treasury security with the shorter original term to maturity will be used.

CD Rate Notes

CD Rate Notes will bear interest at a Base Rate equal to the CD Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable pricing supplement for any series of CD Rate Notes.

The CD Rate will be determined on each Interest Determination Date for a Note bearing interest at the CD Rate (a “CD Rate Interest Determination Date”) and will be the rate on such CD Rate Interest Determination Date for negotiable US dollar certificates of deposit having the Index Maturity specified in the applicable pricing supplement as published in the source specified in the applicable pricing supplement, or, if such rate is not so published by 3:00 P.M., New York City time, on the related Interest Determination Date, the CD Rate will be the rate on such CD Rate Interest Determination Date for negotiable US dollar certificates of deposit having the Index Maturity specified in the applicable pricing supplement as published under the caption specified in the applicable pricing supplement in another recognized electronic source used for the purpose of displaying such rate. If none of such rates is published by 3:00 P.M., New York City time, on such Interest Determination Date, then the CD Rate with respect to such CD Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on such CD Rate Interest Determination Date, of three leading nonbank dealers in negotiable US dollar certificates of deposit in The City of New York selected by the Calculation Agent (after consultation with the Issuer) for negotiable US dollar certificates of deposit of major United States money center banks for negotiable US dollar certificates of deposit with a remaining maturity closest to the Index Maturity specified in the applicable pricing supplement in an amount that is representative for a single transaction in that market at that time; *provided, however*, that if fewer than the three dealers so selected by the Calculation Agent are quoting as mentioned in this sentence, the CD Rate determined as of such CD Rate Interest Determination Date will be the CD Rate in effect on such CD Rate Interest Determination Date.

Federal Funds Rate Notes

Federal Funds Rate Notes will bear interest at a Base Rate equal to the Federal Funds Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable pricing supplement for any series of Federal Funds Rate Notes.

Unless otherwise specified in the applicable pricing supplement, the Federal Funds Rate for any Interest Determination Date for a Note bearing interest at the Federal Funds Rate (a “Federal Funds Rate Interest Determination Date”) will be the rate for US dollar federal funds as published in H.15 under the heading “Federal Funds (effective)”, as such rate is displayed on Reuters on page FEDFUNDS1 (or any other page that may replace such page on such service) (“Reuters Page FEDFUNDS1”) under the heading “EFFECT” for the business day immediately preceding such Federal Funds Rate Interest Determination Date or, if not displayed by 3:00 P.M., New York City time, on such Federal Funds Rate Interest Determination Date, the Federal Funds Rate will be the rate for the business day immediately preceding such Federal Funds Rate Interest Determination Date for US dollar federal

funds as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the caption “Federal Funds (Effective).” If the Federal Funds Rate for the business day immediately preceding such Federal Funds Rate Interest Determination Date does not appear on Reuters Page FEDFUNDS1 or is not published in H.15, H.15 Daily Update or another recognized electronic source by 3:00 P.M., New York City time, on such Federal Funds Rate Interest Determination Date, the Federal Funds Rate for such Federal Funds Rate Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the rates for the last transaction in overnight US dollar federal funds arranged by each of three leading dealers in federal funds transactions in The City of New York selected by the Calculation Agent (after consultation with the Issuer), as of 9:00 A.M., New York City time, for the business day immediately preceding such Federal Funds Rate Interest Determination Date; provided, however, that if fewer than the three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Federal Funds Rate determined for such Federal Funds Rate Interest Determination Date will be the Federal Funds Rate in effect on the immediately preceding Federal Funds Rate Interest Determination Date.

New Zealand Bank Bill Rate Notes

New Zealand Bank Bill Rate Notes will bear interest at a Base Rate equal to the New Zealand Bank Bill Rate as adjusted by the Spread or Spread Multiplier, if any, specified in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the New Zealand Bank Bill Rate will be the FRA settlement rate as it appears on ***Reuters Page BKBM*** as of 10:45 A.M., Wellington time, on the relevant Interest Determination Date, for bank accepted bills of exchange (as defined in the Bills of Exchange Act 1908 of New Zealand) having a term equal to the Index Maturity specified in the applicable pricing supplement. If the New Zealand Bank Bill Rate cannot be determined in this manner, the following procedures will apply:

- If the FRA settlement rate does not appear on Reuters Page BKBM, as of 10:45 A.M., Wellington time, on the relevant Interest Determination Date, then the New Zealand Bank Bill Rate for that Interest Determination Date will be determined by the Calculation Agent by taking the mean buying and selling rates for bank accepted bills of exchange (as defined in the Bills of Exchange Act 1908 of New Zealand) having a term equal to the Index Maturity specified in the applicable pricing supplement, quoted to the Calculation Agent at approximately 10:45 A.M., Wellington time, on the relevant Interest Determination Date by four major financial institutions in the New Zealand market authorized to quote on Reuters Page BKBM selected by the Calculation Agent (after consultation with the Issuer), eliminating the highest and the lowest quoted rates and taking the arithmetic mean of the remaining quoted rates and then, if necessary, rounding the resulting figure upwards to four decimal places.
- If fewer than the four financial institutions so selected by the Calculation Agent are quoting as described above, the New Zealand Bank Bill Rate in effect for the new interest period will be the New Zealand Bank Bill Rate in effect for the prior interest period. If the Initial Base Rate has been in effect for the prior interest period, however, it will remain in effect for the new interest period.

Special Rate Calculation Terms

In this subsection entitled “—Interest Rates,” several terms that have special meanings relevant to calculating floating interest rates are used. These terms are defined as follows:

The term “***Benchmark***” means, initially, Compounded SOFR, in the case of Compounded SOFR Notes, or Compounded SOFR Index, in the case of Compounded SOFR Index Notes, in each case as such term is defined above; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to Compounded SOFR or Compounded SOFR Index, as applicable (or the published daily SOFR used in the calculation thereof), or the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement.

The term “**Benchmark Replacement**” means the first alternative set forth in the order below that can be determined by the Issuer or its Designee as of the Benchmark Replacement Date:

- (1) the sum of: (a) an alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment (each as defined below);
- (2) the sum of: (a) the ISDA Fallback Rate (as defined below) and (b) the Benchmark Replacement Adjustment; and
- (3) the sum of: (a) the alternate rate of interest that has been selected by the Issuer or its Designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for US dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

The term “**Benchmark Replacement Adjustment**” means the first alternative set forth in the order below that can be determined by the Issuer or its Designee as of the Benchmark Replacement Date:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement (as defined below);
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; and
- (3) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its Designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for US dollar denominated-floating rate notes at such time.

The term “**Benchmark Replacement Conforming Changes**” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definitions or interpretations of interest period, the timing and frequency of determining rates and making payments of interest, the rounding of amounts or tenors, and other administrative matters) that the Issuer or its Designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its Designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its Designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its Designee determines is reasonably practicable).

The term “**Benchmark Replacement Date**” means the earliest to occur of the following events with respect to the then-current Benchmark:

- (1) in the case of clause (1) or (2) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- (2) in the case of clause (3) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

The term “**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (1) a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

The term “**Bond Equivalent Yield**” means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} \times 100$$

where:

- “D” means the annual rate for Treasury Bills quoted on a bank discount basis and expressed as a decimal;
- “N” means 365 or 366, as the case may be; and
- “M” means the actual number of days in the applicable interest reset period.

The term “business day” means, for any Note, unless otherwise specified in the applicable pricing supplement, a day that meets all the following applicable requirements:

- for all Notes, is a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in The City of New York, the City of Wellington, New Zealand, the City of Auckland, New Zealand or London generally are authorized or obligated by law, regulation or executive order to close;
- if the Note has a Specified Currency other than US dollars or euros, is also a day on which banking institutions in the Principal Financial Center of the country issuing such Specified Currency generally are not authorized or obligated by law, regulation or executive order to close; and
- solely with respect to any payment or other action to be made or taken at any place of payment designated by the Issuer outside The City of New York, is a Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions in such place of payment generally are authorized or obligated by law, regulation or executive order to close.

The term “**Corresponding Tenor**” with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

The term “**Designated CMT Reuters Page**” means the Reuters Page specified in the applicable pricing supplement that displays “Treasury Constant Maturities” as reported in H.15. If no Reuters Page is so specified, then the applicable page will be Reuters Page FEDCMT. If Reuters Page FEDCMT applies but the applicable pricing supplement does not specify whether the weekly or monthly average applies, the weekly average will apply.

The term “**H.15**” means the weekly statistical release entitled “Statistical Release H.15, Selected Interest Rates”, or any successor publication, published by the Board of Governors of the Federal Reserve System.

The term “**H.15 Daily Update**” means the daily update of H.15 available through the website of the Board of Governors of the Federal Reserve System, at <http://www.federalreserve.gov/releases/h15/update/>, or any successor site or publication.

The term “**Index Maturity**” means, with respect to a Floating Rate Note, the period to maturity of the instrument or obligation on which the interest rate formula is based, as specified in the applicable pricing supplement.

The term “**Interest Payment Determination Date**” means the date two US Government Securities Business Days before each interest payment date.

The term “**ISDA Definitions**” means the 2021 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

The term “**ISDA Fallback Adjustment**” means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

The term “**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

The term “**Money Market Yield**” means a yield expressed as a percentage and calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

where:

- “D” means the annual rate for commercial paper quoted on a bank discount basis and expressed as a decimal; and
- “M” means the actual number of days in the relevant interest reset period.

The term “**Observation Period**” means, in respect of each interest period, the period from, and including, the date two US Government Securities Business Days preceding the first date in such interest period to, but excluding, the date two US Government Securities Business Days preceding the interest payment date for such interest period.

The term “**Principal Financial Center**” means (i) the capital city of the country issuing the Specified Currency in the applicable Note (which in the case of those countries whose currencies were replaced by the euro, will be Brussels, Belgium) or (ii) the capital city of the country to which the Specified Currency, if applicable, relates, except, in each case, with respect to US dollars, euros, Australian dollars, Canadian dollars, New Zealand dollars, South African rand and Swiss francs, the Principal Financial Center will be The City of New York, Sydney, Toronto, Auckland, Johannesburg and Zurich, respectively.

The term “**Reference Time**” with respect to any determination of the Benchmark means (1) if the Benchmark is Compounded SOFR or Compounded SOFR Index, the Compounded SOFR Determination Time or Compounded SOFR Index Determination Time, as applicable, and (2) if the Benchmark is not Compounded SOFR or Compounded SOFR Index, the time determined by the Issuer or its Designee in accordance with the Benchmark Replacement Conforming Changes.

The term “**Relevant Governmental Body**” means the Federal Reserve Board and/or the SOFR Administrator, or a committee officially endorsed or convened by the Federal Reserve Board and/or the SOFR Administrator or any successor thereto.

The term “**Reuters Page**” means the display on the Reuters 3000 Xtra Service, or any successor service, on the page or pages specified in this Offering Memorandum or the applicable pricing supplement, or any replacement page or pages on that service.

The term “**Reuters Page BKBM**” means the display on the Reuters Page designated as “BKBM” or any replacement page or pages on which quotations for New Zealand bank accepted bills of exchange (as defined in the Bills Exchange Act 1908 of New Zealand) are displayed.

The term “**Reuters Page US PRIME 1**” means the display on the Reuters Page designated as “US PRIME 1” (or any replacement page or pages on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

The term “**SOFR Administrator**” means the Federal Reserve Bank of New York (or a successor administrator of SOFR).

The term “**SOFR Administrator’s Website**” means the website of the Federal Reserve Bank of New York, or any successor source.

The term “**SOFR Interest Payment Determination Date**” means the date two US Government Securities Business Days before each floating rate interest payment date.

The term “**Unadjusted Benchmark Replacement**” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

The term “**US Government Securities Business Day**” means any day except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US government securities.

If, when the terms Designated CMT Reuters Page or H.15 Daily Update are used, it refers to a particular heading or headings on any of those pages, those references include any successor or replacement heading or headings as determined by the Calculation Agent.

Payment of Additional Amounts

Gross-up

Unless otherwise specified in the applicable pricing supplement, the Issuer will pay all amounts that it is required to pay on the Notes, without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or other governmental charges imposed or levied by or on behalf of New Zealand or any political subdivision or taxing authority thereof or therein unless the withholding or deduction is required by law. If the Issuer withholds or deducts any such amount from any payment on a Note, the Issuer will pay such additional amounts (the “additional amounts”) so that the net amounts received by the holder of the Note, after such withholding or deduction, will equal the amounts that such holder would have received in respect of such Note if such withholding or deduction had not been required; provided that no additional amounts shall be payable in respect of any Note:

- held or presented for payment by or on behalf of any holder, or any beneficial owner of any interest in or rights in respect of such Note, who is liable to such taxes, duties, assessments or other governmental charges in respect of such Note by reason of such holder or beneficial owner having some connection (whether past or present) with New Zealand or any political subdivision or taxing authority thereof or therein other than (a) the mere holding of such Note or (b) the receipt of principal, interest or any other amount in respect of such Note;
- held or presented for payment by or on behalf of any holder, or any beneficial owner of any interest in or rights in respect of such Note, who could lawfully avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements in force at the present time or in the future or by making a declaration of non-residence or other claim or filing for exemption;
- presented for payment more than 30 days after the date such payment became due or was provided for, whichever is the later, except to the extent that the holder of such Note would have been entitled to such additional amounts if it had presented such Note on the last day of such period of 30 days;
- for or on account of: (i) New Zealand resident withholding tax (imposed under Subpart RE of the Income Tax Act 2007 of New Zealand); or (ii) New Zealand non-resident withholding tax (imposed under Subpart RF of the Income Tax Act 2007 of New Zealand) imposed at a resident withholding tax rate as a consequence of any holder, or any beneficial owner of any interest in or right in respect of such Note, deriving interest under such Note jointly with one or more other persons at least one of whom is a resident of New Zealand for income tax purposes (in each case, for additional information, see “Tax Considerations—New Zealand Taxation”);
- where such withholding or deduction is imposed on a payment to an individual in respect of such Note and is made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such directive, or any agreement entered into by a Member State of the European Union with (a) any other state or (b) any relevant dependent or associated territory of any Member State of the European Union providing for measures equivalent to, or the same as, those provided for by any such directive;
- held or presented for payment by or on behalf of any holder, or any beneficial owner of any interest in or rights in respect of such Note, who would have been able to avoid such withholding or deduction by presenting such Note to another Paying Agent in a Member State of the European Union;
- where such withholding or deduction arises under or in connection with, or in order to ensure compliance with, (a) Sections 1471 to 1474 of the Code, including any regulations or official interpretations issued, (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above, or (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the Internal Revenue Service (the “IRS”), the US government or any governmental or taxation authority in any other jurisdiction (“FATCA”); or
- in such other circumstances as may be specified in the applicable pricing supplement.

The Issuer and any other person to or through which any payment with respect to the Notes may be made, will be entitled to withhold or deduct from any payment with respect to the Notes amounts required to be withheld or deducted under or in connection with, or in order to ensure compliance with, FATCA, and holders of the Notes and beneficial owners of the Notes will not be entitled to receive any gross up or other additional amounts on account of any such withholding or deduction. For additional information, see “Tax Considerations—Certain United States Federal Income Tax Considerations—FATCA withholding.”

New Zealand resident withholding tax

The Issuer may be required by New Zealand law to deduct New Zealand resident withholding tax from the payment of interest or other amounts in respect of a Note to the holder of such Note on any interest payment date or, if applicable, the stated maturity date (as specified in the applicable pricing supplement for such Note) if:

- (a) the person deriving the interest is:
 - (i) a resident of New Zealand for income tax purposes; or
 - (ii) a person who carries on business in New Zealand through a fixed establishment in New Zealand and holds the Note for the purposes of a business carried on through that fixed establishment; or
 - (iii) a registered bank engaged in business through a fixed establishment in New Zealand, and is not associated with the Issuer,

(a person described in any of paragraphs (a)(i) to (iii) being a “New Zealand Holder”); and

- (b) at the time of such payment the New Zealand Holder does not have RWT-exempt status;
(the expressions “fixed establishment”, “registered bank”, “associated” and “RWT-exempt status” having the meanings given in the Income Tax Act 2007 of New Zealand).

Prior to any interest payment date or, if applicable, the stated maturity date (as specified in applicable pricing supplement for such Note), any New Zealand Holder:

- (x) must notify the Issuer (i) that the New Zealand Holder is the holder of any Notes and (ii) if it derives interest under any Notes jointly with any other person; and
- (y) must notify the Issuer of any circumstances, and provide the Issuer with its New Zealand tax file number and any information (including notification of RWT-exempt status), that may enable the Issuer to make the payment of interest to the New Zealand Holder without deduction for or on account of New Zealand resident withholding tax.

A New Zealand Holder must notify the Issuer prior to any interest payment date or, if applicable, the stated maturity date (as specified in the applicable pricing supplement for such Note), of any change in the New Zealand Holder’s circumstances from those previously notified that could affect the Issuer’s payment obligations in respect of any Notes. By accepting payment of the full face amount of any Notes or any interest thereon or other amounts in respect thereof on any interest payment date or, if applicable, the stated maturity date (as specified in the applicable pricing supplement for such Note), a New Zealand Holder agrees to indemnify the Issuer and the Fiscal Agent and any other Paying Agent for all purposes on an after-tax basis in respect of any liability that the Issuer or the Fiscal Agent or any other Paying Agent may incur for not deducting any amount from such payment for or on account of New Zealand resident withholding tax.

Only a New Zealand Holder will be obliged to make the notifications referred to above and no other holder will be required to do so.

So long as the Notes are held in DTC or any other clearing system, DTC and any such other clearing system shall not be responsible to the Issuer, the Fiscal Agent or any other Paying Agent, its accountholders credited with such Notes or any other person with regard to the collection or preparation of certificates, or otherwise in connection with the above provision.

All references in this Offering Memorandum or any applicable pricing supplement, including any amendment hereof or supplement hereto, to the payment of the principal of, or any premium or interest on, any Note, shall be deemed to include the payment of additional amounts to the extent that, in that context, additional amounts are, were or would be payable under the Fiscal Agency Agreement.

Where used in the section entitled “Description of the Notes—Payment of Additional Amounts—New Zealand resident withholding tax,” “interest” means interest (as defined in the Income Tax Act 2007 of New Zealand in relation to withholding taxes), which includes the excess of the redemption amount over the issue price of any Note, as well as coupon interest paid on such Note.

Redemption of Notes in Certain Circumstances

Redemption at the Issuer’s option

In addition to being redeemable at the Issuer’s option for taxation reasons, as described below, if specified in the applicable pricing supplement, the Notes of any series shall be redeemable, in whole or in part, at the Issuer’s option, at such time or times or upon the occurrence or satisfaction of such other conditions as shall be specified in the applicable pricing supplement. Unless the applicable pricing supplement provides otherwise, if the Notes of any series are redeemable at the Issuer’s option, the Issuer may redeem the Notes of such series, in whole or in part, upon not less than 30 nor more than 60 days’ notice. If the Issuer chooses to redeem the Notes of a series in part, the Fiscal Agent will select the Notes that will be redeemed pro-rata, by lot or by such method as it determines to be fair and appropriate. The Issuer will mail the notice of redemption to the holders of Notes of such series to their last addresses appearing on the register of the Notes of such series. Unless otherwise specified in the applicable pricing supplement, the redemption price for redeeming such Notes will be equal to 100% of the principal amount of the Notes to be redeemed plus accrued interest to but excluding the date of redemption. However, if any Notes that will be redeemed are outstanding Discount Notes, such Notes can be redeemed at the redemption price calculated in accordance with the terms thereof, which will be described in the applicable pricing supplement.

Redemption for taxation reasons

The Issuer may, at its option, redeem all, but not less than all, of the Notes of a series if:

(A) there is a change in or any amendment to the laws, regulations or rulings:

- (i) of New Zealand or any political subdivision or taxing authority thereof or therein; or
- (ii) in the event of the assumption of the Issuer’s obligations by an entity organized under the laws of, or resident or deemed resident for tax purposes in, a jurisdiction other than New Zealand, or any political subdivision or taxing authority thereof or therein, of the jurisdiction in which such entity is organized or resident or deemed resident for tax purposes or any political subdivision or taxing authority thereof or therein, or

(B) there is a change in any application or interpretation of those laws, regulations or rulings,

which change or amendment becomes effective as of the time specified in (X) or (Y) below, as the case may be:

(X) with respect to taxes, duties, assessments or other governmental charges imposed or levied by or on behalf of New Zealand or any political subdivision or taxing authority thereof or therein, on or after the date the Issuer originally issued the Notes of such series; or

(Y) in the event of the assumption of the Issuer’s obligations by an entity organized under the laws of, or resident or deemed resident for tax purposes in, a jurisdiction other than New Zealand, or any political subdivision or taxing authority thereof or therein, with respect to taxes, duties, assessments or other governmental charges imposed or levied by or on behalf of such other jurisdiction or any political subdivision or taxing authority thereof or therein, on or after the date of the transaction resulting in such assumption,

and, in each case, as a result of such change or amendment, (i) the Issuer is or will become obligated to pay any additional amounts, as described under the section entitled “—Payment of Additional Amounts,” or (ii) in order to reduce the applicable rate of any New Zealand non-resident withholding tax to zero per cent, the Issuer becomes

obliged to pay approved issuer levy at a rate exceeding the rate of the levy applicable at the date of issue of the Notes (being 2%) under section 86J of the Stamp and Cheque Duties Act 1971 of New Zealand, *provided* that the Issuer delivers to the Fiscal Agent for such Notes an opinion of independent legal advisors of recognized standing to the effect that the Issuer is or will become obligated to pay such additional amounts or levy, as a result of such change or amendment.

Before the Issuer may redeem any series of Notes, it must give the Fiscal Agent and the holders of those Notes at least 30 days' written notice and not more than 60 days' written notice of its intention to redeem those Notes, *provided* that if the earliest date on which the Issuer will be or would become obligated to pay any additional amounts would occur less than 45 days after the relevant change or amendment to the applicable laws, regulations or rulings or to the application or interpretation of such laws or regulations, the Issuer may give less than 30 days' written notice but in no case less than 15 days' written notice *provided* that the Issuer gives such notice as soon as practicable in all the circumstances.

The redemption price for Notes to be redeemed will equal 100% of the principal amount of such Notes to be redeemed plus accrued but unpaid interest to, but excluding, the date of redemption. However, if any Notes that will be redeemed are outstanding Discount Notes, such Notes shall be redeemed at the redemption price calculated in accordance with the terms thereof which will be described in the applicable pricing supplement.

If, however, within 60 days of the event causing the Issuer to become liable to pay additional amounts on any Notes, the Issuer can avoid its obligation to pay additional amounts on such Notes by filing a form, making an election or taking some similar reasonable measure, that in the Issuer's sole judgment will not be adverse to the Issuer and will involve no material cost to the Issuer, then the Issuer will pursue that measure instead of redeeming such Notes.

Open Market Purchases

WNZL or any of its affiliates may at any time purchase Notes in the open market or otherwise at any price.

Mergers and Similar Transactions

The Issuer is generally permitted to consolidate or merge with another entity. It is also permitted to sell substantially all of its assets to another entity, or to buy substantially all of the assets of another entity. However, it may not take any of these actions unless:

- in the case of a merger or consolidation, the Issuer is the surviving entity, or the entity formed by such merger or consolidation or the entity that acquires its assets by sale, conveyance or transfer, expressly assumes all of its obligations under the Notes and the Fiscal Agency Agreement; and
- immediately after giving effect to such merger or consolidation, or such sale, conveyance or transfer, no Event of Default shall have occurred and be continuing; and
- the Issuer delivers to the holders of the Notes an officer's certificate and opinion of counsel, each stating that the merger, consolidation, sale, conveyance or transfer of assets complies with the Fiscal Agency Agreement and the terms of the Notes.

Defeasance of Notes

Unless the applicable pricing supplement indicates otherwise, the provisions for full defeasance and covenant defeasance described below apply to the Notes. In general, these provisions are expected to apply to each Note that has a Specified Currency of US dollars and is not a Floating Rate or Indexed Note.

Full defeasance of Notes

The Issuer can release itself from any payment or other obligations on a series of Notes (called “full defeasance”) if it implements the following arrangements for holders of such Notes:

- it must deposit in trust as collateral for the benefit of all direct holders of the Notes of such series a combination of money and US government or US government agency notes or bonds that will generate enough cash, in the written opinion of a nationally recognized firm of independent public accountants (which will be delivered to the defeasance trustee), to make interest, principal and any other payments on the Notes of such series on their various due dates; and
- it must deliver to the defeasance trustee, who may be the Fiscal Agent, a legal opinion of counsel to the effect that, based on a ruling by the IRS or a change in applicable US federal income tax law since the date of issuance of the Notes of such series, the holders of the outstanding Notes of such series will not recognize gain or loss for US federal income tax purposes as a result of such deposit and full defeasance and will be subject to US federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and full defeasance had not occurred.

In the event the Issuer accomplishes full defeasance, as described above, the holders of the affected series of Notes would have to rely solely on the trust deposit for repayment on those Notes.

Covenant defeasance of Notes

The Issuer can make the deposit described below and be released from some of the covenants with respect to a series of Notes. This is called “covenant defeasance.” In that event, the holders of such series of Notes would lose the protection of those covenants but would gain the protection of having money and securities set aside in trust to repay such series of Notes. Unless the applicable pricing supplement indicates otherwise, in order to achieve covenant defeasance, the following conditions must be satisfied:

- it must deposit in trust as collateral for the benefit of all direct holders of the Notes of such series a combination of money and US government or US government agency notes or bonds that will generate enough cash, in the written opinion of a nationally recognized firm of independent public accountants (which will be delivered to the defeasance trustee), to make interest, principal and any other payments on the Notes of such series on their various due dates;
- it must deliver to the defeasance trustee, who may be the Fiscal Agent, a legal opinion of counsel to the effect that the holders of the outstanding Notes of such series will not recognize gain or loss for US federal income tax purposes as a result of such deposit and covenant defeasance and will be subject to US federal income tax on the same amount, in the same manner and at the same times as would have been the case if such deposit and covenant defeasance had not occurred;
- no Event of Default with respect to such series of Notes or event which with notice or lapse of time or both would become an Event of Default with respect to such series of Notes will have occurred and be continuing on the date the deposit in trust described above is made;
- the covenant defeasance must not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which it is a party or by which it is bound;
- it must deliver to the Fiscal Agent and the defeasance trustee a certificate and an opinion of counsel stating that all conditions precedent to covenant defeasance have been satisfied;
- the covenant defeasance must not result in the trust described above constituting an investment company as defined in the Investment Company Act of 1940, as amended, or the trust must be qualified under that Act or exempt from regulation thereunder; and

- it must deliver to the defeasance trustee a certificate to the effect that such series of Notes, if then listed on any securities exchange, will not be delisted as a result of the deposit in trust described above.

If the Issuer accomplishes covenant defeasance, the following provisions applicable to such series of Notes would no longer apply:

- certain covenants applicable to such series of Notes; and
- the Events of Default relating to breach of covenants and acceleration of the maturity of other debt, described below under the subsection entitled “—Default, Remedies and Waiver of Default—Events of Default—Events of Default with respect to the Notes.”

If the Issuer accomplishes covenant defeasance, the holders of such series of Notes may still look to the Issuer for repayment of such Notes if there were a shortfall in the trust deposit. In fact, if one of the remaining Events of Default occurred (such as the Issuer’s bankruptcy) and such Notes become immediately due and payable, there may be such a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

Default, Remedies and Waiver of Default

Events of Default

Events of Default with respect to the Notes

An Event of Default with respect to a series of Notes means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or effected by operation of law or pursuant to any judgment, decree or order, rule or regulation of any administrative governmental body):

- the Issuer fails to pay interest on the Notes of such series when it becomes due and payable and such failure continues for a period of 30 days; or
- the Issuer fails to pay the principal of, or premium, if any, on the Notes of such series when it becomes due and payable whether at the stated maturity date, by declaration of acceleration, upon redemption or otherwise and such failure continues for a period of 15 days; or
- the Issuer fails to perform, or breaches, any material covenant or warranty of the Issuer in the Fiscal Agency Agreement applicable to such series of Notes (other than a covenant or warranty, the failure of performance or breach of which, is elsewhere in the Fiscal Agency Agreement specifically addressed or which has been included in the Fiscal Agency Agreement solely for the benefit of a series of Notes other than that of the affected series) and such failure or breach continues for a period of 60 days after it and the Fiscal Agent have received from the holders of at least 33 1/3% of the outstanding principal amount of the Notes of such series written notice specifying such failure or breach and requiring it to be remedied and stating that the notice is a “Notice of Default” under the Fiscal Agency Agreement; or
- the occurrence of a Winding-Up (as defined below) of the Issuer; or
- the Issuer ceases to carry on all or substantially all of its business, other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of the Issuer in relation to the outstanding Notes are assumed by the successor entity to which all, or substantially all, of its property, assets and undertaking of the Issuer are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented (a “Solvent Reconstruction”); or
- an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the assets or undertaking of, or an official manager is appointed to, the Issuer, or a distress or execution is

levied or enforced upon or sued out against any substantial part of the assets or undertaking of the Issuer and is not removed, paid out or otherwise discharged within 60 days unless the same is being contested in good faith; or

- the Issuer shall be unable to pay its debts as they fall due; or
- any other Event of Default provided with respect to the Notes of such series pursuant to any supplement to the Fiscal Agency Agreement.

If an Event of Default with respect to any series of Notes occurs and is continuing, then the holders of not less than 33 1/3% in outstanding principal amount of such series of Notes may declare the principal amount (or, if any Notes of that series are Discount Notes, such portion of the principal amount as may be specified in the terms of that series of Notes) of the outstanding Notes of that series to be due and payable by written notice signed by such holders delivered to the Issuer and the Fiscal Agent, and upon any such declaration and notice such principal amount (or specified amount) shall become immediately due and payable upon the first business day that is at least 8 calendar days after such notice together with any accrued interest to the date of payment thereof.

At any time after such a declaration of acceleration with respect to Notes of a series has been made and before a judgment or decree for payment of the money due has been obtained by the holders of Notes of such series, the holders of a majority in aggregate principal amount of the outstanding Notes of that series, by written notice to the Issuer and the Fiscal Agent, may rescind and annul such declaration and its consequence if:

- the Issuer has paid or deposited with the Fiscal Agent a sum sufficient to pay:
 - all overdue interest on the Notes of that series;
 - the principal of (and premium, if any, on) any Notes of that series which have become due other than by declaration of acceleration and interest thereon at the rate or rates prescribed in such Notes;
 - to the extent that payment of such interest is lawful, interest on overdue interest at the rate or rates, if any, prescribed in such Notes;
 - all sums paid or advanced by the Fiscal Agent under the Fiscal Agency Agreement and reasonable compensation, expenses, disbursements and advances of the Fiscal Agent, its agents and counsel; and
- all Events of Default with respect to Notes of that series, other than the non-payment of principal of the Notes of that series that have become due solely by such declaration or acceleration, have been cured or waived.

No such rescission shall affect any subsequent default or impair any consequent right of holders.

“Winding-Up” shall mean any procedure whereby the Issuer may be wound-up, dissolved, liquidated, sequestered or cease to exist as a body corporate whether brought or instigated by a holder of Notes or any other person, other than, in respect of the Issuer, under or in connection with a Solvent Reconstruction.

Modification of the Fiscal Agency Agreement and the Notes and Waiver of Covenants

There are three types of changes the Issuer can make to the Fiscal Agency Agreement and the Notes.

Changes requiring each holder's approval

First, there are changes that cannot be made without the written consent or the affirmative vote or approval of each holder affected by the change. Here is a list of those types of changes:

- change the due date for the payment of principal of, or premium, if any, or, other than changes set forth below under “–Changes not requiring approval”, any installment of interest on any Note;
- reduce the principal amount of any Note, the portion of any principal amount that is payable upon acceleration of the maturity of the Note, the interest rate or any premium payable upon redemption;
- change the currency of any payment on a Note;
- change the Issuer's obligation to pay additional amounts;
- shorten the period during which the redemption of Notes is not permitted or permit redemption during a period not previously permitted;
- change the place of payment on a Note;
- reduce the percentage of principal amount of the Notes outstanding necessary to modify, amend or supplement the Fiscal Agency Agreement or the Notes or to waive past defaults or future compliance;
- reduce the percentage of principal amount of the Notes outstanding required to adopt a resolution or the required quorum at any meeting of holders of Notes at which a resolution is adopted; or
- change any provision in a Note with respect to redemption at the holders' option in any manner adverse to the interests of any holder of the Notes.

Changes not requiring approval

The second type of change does not require any approval by holders of the Notes. These changes are limited to curing any ambiguity or curing, correcting or supplementing any defective provision or manifest error, or modifying the Fiscal Agency Agreement or the Notes of any series in any manner determined by the Issuer and the Fiscal Agent to be consistent with the Notes of any series affected thereby and not materially adverse to the interests of any holder of the Notes of any such series or effecting any amendment or alteration of the terms and conditions of a Compounded SOFR Note or a Compounded SOFR Index Note contemplated under “Interest Rates—Compounded SOFR Notes” or “Interest Rates—Compounded SOFR Index Notes,” including an amendment of the amount of interest due on such Compounded SOFR Note or Compounded SOFR Index Note, as applicable.

Changes requiring majority approval

Any other change to the Fiscal Agency Agreement or the Notes would require the following approval by the holders of any series of Notes affected by such change:

- the written consent of the holders of at least 50% of the aggregate principal amount of such Notes at the time outstanding; or
- the affirmative vote at a meeting at which a quorum of holders of such Notes is present by 50% of the aggregate principal amount of such Notes then outstanding represented at the meeting.

The same 50% approval would be required for the Issuer to obtain a waiver of any of the Issuer's covenants in the Fiscal Agency Agreement. Its covenants include the promises the Issuer makes about merging, which are described above under “—Mergers and Similar Transactions.” If the holders approve a waiver of a covenant, the Issuer will not have to comply with it.

The quorum at any meeting called to adopt a resolution will be persons holding or representing a majority in aggregate principal amount of the Notes of any series at the time outstanding and, at any reconvened meeting adjourned for lack of a quorum, 25% of the aggregate principal amount of the Notes of any series outstanding. For purposes of determining whether holders of the aggregate principal amount of Notes of any series required for any action or vote, or for any quorum, have taken the action or vote, or constitute a quorum, the principal amount of any particular Note may differ from its principal amount at stated maturity but will not exceed its stated face amount upon original issuance, in each case if and as indicated in the applicable pricing supplement.

Unless otherwise indicated in the applicable pricing supplement, the Issuer will be entitled to set any day as a record date for determining which holders of book-entry Notes are entitled to make, take or give requests, demands, authorizations, directions, notices, consents, waivers or other action, or to vote on actions, authorized or permitted by the Fiscal Agency Agreement. In addition, record dates for any book-entry Note may be set in accordance with procedures established by the Depositary from time to time. Therefore, record dates for book-entry Notes may differ from those for other Notes. Book-entry and other indirect owners should consult their banks or brokers for information on how approval may be granted or denied if the Issuer seeks to change the Fiscal Agency Agreement or any Notes or request a waiver.

Special Rules for Action by Holders

When holders take any action under the Fiscal Agency Agreement, such as giving a notice of default, declaring an acceleration, approving any change or waiver or giving the Fiscal Agent an instruction, the Issuer will apply the following rules.

Only outstanding Notes are eligible

Only holders of outstanding Notes will be eligible to participate in any action by holders of Notes. Also, the Issuer will count only outstanding Notes in determining whether the various percentage requirements for taking action have been met. For these purposes, a Note will not be “outstanding” if:

- it has been cancelled or surrendered for cancellation;
- the Issuer, has deposited or set aside, in trust for its holder, money for its payment or redemption;
- the Issuer has fully defeased it as described above under “—Defeasance of Notes—Full defeasance of Notes”;
- other Notes have been authenticated and delivered in lieu of or in substitution for the Note; or
- the Issuer or one of its affiliates is the owner.

Eligible principal amount of some Notes

In some situations, the Issuer may follow special rules in calculating the principal amount of a Note that is to be treated as outstanding for the purposes described above. This may happen, for example, if the principal amount is payable in a non-US dollar currency, increases over time or is not to be fixed until the maturity date.

For any Note of the kind described below, the Issuer will decide how much principal amount to attribute to the Note as follows:

- for a Discount Note, it will use the principal amount that would be due and payable on the action date if the maturity of the Note were accelerated to that date because of a default;
- for a Note whose principal amount is not known, the Issuer will use any amount that it indicates in the applicable pricing supplement for that Note. The principal amount of a Note may not be known, for

example, because it is based on an index that changes from time to time and the principal amount is not to be determined until a later date; or

- for Notes with a principal amount denominated in one or more non-US dollar currencies or currency units, the Issuer will use the US dollar equivalent, which it will determine.

Form, Exchange and Transfer of Notes

If any Notes cease to be issued in registered global form, they will be issued:

- only in fully registered form;
- without interest coupons; and
- unless the applicable pricing supplement indicates otherwise, in denominations of US\$200,000 (or, in the case of Notes not denominated in US dollars, the equivalent thereof in such currency, rounded down to the nearest 1,000 units of such foreign currency) and integral multiples of US\$1,000 in excess thereof (or, in the case of Notes not denominated in US dollars, 1,000 units of such foreign currency). Notwithstanding the above, Notes offered and sold to the public in the EEA or in the United Kingdom shall have a minimum denomination of €100,000 or its equivalent.

Holders may exchange their Notes for Notes of smaller denominations or combine them into fewer Notes of larger denominations, as long as the total principal amount is not changed. You may not exchange its Notes for Notes of a different series or having different terms, unless the applicable pricing supplement says you may.

Holders may exchange or transfer their Notes at the office of the Fiscal Agent. They may also replace lost, stolen, destroyed or mutilated Notes at that office. The Issuer has appointed the Fiscal Agent to act as its agent for registering Notes in the names of holders and transferring and replacing Notes. The Issuer may appoint another entity to perform these functions or perform them itself.

Holders will not be required to pay a service charge to transfer or exchange their Notes, but they may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange, and any replacement, will be made only if the Issuer's transfer agent is satisfied with the holder's proof of legal ownership. The transfer agent may require an indemnity before replacing any Notes.

If the Issuer has designated additional transfer agents for your Note, they will be named in the applicable pricing supplement. The Issuer may appoint additional transfer agents or cancel the appointment of any particular transfer agent. The Issuer may also approve a change in the office through which any transfer agent acts.

If any Notes are redeemable and the Issuer redeems less than all those Notes, the Issuer may block the transfer or exchange of those Notes during the period beginning 15 calendar days before the day it mails the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing, and refuse to register transfers of or exchange any Note selected for redemption, except that the Issuer will continue to permit transfers and exchanges of the unredeemed portion of any Note being partially redeemed.

If a Note is issued as a Global Note, only the Depositary—*e.g.*, DTC, Euroclear and Clearstream, Luxembourg—will be entitled to transfer and exchange the Note as described in this subsection, since the Depositary will be the sole holder of the Note.

The rules for exchange described above apply to exchange of Notes for other Notes of the same series and kind. If a Note is convertible, exercisable or exchangeable into or for a different kind of security, such as one that the Issuer has not issued, or for other property, the rules governing that type of conversion, exercise or exchange will be described in the applicable pricing supplement.

Payment Mechanics for Notes

Who receives payment?

If interest is due on a Note on an interest payment date, the Issuer will pay the interest to the person in whose name the Note is registered at the close of business on the Regular Record Date relating to the interest payment date as described below under “—Payment and Record Dates for Interest.” If interest is due at the maturity date, it will pay the interest to the person entitled to receive the principal of the Note. If principal or another amount besides interest is due on a Note at the maturity date, it will pay the amount to the holder of the Note against surrender of the Note at a proper place of payment or, in the case of a Global Note, in accordance with the applicable policies of the Depositary, which will be DTC, Euroclear or Clearstream, Luxembourg.

Payment and Record Dates for interest

Unless otherwise specified in the applicable pricing supplement, interest on any Fixed Rate Note will be payable annually or semiannually on the date or dates set forth in the applicable pricing supplement and at the maturity date. Unless otherwise specified in the applicable pricing supplement, the Regular Record Date relating to an interest payment date for any Note will be the 15th calendar day before that interest payment date. These record dates will apply regardless of whether a particular record date is a “business day”, as defined above. For the purpose of determining the holder at the close of business on a Regular Record Date when business is not being conducted, the close of business will mean 5:00 P.M., New York City time, on that day.

How WNZL will make payments due in US dollars

The Issuer will follow the practice described in this subsection when paying amounts due in US dollars. Payments of amounts due in other currencies will be made as described in the next subsection.

Payments on Global Notes. The Issuer will make payments on a Global Note in accordance with the applicable policies as in effect from time to time of the Depositary, which will be DTC, Euroclear or Clearstream, Luxembourg. Under those policies, it will pay directly to the Depositary, or its nominee, and not to any indirect owners who own beneficial interests in the Global Note. An indirect owner’s right to receive those payments will be governed by the rules and practices of the Depositary and its participants, as described below in the section entitled “Legal Ownership and Book Entry Issuance—What Is a Global Note?”

Payments on Non-Global Notes. The Issuer will make payments on a Note in non-global, registered form as follows. It will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the Fiscal Agent’s records as of the close of business on the Regular Record Date. It will make all other payments by check at the office of the Fiscal Agent described below, against surrender of the Note. All payments by check will be made in next-day funds—i.e., funds that become available on the day after the check is cashed.

Alternatively, if a non-Global Note has a face amount of at least US\$5,000,000, or such lesser principal amount as it may from time to time determine, and the holder asks the Issuer to do so, the Issuer will pay any amount that becomes due on the Note by wire transfer of immediately available funds to an account at a bank in New York City, on the due date. To request wire payment, the holder must give the Fiscal Agent appropriate wire transfer instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person or entity who is the holder on the relevant Regular Record Date. In the case of any other payment, payment will be made only after the Note is surrendered to the Fiscal Agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive payments on their Notes.

How WNZL will make payments due in other currencies

The Issuer will follow the practice described in this subsection when paying amounts that are due in a Specified Currency other than US dollars.

Payments on Global Notes. The Issuer will make payments on a Global Note in accordance with the applicable policies as in effect from time to time of the Depositary, which will be DTC, Euroclear or Clearstream, Luxembourg. Unless it specifies otherwise in the applicable pricing supplement, DTC will be the Depositary for all Notes in global form. It understands that DTC's policies, as currently in effect, are as follows.

Unless otherwise indicated in the applicable pricing supplement, if an indirect owner of Global Notes denominated in a Specified Currency other than US dollars has the right to elect to receive payments in that other currency and desires to so elect, such indirect owner must notify the participant through which its interest in the Global Note is held of its election:

- on or before the applicable Regular Record Date, in the case of a payment of interest; or
- on or before the 16th day before the stated maturity, or any redemption or repayment date, in the case of payment of principal or any premium.

The participant must, in turn, notify DTC of the indirect owner's election on or before the 3rd DTC business day after that Regular Record Date, in the case of a payment of interest, and on or before the 12th DTC business day before the stated maturity, or on the redemption or repayment date if the Note is redeemed or repaid earlier, in the case of a payment of principal or any premium. A "DTC business day" is a day on which DTC is open for business.

DTC, in turn, will notify the Fiscal Agent of the indirect owner's election in accordance with DTC's procedures.

If complete instructions are received by the participant and forwarded by the participant to DTC, and by DTC to the Fiscal Agent, on or before the dates noted above, the Fiscal Agent, in accordance with DTC's instructions, will make the payments to such indirect owner or its participant by wire transfer of immediately available funds to an account maintained by the payee with a bank located in the country issuing the Specified Currency or in another jurisdiction acceptable to the Issuer and the Fiscal Agent.

If the foregoing steps are not properly completed, DTC is expected to inform the Fiscal Agent that payment is to be made in US dollars. In that case, the Issuer or its agent will convert the payment to US dollars in the manner described below under "—Conversion to US Dollars." It is expected that the Issuer or its agent will then make the payment in US dollars to DTC, and that DTC in turn will pass it along to its participants.

Book-entry and other indirect owners of a Global Note denominated in a currency other than US dollars should consult their banks or brokers for information on how to request payment in the Specified Currency.

Payments on Non-Global Notes. Except as described in the next to last paragraph under this heading, the Issuer will make payments on Notes in non-global form in the applicable Specified Currency. It will make these payments by wire transfer of immediately available funds to any account that is maintained in the applicable Specified Currency at a bank designated by the holder and is acceptable to the Issuer and the Fiscal Agent. To designate an account for wire payment, the holder must give the Fiscal Agent appropriate wire instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person or entity who is the holder on the Regular Record Date. In the case of any other payment, the payment will be made only after the Note is surrendered to the Fiscal Agent. Any instructions, once properly given, will remain in effect unless and until new instructions are properly given in the manner described above.

If a holder fails to give instructions as described above, the Issuer will notify the holder at the address in the Fiscal Agent's records and will make the payment within five business days after the holder provides appropriate instructions. Any late payment made in these circumstances will be treated under the Fiscal Agency Agreement as if made on the due date, and no interest will accrue on the late payment from the due date to the date paid.

Although a payment on a Note in non-global form may be due in a Specified Currency other than US dollars, the Issuer will make the payment in US dollars if the holder asks the Issuer to do so. To request a US dollar payment, the holder must provide appropriate written notice to the Fiscal Agent at least five business days before the next due date for which payment in US dollars is requested. In the case of any interest payment due on an interest payment date, the request must be made by the person or entity who is the holder on the Regular Record Date. Any request, once properly made, will remain in effect unless and until revoked by notice properly given in the manner described above.

Book-entry and other indirect owners of a non-Global Note with a Specified Currency other than US dollars should contact their banks or brokers for information about how to receive payments in the Specified Currency or in US dollars.

Conversion to US Dollars. When the Issuer is asked by a holder to make payments in US dollars of an amount due in another currency, either on a Global Note or a non-Global Note as described above, the exchange rate agent described below will calculate the US dollar amount the holder receives in the exchange rate agent's discretion. A holder that requests payment in US dollars will bear all associated currency exchange costs, which will be deducted from the payment.

When the Specified Currency is not available. If the Issuer is obligated to make any payment in a Specified Currency other than US dollars, and the Specified Currency or any successor currency is not available to the Issuer or cannot be paid to you due to circumstances beyond the Issuer's control—such as the imposition of exchange controls or a disruption in the currency markets—the Issuer will be entitled to satisfy its obligation to make the payment in that Specified Currency by making the payment in US dollars, on the basis of the exchange rate determined by the exchange rate agent in its discretion.

The foregoing will apply to any Note, whether in global or non-global form, and to any payment, including a payment at the maturity date. Any payment made under the circumstances and in a manner described above will not result in a default under any Note or the Fiscal Agency Agreement.

Exchange Rate Agent. If the Issuer issues a Note in a Specified Currency other than US dollars, it will appoint a financial institution to act as the exchange rate agent and will name the institution initially appointed when the Note is originally issued in the applicable pricing supplement. The Issuer may select one of its affiliates to perform this role. The Issuer may also change the exchange rate agent from time to time after the issue date of the Note without your consent and without notifying you of the change.

All determinations made by the exchange rate agent will be in its sole discretion unless this Offering Memorandum or the applicable pricing supplement, including any amendment hereof or supplement hereto, states that any determination requires the Issuer's approval. In the absence of manifest error, those determinations will be conclusive for all purposes and binding on you and the Issuer, without any liability on the part of the exchange rate agent.

Paying Agent

The Issuer may appoint one or more financial institutions to act as its paying agents, at whose designated offices Notes in non-global entry form may be surrendered for payment at their maturity. Each of those financial institutions is called a "Paying Agent." The Issuer may add, replace or terminate Paying Agents from time to time; provided that at all times there will be a Paying Agent in the Borough of Manhattan, The City of New York. It may also choose to act as its own Paying Agent. Initially, the Issuer has appointed the Fiscal Agent, at its corporate trust office in New York City, as the Paying Agent. The Issuer must notify the Fiscal Agent of changes in the Paying Agents.

Unclaimed Payments

Regardless of who acts as Paying Agent, all money paid by the Issuer to a Paying Agent that remains unclaimed at the end of two years after the amount is due to a holder will be repaid to the Issuer. After that two-year period, the holder may look only to the Issuer for payment and not to the Fiscal Agent, any other Paying Agent or anyone else.

Notices

Notices to be given to holders of a Global Note will be given only to the Depositary, in accordance with its applicable policies as in effect from time to time. Notices to be given to holders of Notes not in global form will be sent by mail to the respective addresses of the holders as they appear in the Fiscal Agent's records, and will be deemed given when mailed. Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder. Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive notices.

The Relationship of the Issuer with the Fiscal Agent

The Bank of New York Mellon is initially serving as the Fiscal Agent for the Notes issued under the Fiscal Agency Agreement. The Bank of New York Mellon has provided commercial banking and other services for the Issuer and its affiliates in the past and may do so in the future.

Successor Fiscal Agent

The Fiscal Agency Agreement provides that the Fiscal Agent may be removed by the Issuer at any time or may resign upon 60 days prior written notice to the Issuer or any shorter period that the Issuer accepts, effective upon the acceptance by a successor fiscal agent of its appointment. The Fiscal Agency Agreement provides that any successor fiscal agent must have an established place of business in the Borough of Manhattan, The City of New York and a combined capital and surplus in excess of US\$50,000,000. The Issuer must notify the holders of the Notes of the appointment of a successor Fiscal Agent.

Governing Law

The Fiscal Agency Agreement and the Notes will be governed by, and construed in accordance with, the laws of the State of New York without reference to the State of New York principles regarding conflicts of laws. The Issuer has appointed WBC's New York branch, 575 Fifth Avenue, 39th Floor, New York, New York 10017-2422, Attention: Legal Department, as its agent for service of process in The City of New York in connection with any action arising out of the offering and sale of the Notes or enforcement of the terms of the Fiscal Agency Agreement.

LEGAL OWNERSHIP AND BOOK ENTRY ISSUANCE

In this section, special considerations that will apply to Notes issued in global form—i.e., book-entry form—are described. First, the difference between legal ownership and indirect ownership of Notes is described. Then, the special provisions that apply to Global Notes are described.

Legal Ownership of a Note

Each Note will be represented by one or more global securities representing the entire issuance of a series of Notes, or in limited circumstances, by a certificate issued in definitive form to an investor. The persons in whose names Notes are registered on the books that WNZL or the Fiscal Agent or other agent maintain for this purpose, are referred to as the “holders” of those Notes. Global Notes will be registered in the name of the Depositary for such Notes or its nominee. These persons are the legal holders of the Notes. Those who, indirectly through others, own beneficial interests in Notes that are not registered in their own names are referred to as indirect owners of those Notes. As discussed below, indirect owners are not legal holders, and investors in Notes issued in book-entry form or in street name will be indirect owners.

Book-entry owners

WNZL will issue each Note in book-entry form only. This means Notes will be represented by one or more Global Notes registered in the name of a financial institution that holds them as Depositary on behalf of other financial institutions that participate in the Depositary’s book-entry system. These participating institutions, in turn, hold beneficial interests in the Notes on behalf of themselves or their customers.

Under the Fiscal Agency Agreement, only the person in whose name a Note is registered is recognized as the holder of that Note. Consequently, for Notes issued in global form, WNZL will recognize only the Depositary as the holder of the Notes and it will make all payments on the Notes, including deliveries of any property other than cash, to the Depositary. The Depositary passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The Depositary and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the Notes.

As a result, investors will not own Notes directly. Instead, they will own beneficial interests in a Global Note, through a bank, broker or other financial institution that participates in the Depositary’s book-entry system or holds an interest through a participant. As long as the Notes are issued in global form, investors will be indirect owners, and not holders, of the Notes.

Street name owners

In the future, WNZL may terminate a Global Note or issue Notes initially in non-global form. In these cases, investors may choose to hold their Notes in their own names or in street name. Notes held by an investor in street name would be registered in the name of a bank, broker or other financial institution that the investor chooses, and the investor would hold only a beneficial interest in those Notes through an account he or she maintains at that institution.

For Notes held in street name, WNZL will recognize only the intermediary banks, brokers and other financial institutions in whose names the Notes are registered as the holders of those Notes and it will make all payments on those Notes, including deliveries of any property other than cash, to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so; they are not obligated to do so under the terms of the Notes. Investors who hold Notes in street name will be indirect owners, not holders, of those Notes.

Legal holders

WNZL's obligations, as well as the obligations of the Fiscal Agent under the Fiscal Agency Agreement, and the obligations, if any, of any third parties employed by WNZL or any other agent, run only to the holders of the Notes. WNZL has no obligations to investors who hold beneficial interests in Global Notes, in street name or by any other indirect means. This will be the case whether an investor chooses to be an indirect owner of a Note or has no choice because WNZL is issuing the Notes only in global form.

For example, once WNZL makes a payment or gives a notice to the holder, WNZL has no further responsibility for that payment or notice even if that holder is required, under agreements with Depositary participants or customers or by law, to pass it along to the indirect owners but does not do so. Similarly, if WNZL wants to obtain the approval of the holders for any purpose—e.g., to amend the Fiscal Agency Agreement or to relieve WNZL of the consequences of a default or of its obligation to comply with a particular provision of the Fiscal Agency Agreement—WNZL would seek the approval only from the holders, and not the indirect owners, of the relevant Notes. Whether and how the holders contact the indirect owners is up to the holders.

References to “you” or an “investor” or “investors” in this Offering Memorandum mean those who invest in the Notes being offered by this Offering Memorandum, whether they are the holders or only indirect owners of those Notes. References to “your Notes” in this Offering Memorandum mean the Notes in which you will hold a direct or indirect interest.

Special considerations for indirect owners

If you hold Notes through a bank, broker or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out:

- how it handles securities payments and notices;
- whether it imposes fees or charges;
- whether and how you can instruct it to exercise any rights to purchase or sell Notes or to exchange or convert a Note for or into other property;
- how it would handle a request for the holders' consent, if ever required;
- whether and how you can instruct it to send you Notes registered in your own name so you can be a holder, if that is permitted in the future;
- how it would exercise rights under the Notes if there were a default or other event triggering the need for holders to act to protect their interests; and
- if the Notes are in book-entry form, how the Depositary's rules and procedures will affect these matters.

What Is a Global Note?

WNZL will issue each Note in book-entry form only. Each Note issued in book-entry form will be represented by a Global Note that WNZL deposits with and registers in the name of one or more financial institutions or clearing systems, or their nominees, which it selects. A financial institution or clearing system that it selects for any Note for this purpose is called the “Depositary” for that Note. A Note will usually have only one Depositary but it may have more.

A Global Note may represent one or any other number of individual Notes. Generally, all Notes represented by the same Global Note will have the same terms. A Global Note may not be transferred to or registered in the name of anyone other than the Depositary or its nominee, unless special termination situations arise. Those situations are described below under “—Holder's Option to Obtain a Non-Global Note; Special Situations When a Global Note Will be Terminated.” As a result of these arrangements, the Depositary, or its nominee, will be the sole registered owner and holder of all Notes represented by a Global Note, and investors will be permitted to

own only indirect interests in a Global Note. Indirect interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the Depositary or with another institution that does. Thus, an investor whose Note is represented by a Global Note will not be a holder of the Note, but only an indirect owner of an interest in the Global Note.

If the applicable pricing supplement for a particular Note indicates that the Note will be issued in book-entry form only, then the Note will be represented by a Global Note at all times unless and until the Global Note is terminated. The situations in which this can occur are described below under “—Holder’s Option to Obtain a Non-Global Note; Special Situations When a Global Note Will be Terminated.” If termination occurs, WNZL may issue the Notes through another book-entry clearing system or decide that the Notes may no longer be held through any book-entry clearing system.

Special considerations for Global Notes

As an indirect owner, an investor’s rights relating to a Global Note will be governed by the account rules of the Depositary and those of the investor’s financial institution or other intermediary through which it holds its interest (e.g., Euroclear or Clearstream, Luxembourg, if DTC is the Depositary), as well as general laws relating to securities transfers. WNZL does not recognize this type of investor or any intermediary as a holder of Notes and instead deals only with the Depositary that holds the Global Note.

If Notes are issued only in the form of a Global Note, an investor should be aware of the following:

- an investor cannot cause the Notes to be registered in his or her own name, and cannot obtain non-global certificates for his or her interest in the Notes, except in the special situations described below;
- an investor will be an indirect holder and must look to his or her own bank or broker for payments on the Notes and protection of his or her legal rights relating to the Notes, as described above under “—Legal Ownership of a Note”;
- an investor may not be able to sell interests in the Notes to some insurance companies and other institutions that are required by law to own their securities in non-book-entry form;
- an investor may not be able to pledge his or her interest in a Global Note in circumstances where certificates representing the Notes must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;
- the Depositary’s policies will govern payments, deliveries, transfers, exchanges, notices and other matters relating to an investor’s interest in a Global Note, and those policies may change from time to time. WNZL and the Fiscal Agent will have no responsibility for any aspect of the Depositary’s policies, actions or records of ownership interests in a Global Note. WNZL and the Fiscal Agent also do not supervise the Depositary in any way;
- the Depositary will require that those who purchase and sell interests in a Global Note within its book-entry system use immediately available funds and your broker or bank may require you to do so as well; and
- financial institutions that participate in the Depositary’s book-entry system and through which an investor holds its interest in the Global Notes, directly or indirectly, may also have their own policies affecting payments, deliveries, transfers, exchanges, notices and other matters relating to the securities, and those policies may change from time to time. For example, if you hold an interest in a global security through Euroclear or Clearstream, Luxembourg, when DTC is the Depositary, Euroclear or Clearstream, Luxembourg, as applicable, will require those who purchase and sell interests in that Note through them to use immediately available funds and comply with other policies and procedures, including deadlines for giving instructions as to transactions that are to be effected on a particular day. There may be more than one financial intermediary in the chain of ownership for an investor. WNZL

and the Fiscal Agent do not monitor and are not responsible for the policies or actions or records of ownership interests of any of those intermediaries.

Delivery and form

Notes issued pursuant to Rule 144A initially will be represented by one or more Global Notes (collectively, the “Rule 144A Global Notes”). Notes issued in reliance on Regulation S initially will be represented by one or more Global Notes (collectively, the “Regulation S Global Notes”). Upon issuance, the Global Notes will be deposited with the Fiscal Agent as custodian for DTC, in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See “—Exchanges among the Global Notes.”

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for Notes in the definitive form except in the limited circumstances described below. See “—Holder’s Option to Obtain a Non-Global Note; Special Situations When a Global Note Will be Terminated.”

Exchanges among the Global Notes

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note upon receipt by the Fiscal Agent of a written certificate in the form provided in the Fiscal Agency Agreement that such transfer is being made in accordance with Rule 903 or 904 of Regulation S.

Beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in a Rule 144A Global Note upon receipt by the Fiscal Agent of a written certificate in the form provided in the Fiscal Agency Agreement that such transfer is being made in accordance with Rule 144A.

The Notes (including beneficial interests in the Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “Notice to Investors.” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream, Luxembourg) which may change from time to time.

Holder’s Option to Obtain a Non-Global Note; Special Situations When a Global Note Will Be Terminated

If WNZL issues any Notes in book-entry form but it chooses to give the beneficial owners of those Notes the right to obtain non-Global Notes, any beneficial owner entitled to obtain non-Global Notes may do so by following the applicable procedures of the Depositary, any transfer agent or registrar for that series and that owner’s bank, broker or other financial institution through which that owner holds its beneficial interest in the Notes. If you are entitled to request a non-global certificate and wish to do so, you will need to allow sufficient lead time to enable WNZL or its agent to prepare the requested certificate.

In addition, in a few special situations described below, a Global Note will be terminated and interests in it will be exchanged for certificates in non-global form representing the Notes it represented. After that exchange, the choice of whether to hold the Notes directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a Global Note transferred on termination to their own names, so that they will be holders. The rights of holders and street name investors are described above under “—Legal Ownership of a Note.”

The special situations for termination of a Global Note are as follows:

- if the Depositary notifies WNZL that it is unwilling, unable or no longer qualified to continue as Depositary for that Global Note;
- if WNZL notifies the Fiscal Agent that it wishes to terminate that Global Note; or
- an Event of Default has occurred with regard to these Notes and has not been cured or waived.

If a Global Note is terminated, only the Depositary, and not WNZL or the Fiscal Agent, is responsible for deciding the names of the institutions in whose names the Notes represented by the Global Note will be registered and, therefore, who will be the holders of those Notes.

Considerations Relating to Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg are securities clearance systems in Europe. Both systems clear and settle securities transactions between their participants through electronic, book-entry delivery of securities against payment. Euroclear and Clearstream, Luxembourg may hold interests in the Global Note as participants in DTC.

Payments, deliveries, transfers, exchanges, notices and other matters relating to the Notes made through Euroclear or Clearstream, Luxembourg must comply with the rules and procedures of those systems. Those systems could change their rules and procedures at any time. WNZL has no control over those systems or their participants and it takes no responsibility for their activities. Transactions between participants in Euroclear or Clearstream, Luxembourg, on the one hand, and participants in DTC, on the other hand, when DTC is the Depositary, would also be subject to DTC's rules and procedures.

Notes which are accepted for clearance through Euroclear and Clearstream, Luxembourg systems will be allocated a Common Code and an International Securities Identification Number, or ISIN. The Common Code and ISIN will be included in the applicable pricing supplement applicable to such Notes.

Special timing considerations for transactions in Euroclear and Clearstream, Luxembourg

Investors will be able to make and receive through Euroclear and Clearstream, Luxembourg payments, deliveries, transfers, exchanges, notices and other transactions involving any Notes held through those systems only on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, US investors who hold their interests in the Notes through these systems and wish to transfer their interests, or to receive or make a payment or delivery or exercise any other right with respect to their interests, on a particular day may find that the transaction will not be effected until the next business day in Luxembourg or Brussels, as applicable. Thus, investors who wish to exercise rights that expire on a particular day may need to act before the expiration date. In addition, investors who hold their interests through both DTC and Euroclear or Clearstream, Luxembourg may need to make special arrangements to finance any purchases or sales of their interests between the US and European clearing systems, and those transactions may settle later than would be the case for transactions within one clearing system.

TAX CONSIDERATIONS

Certain United States Federal Income Tax Considerations

The following is a general discussion of certain US federal income tax considerations relating to the purchase, ownership and disposition of the Notes by US Holders (as defined below) who purchase the Notes in an offering of Notes at their issue price (determined as set forth below) and hold the Notes as capital assets within the meaning of section 1221 of the Code. This discussion does not address all of the tax considerations that may be relevant to US Holders in light of their particular circumstances (including accrual method US Holders that have an “applicable financial statement”) or to US Holders subject to special rules under US federal income tax laws, such as banks, insurance companies, retirement plans, regulated investment companies, real estate investment trusts, dealers in securities, brokers, tax-exempt entities, certain former citizens or residents of the United States, US Holders who hold the Notes as part of a “straddle”, “hedging”, “conversion” or other integrated transaction, US Holders who mark their securities to market for US federal income tax purposes or US Holders whose functional currency is not the US dollar. In addition, this discussion does not address the effect of any state, local or non-US tax laws or any US federal estate, gift or alternative minimum tax considerations.

This discussion is based on the Code, the Treasury Regulations promulgated thereunder and administrative and judicial pronouncements, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This discussion does not describe the US federal income tax considerations relating to the purchase, ownership or disposition of a Note that is treated as a “contingent payment debt instrument” (under applicable Treasury Regulations), a Note with a maturity later than 30 years from its date of issuance, an Indexed Note, a Note that does not obligate us to repay an amount equal to at least the issue price of the Note, or certain “variable rate debt instruments” (under applicable Treasury Regulations), and a general discussion of any materially different US federal income tax considerations relating to any such Note will be included in the applicable pricing supplement if such Note is offered to US investors.

For purposes of this discussion, the term “US Holder” means a beneficial owner of a Note that is, for US federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States or of any state thereof or the District of Columbia, (iii) an estate the income of which is subject to US federal income taxation regardless of its source, or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions, or certain electing trusts that were in existence on August 19, 1996 and were treated as domestic trusts on that date.

If an entity treated as a partnership for US federal income tax purposes invests in a Note, the US federal income tax considerations relating to such investment will generally depend in part upon the status and activities of such entity and its partners. Such an entity should consult its own tax advisor regarding the US federal income tax considerations applicable to it and its partners of the purchase, ownership and disposition of such Note.

PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE US FEDERAL INCOME AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR NON-US TAX LAWS.

Interest and original issue discount

Each US Holder of a Note must include in income payments of “qualified stated interest” (as described below) in respect of such Note in accordance with such US Holder’s method of accounting for US federal income tax purposes as ordinary interest income. In general, if the issue price of a Note, determined by the first price at which a substantial amount of the Notes of a series are sold (ignoring sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers), is less than the “stated redemption price at maturity” (as described below) of such Note by an amount that is equal to or more than a *de minimis* amount, a US Holder will be considered to have purchased such Note with original issue discount (“OID”). In general, the *de minimis* amount is equal to 1/4 of 1 percent of the stated redemption price at maturity of

a Note multiplied by the number of complete years to maturity (or, in the case of a Note providing for the payment of any amount other than qualified stated interest prior to maturity, multiplied by the weighted average maturity of the Note). If a US Holder acquires a Note with OID, then regardless of such US Holder's method of accounting for US federal income tax purposes, such US Holder generally will be required to accrue its *pro rata* share of OID on such Note on a constant-yield basis and include such accruals in gross income, whether or not such US Holder will have received any cash payment on such Note. Any amount not treated as OID because it is *de minimis* generally must be included in income (generally as gain from the sale of a Note) as principal payments are received in the proportion that each such payment bears to the original principal amount of the Note. Special rules apply to Notes with a fixed maturity of one year or less. See below under “—Short-Term Notes.”

“Stated redemption price at maturity” generally means the sum of all payments to be made on a Note other than payments of “qualified stated interest.” “Qualified stated interest” generally means stated interest that is unconditionally payable at least annually at a single fixed rate, or in the case of a variable rate debt instrument (as defined below), at a single qualified floating rate or single objective rate (as such terms are defined below). If a Note is a variable rate debt instrument but interest is payable at a rate other than a single qualified floating rate or a single objective rate, the special rules that apply to such Notes will be described in the applicable pricing supplement.

In the case of a Note that is a variable rate debt instrument, the amount of qualified stated interest and the amount of OID, if any, that accrues during an accrual period is generally determined by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate (each as defined below), the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate or (ii) in the case of an objective rate (as defined below, and other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the debt instrument, and the qualified stated interest (or, if there is no qualified stated interest, OID) allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to clause (i) or (ii), as applicable. If applicable to any Notes, the special rules that apply to a variable rate debt instrument that provides for stated interest at a fixed rate under certain circumstances will be described in the applicable pricing supplement.

A “variable rate debt instrument” is a debt instrument that (i) has an issue price that does not exceed the total noncontingent principal payments by more than an amount equal to the lesser of (a) 0.015 multiplied by the product of such total noncontingent principal payments and the number of complete years to maturity of the instrument (or, in the case of a Note providing for the payment of any amount other than qualified stated interest prior to maturity, multiplied by the weighted average maturity of the Note) or (b) 15 percent of the total noncontingent principal payments, (ii) provides for stated interest (compounded or paid at least annually) at the current value of (a) one or more qualified floating rates, (b) a single fixed rate and one or more qualified floating rates, (c) a single objective rate or (d) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (iii) does not provide for any principal payments that are contingent. The current value of a rate is the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A “qualified floating rate” is generally a floating rate under which variations in the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which a debt instrument is denominated. A multiple of a qualified floating rate is not a qualified floating rate unless the relevant multiplier is (i) fixed at a number that is greater than 0.65 but not more than 1.35 or (ii) fixed at a number that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. A variable rate is not considered a qualified floating rate if the variable rate is subject to a cap, floor, governor (i.e., a restriction on the amount of increase or decrease in the stated interest rate) or similar restriction that is reasonably expected as of the issue date to cause the yield on the Note to be significantly more or less than the expected yield determined without the restriction (other than a cap, floor, governor or similar restriction that is fixed throughout the term of the Note).

An “objective rate” is a rate (other than a qualified floating rate) that is determined using a single fixed formula and that is based on objective financial or economic information. However, an objective rate does not include a rate based on information that is within the control of the issuer (or certain related parties of the issuer) or that is unique to the circumstances of the issuer (or certain related parties of the issuer), such as dividends, profits or

the value of the issuer's stock. A "qualified inverse floating rate" is an objective rate (i) that is equal to a fixed rate minus a qualified floating rate and (ii) the variations in which can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate (disregarding any caps, floors, governors or similar restrictions that would not, as described above, cause a rate to fail to be a qualified floating rate). Notwithstanding the first sentence of this paragraph, a rate is not an objective rate if it is reasonably expected that the average value of the rate during the first half of the Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Note's term. The IRS may designate rates other than those specified above that will be treated as objective rates. As of the date of this Offering Memorandum, no other rates have been designated.

If interest on a Note is stated at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the issue date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate, as the case may be. A fixed rate and a variable rate will be conclusively presumed to meet the requirements of the preceding sentence if the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 0.25 percentage points (25 basis points).

If a Floating Rate Note does not qualify as a variable rate debt instrument (as described above) or otherwise provides for contingent payments, or if a Fixed Rate Note provides for contingent payments, such Note may constitute a "contingent payment debt instrument." Interest payable on a contingent payment debt instrument is not treated as qualified stated interest. If applicable to any Notes, the special rules applicable to contingent payment debt instruments will be described in the applicable pricing supplement.

In general, the following rules apply if (i) a Note provides for one or more alternative payment schedules applicable upon the occurrence of a contingency or contingencies and the timing and amounts of the payments that comprise each payment schedule are known as of the issue date and (ii) either a single payment schedule is significantly more likely than not to occur or the Note provides us or the holder with an unconditional option or options exercisable on one or more dates during the term of the Note. If based on all the facts and circumstances as of the issue date a single payment schedule for a Note, including the stated payment schedule, is significantly more likely than not to occur, then, in general, the yield and maturity of the Note are computed based on this payment schedule. If we have or the holder has an unconditional option or options that, if exercised, would require payments to be made on the Note under an alternative payment schedule or schedules, then (i) in the case of an option or options exercisable by us, we will be deemed to exercise or not exercise an option or combination of options in the manner that minimizes the yield on the Note and (ii) in the case of an option or options exercisable by a holder, the holder will be deemed to exercise or not exercise an option or combination of options in the manner that maximizes the yield on the Note. Notes subject to the above rules will not be treated as contingent payment debt instruments as a result of the contingencies described above. If a contingency (including the exercise of an option) actually occurs or does not occur contrary to an assumption made according to the above rules (a "Change in Circumstances"), then, except to the extent that a portion of the Note is repaid as a result of a Change in Circumstances and solely for purposes of the accrual of OID, the Note is treated as retired and then reissued on the date of the Change in Circumstances for an amount equal to the Note's adjusted issue price on that date.

A US Holder may elect to treat all interest on any Note as OID and calculate the amount includible in gross income under the constant yield method. For purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium. The election must be made for the taxable year in which a US Holder acquires a Note, and may not be revoked without the consent of the IRS.

Premium

If the amount paid by a US Holder for a Note exceeds the stated redemption price at maturity of such Note, such US Holder generally will be considered to have purchased such Note at a premium equal in amount to such excess. In this event, such US Holder may elect to amortize such premium, based generally on a constant-yield basis, as an offset to interest income over the remaining term of such Note. In the case of a Note that may be redeemed prior to maturity, the premium amortization and redemption date are calculated assuming that we and the

US Holder will exercise or not exercise redemption rights in a manner that maximizes the US Holder's yield. It is unclear how premium amortization is calculated when the redemption date or the amount of any redemption premium is uncertain. The election to amortize bond premium, once made, will apply to all debt obligations held or subsequently acquired by the electing US Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Short-Term Notes

Notes that have a fixed maturity of one year or less ("Short-Term Notes") will be treated as issued with OID. In general, an individual or other US Holder that uses the cash method of accounting is not required to accrue such OID unless such US Holder elects to do so. If such an election is not made, any gain recognized by such US Holder on the sale, exchange, redemption or other disposition of a Short-Term Note will be ordinary income to the extent of the OID accrued on a straight-line basis, or upon election under the constant yield method (based on daily compounding), through the date of sale, exchange, redemption or other disposition, and a portion of the deduction otherwise allowable to such US Holder for interest on borrowings allocable to the Short-Term Note will be deferred until a corresponding amount of income on such Note is realized. US Holders who report income for US federal income tax purposes under the accrual method of accounting and certain other US Holders are required to accrue OID related to a Short-Term Note as ordinary income on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding).

Sale, exchange, redemption or other disposition of notes

In general, a US Holder of a Note will have a tax basis in such Note equal to the cost of such Note to such US Holder, increased by any amount includible in income by such US Holder as OID and reduced by any amortized premium and any payments received with respect to the Note other than payments of qualified stated interest. Upon a sale, exchange, redemption or other disposition of a Note, a US Holder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or other disposition (less any amount that is attributable to accrued but unpaid qualified stated interest, which will constitute ordinary interest income if not previously included in income) and such US Holder's adjusted tax basis in such Note. Subject to the rules described below under "—Foreign Currency Notes," such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if such US Holder has held such Note for more than one year at the time of such sale, exchange, redemption or other disposition. Certain non-corporate US Holders are entitled to preferential treatment for net long-term capital gains. The ability of a US Holder to offset capital losses against ordinary income is limited. Such gain or loss generally will be from sources within the United States.

Foreign Currency Notes

The following discussion generally describes special rules that apply, in addition to the rules described above, to Notes that are denominated in, or provide for payments determined by reference to, a non-US currency. The amount of qualified stated interest paid with respect to a Foreign Currency Note that is includible in income by a US Holder that uses the cash method of accounting for US federal income tax purposes is the US dollar value of the amount paid, as determined on the date of actual or constructive receipt by such US Holder, using the spot rate of exchange on such date. In the case of qualified stated interest on a Foreign Currency Note held by a US Holder that uses the accrual method of accounting, and in the case of OID (other than OID on a Short-Term Note that is not required to be accrued) for every US Holder, such US Holder is required to include the US dollar value of the amount of such interest income or OID (which is determined in the non-US currency) that accrued during the accrual period. The US dollar value of such accrued interest income or OID generally is determined by translating such income at the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate of exchange for the partial period within the taxable year). Alternatively, such US Holder may elect to translate such income at the spot rate of exchange on the last day of the accrual period (or, with respect to the first partial period of an accrual period that spans two taxable years, at the spot rate of exchange in effect on the last day of the taxable year of such partial period). If the last day of the accrual period is within five business days of the date of receipt of the accrued interest, a US Holder that has made such election may translate accrued interest using the spot rate of exchange in effect on the date of receipt. The above election will apply to all debt obligations held by such US Holder and may not be changed without the consent of the IRS. A US Holder will

recognize, as ordinary income or loss, foreign currency gain or loss with respect to such accrued interest income or OID on the date the interest or OID is actually or constructively received, reflecting fluctuations in currency exchange rates between the spot rate of exchange used to determine the accrued interest income or OID for the relevant accrual period and the spot rate of exchange on the date such interest or OID is actually or constructively received.

A US Holder will calculate the amortization of bond premium for a Foreign Currency Note in the applicable non-US currency. Amortization deductions attributable to a period will reduce interest payments in respect of that period, and therefore are translated into US dollars at the spot rate of exchange used for those interest payments. Foreign currency gain or loss will be realized with respect to amortized premium on a Foreign Currency Note based on the difference between the spot rate of exchange at which the amortization deductions were translated into US dollars and the spot rate of exchange on the date such US Holder acquired the Foreign Currency Note.

The amount realized with respect to a sale, exchange, redemption or other disposition of a Foreign Currency Note generally will be the US dollar value of the payment received (less any amount that is attributable to accrued but unpaid qualified stated interest, which will constitute ordinary interest income if not previously included in income), determined on the date of disposition of such Foreign Currency Note (using the spot rate of exchange on such date). However, with respect to Foreign Currency Notes that are treated as traded on an established securities market, such amount realized will be determined using the spot rate of exchange on the settlement date in the case of (i) a US Holder that is a cash method taxpayer or (ii) a US Holder that is an accrual method taxpayer that elects such treatment. This election may not be changed without the consent of the IRS. Gain or loss that is recognized generally will be ordinary income or loss to the extent it is attributable to fluctuations in currency exchange rates between the date of purchase and the date of sale, exchange, redemption or other disposition. Such foreign currency gain or loss, together with any foreign currency gain or loss realized on such disposition in respect of accrued interest or OID, will be recognized only to the extent of the total gain or loss realized by such US Holder on the sale, exchange, redemption or other disposition of the Foreign Currency Note. Any gain or loss realized by a US Holder not treated as foreign currency gain or loss generally will be capital gain or loss (subject to the discussion above regarding Short-Term Notes).

A US Holder that determines its amount realized in connection with the sale, exchange, redemption or other disposition of a Foreign Currency Note by reference to the spot rate of exchange on the date of such sale, exchange, redemption or other disposition (rather than on the settlement date) may recognize additional foreign currency gain or loss upon receipt of non-US currency from such sale, exchange, redemption or other disposition.

A US Holder will recognize an amount of foreign currency gain or loss on a sale or other disposition of any non-US currency equal to the difference between (i) the amount of US dollars, or the fair market value in US dollars of any other property, received in such sale or other disposition and (ii) the tax basis of such non-US currency. A US Holder generally will have a tax basis in non-US currency received from a sale, exchange, redemption or other disposition of a Foreign Currency Note equal to the US dollar value of such non-US currency on the date of receipt.

A Note that provides for payments in more than one currency generally will be treated as a “contingent payment debt instrument”, and the special rules applicable to such instruments will be described in the applicable pricing supplement.

Aggregation rules

The Treasury Regulations relating to OID contain special aggregation rules stating in general that, subject to certain exceptions, debt instruments issued in the same transaction or related transactions to a single purchaser may be treated as a single debt instrument with a single issue price, maturity date, yield to maturity and stated redemption price at maturity for purposes of the OID rules. Under certain circumstances, these provisions could apply to a US Holder that purchases Notes from more than one series of Notes.

Medicare tax

In addition to regular US federal income tax, certain US Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their “net investment income,” which may include all or a portion of their interest income (including accrued OID) on, and net gain from the sale, exchange, redemption or other disposition of a Note.

Backup withholding and information reporting

Backup withholding and information reporting requirements generally apply to interest (including OID) and principal payments made to, and to the proceeds of sales by, certain non-corporate US Holders. A US Holder not otherwise exempt from backup withholding generally can avoid backup withholding by providing a properly executed IRS Form W-9 to the applicable withholding agent. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a US Holder’s US federal income tax liability, provided the required information is timely furnished by such US Holder to the IRS.

Disclosure requirements for certain holders recognizing significant losses

A US Holder that participates in any “reportable transaction” (as defined in the Treasury Regulations) must attach to its US federal income tax return a disclosure statement on IRS Form 8886. Each US Holder should consult its own tax advisor regarding the possible obligation to file IRS Form 8886 reporting foreign currency loss arising from the Notes or any amounts received with respect to the Notes.

Disclosure requirements for specified foreign financial assets

Individual US Holders (and certain US entities specified in Treasury Regulations) who, during any taxable year, hold any interest in any “specified foreign financial asset” generally will be required to file with their US federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. “Specified foreign financial asset” generally includes any financial account maintained with a non-US financial institution and may also include the Notes if they are not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of US federal income taxes may be extended, in the event of a failure to comply. Each US Holder should consult its own tax advisor regarding the possible application of this filing requirement.

FATCA withholding

It is possible that, in order to comply with FATCA, we (or, if the Notes are held through another financial institution, such other financial institution) may be required (pursuant to an agreement entered into with the United States or under applicable law (including pursuant to the terms of any applicable intergovernmental agreement entered into between the United States and any other jurisdiction)) (i) to request certain information from the holders or beneficial owners of the Notes, which information may be provided to the IRS, and (ii) to withhold US tax on any portion of any payment with respect to the Notes treated as a foreign passthru payment made two years or more after the date on which the final regulations that define “foreign passthru payments” are published if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the United States (and are not otherwise required to comply with the FATCA regime under applicable law (including pursuant to the terms of any applicable intergovernmental agreement entered into between the United States and any other jurisdiction)).

If we or any other person are required to withhold or deduct amounts arising under or in connection with, or in order to ensure compliance with, FATCA from any payments made with respect to the Notes, the holders and beneficial owners of the Notes will not be entitled to receive any gross up or other additional amounts on account of any such withholding or deduction. FATCA is complex and its application to the Notes remains uncertain. Prospective investors are advised to consult their own tax advisors as to the application of FATCA to the Notes.

Organization for Economic Co-operation and Development Common Reporting Standard for Automatic Exchange of Financial Account Information (“CRS”)

The CRS requires certain financial institutions to report information regarding certain accounts (which may include the Notes) to their local tax authority and follow related due diligence procedures. Holders or beneficial owners of Notes may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement.

New Zealand Taxation

The following is a general description of New Zealand withholding tax considerations as of the date hereof relating to the Notes. The comments relate only to withholding taxes and do not address the other tax consequences of acquiring, holding and disposing of the Notes, such as the tax consequences of any gain on disposal. Prospective purchasers of Notes should consult their own tax advisers as to which countries’ tax laws could be relevant to acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, and the consequences of such actions under the tax laws of those countries.

Non-resident withholding tax

New Zealand law requires, in certain circumstances, a deduction on account of non-resident withholding tax to be made from the payment of New Zealand sourced income constituting interest (as defined for New Zealand tax purposes) made to any holder who is not a New Zealand Holder (as defined below under the heading “Resident withholding tax”).

If non-resident withholding tax is required to be deducted from the payment of any interest by WNZL and WNZL would be required to pay an additional amount in respect of such withholding tax, WNZL intends to reduce the applicable rate of non-resident withholding tax to zero per cent as a result of receiving or having received approved issuer status, registering or having registered the Notes with the New Zealand Inland Revenue Department and paying, on its own account, an approved issuer levy (currently equal to 2 per cent. of such payments of interest).

Where a holder of a Note who is not a New Zealand Holder holds the Note jointly with a person who is a New Zealand tax resident, non-resident withholding tax must be deducted from interest paid to the non-resident at the applicable rate of resident withholding tax. Payment of the approved issuer levy does not allow a zero per cent rate of non-resident withholding tax in this case. Relief from New Zealand tax under an applicable double tax treaty may be available on application by the holder to the New Zealand Inland Revenue Department for a refund of over-deducted tax. WNZL will not pay an additional amount in respect of non-resident withholding tax deducted in this case. Other exceptions to the obligation to pay an additional amount are set out in “Description of the Notes—Payment of Additional Amounts—Gross-up.”

Resident withholding tax

A deduction on account of New Zealand resident withholding tax is required to be made from the payment of interest (as defined for New Zealand tax purposes) made by WNZL if:

- (a) the person deriving the interest is:
 - (i) a resident of New Zealand for New Zealand income tax purposes; or
 - (ii) a person who carries on business in New Zealand through a fixed establishment in New Zealand and holds the Notes for the purposes of a business carried on through that fixed establishment; or
 - (iii) a registered bank engaged in business through a fixed establishment in New Zealand and is not associated with WNZL,

- (a person described in any of paragraphs (a)(i) to (iii) being a “New Zealand Holder”); and
- (b) at the time of such payment the New Zealand Holder does not have RWT-exempt status;
- (the expressions “fixed establishment”, “registered bank”, “associated” and “RWT-exempt status” having the meanings given in the Income Tax Act 2007 of New Zealand).

WNZL shall not make any additional payments to holders of the Notes where any deduction on account of New Zealand resident withholding tax is made.

See also “Description of the Notes—Payment of Additional Amounts—New Zealand resident withholding tax.”

Stamp duty

No stamp duty or similar tax is payable in New Zealand in connection with the issuance or transfer of the Notes.

CERTAIN ERISA CONSIDERATIONS

PROSPECTIVE PURCHASERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISERS AS TO THE US FEDERAL INCOME AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS.

The US Employee Retirement Income Security Act of 1974, as amended (“ERISA”) imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, and entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed above under “Risk Factors” and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Notes.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, “Plans”)) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

WNZL and its affiliates may be parties in interest and disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if Notes are acquired or held by a Plan with respect to which Westpac or any of their respective affiliates, is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire a Note and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption (“PTCE”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a “qualified professional asset manager”), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). There can be no assurance that any of these class exemptions or any other exemption will be available with respect to any particular transaction involving the Notes.

Governmental plans, foreign plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing any Notes.

Each initial and subsequent purchaser of a Note or Notes (or any interest therein) will be deemed to have acknowledged, represented and agreed that either (A) it is not and for so long as it holds a Note (or any interest therein) will not be an ERISA Plan or a plan subject to Section 4975 of the Code, it is not purchasing the Notes on behalf of or with “plan assets” of any such plan, and it is not a governmental or church or other plan (“non-ERISA arrangement”) subject to provisions under applicable federal, state, local or foreign law that are similar to the requirements of ERISA or Section 4975 of the Code (“similar law”) or (B) its purchase, holding and disposition of such Notes (or any interest therein) is eligible for exemptive relief under US Department of Labor Prohibited Transaction Class Exemption 96-23, 95-60, 91-38, 90-1, 84-14 or another applicable exemption or, in the case of a non-ERISA arrangement, its purchase and holding of such Notes will not constitute or result in a non-exempt violation of the provisions of any similar law.

Any insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to the requirements of ERISA in light of the US Supreme Court's decision in John Hancock Mutual Life Insurance Co. v. Harris Trust and Savings Bank and under any subsequent guidance that may become available relating to that decision. In particular, such an insurance company should consider the retroactive and prospective exemptive relief granted by the Department of Labor for transactions involving insurance company general accounts in Prohibited Transaction Exemption 95-60, 60 Fed. Reg. 35925 (July 12, 1995) and Section 401(c) of ERISA.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold Notes should determine whether, under the general fiduciary standards of investment prudence and diversification and under the documents and instruments governing the Plan, an investment in the Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in Notes should consult with its counsel to confirm that such investment will not result in a prohibited transaction and will satisfy the other requirements of ERISA and the Code.

The sale of any Notes to a Plan is in no respect a representation by WNZL that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

PLAN OF DISTRIBUTION

The Notes are being offered on a periodic basis for sale by us through Citigroup Global Markets Inc. (Arranger and Lead Agent), Barclays Capital Inc., BofA Securities, Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, HSBC Securities (USA) Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC, TD Securities (USA) LLC, UBS Securities LLC and WBC pursuant to the Distribution Agreement, dated September 2, 2022, among each of them and WNZL (as may be amended or supplemented from time to time, the “Distribution Agreement”) and any other agents appointed in accordance with the Distribution Agreement (the “Agents”), each of which has agreed to use its reasonable efforts to solicit offers to purchase the Notes. We will pay the applicable Agent a commission which will equal the percentage of the principal amount of any such Note sold through such Agent set forth in the applicable pricing supplement. We may also sell Notes to an Agent, as principal, at a discount from the principal amount thereof, and such Agent may later resell such Notes to investors and other purchasers at varying prices related to prevailing market prices at the time of sale as determined by such Agent. We may also sell Notes directly to, and may solicit and accept offers to purchase directly from, investors on our own behalf in those jurisdictions where we are authorized to do so.

In addition, the Agents may offer the Notes they have purchased as principal to other Agents. The Agents may sell Notes to any Agent at a discount. Unless otherwise indicated in the applicable pricing supplement, any Note sold to an Agent as principal will be purchased by such Agent at a price equal to 100% of the principal amount thereof less a percentage equal to the commission applicable to any agency sale of a Note of identical term, and may be resold by such Agent to investors and other purchasers from time to time in one or more transactions, including negotiated transactions, at a fixed offering price or at varying prices determined at the time of sale or may be resold to certain dealers as described above. After the initial offering of Notes to be resold to investors and other purchasers on a fixed offering price basis, the offering price, concession and discount may be changed.

We reserve the right to withdraw, cancel or modify the offer made hereby without notice and may reject orders in whole or in part whether placed directly with us, or through an Agent. Each Agent will have the right, in its discretion reasonably exercised, to reject any offer to purchase Notes received by it, in whole or in part.

In connection with an offering of Notes purchased by one or more Agents as principal on a fixed offering price basis, such Agent(s) will be permitted to over-allot or engage in transactions outside Australia and on a market operated outside Australia and in accordance with applicable law that stabilize the price of Notes. These transactions may consist of bids or purchases for the purpose of pegging, fixing or maintaining the price of Notes. If the Agent creates or the Agents create, as the case may be, a short position in Notes, that is, if it sells or they sell Notes in an aggregate principal amount exceeding that set forth in the applicable pricing supplement, such Agent(s) may reduce that short position by purchasing Notes in the open market. In general, the purchase of Notes for the purpose of stabilization or to reduce a short position could cause the price of Notes to be higher than it might be in the absence of such purchases. Such stabilization if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilization, if any, will be in compliance with all laws.

Neither we nor any of the Agents makes any representation or prediction as to the direction or magnitude of any effect that the transactions described in the immediately preceding paragraph may have on the price of Notes. In addition, neither we nor any of the Agents makes any representation that the Agents will engage in any such transactions or that such transactions, once commenced, will not be discontinued without notice.

The Agents may from time to time purchase and sell Notes in the secondary market, but they are not obligated to do so, and there can be no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, the Agents may make a market in the Notes. In particular, the ability of the Agents to make a market in the Notes may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the Notes, including as a result of potential restrictions as a result of requirements under Rule 15c2-11 under the Exchange Act on the ability of the Agents to publish quotations for the Notes after January 3, 2023.

WNZL has agreed to indemnify the several Agents against and to make contributions relating to certain liabilities, including liabilities under the Securities Act. The Agents and their respective affiliates are full service

financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investing, hedging, financing and brokerage activities. The Agents may engage in transactions with, or perform services for WNZL in the ordinary course of business. Some of the Agents or their affiliates have, directly or indirectly, performed investment and/or commercial banking or financial advisory services for WNZL or its affiliates, for which they may have received customary fees and commissions, and they expect to provide these services to WNZL and its affiliates in the future, for which they may also receive customary fees and commissions. In the ordinary course of their various business activities, the Agents and their respective affiliates may make or hold a broad array of investments and actively traded debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities issued by and/or investments in WNZL. If any of the Agents or their respective affiliates have a lending relationship with us, certain of those Agents or their respective affiliates routinely hedge, and certain other of those Agents or their affiliates may hedge, their credit exposure to us consistent with their customary risk management policies. Typically, these Agents and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Agents and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or investments and may at any time hold or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The offering price of a series of Notes will include the commission to be received by the Agents and any structuring and development costs indicated in the applicable pricing supplement, as well as offering expenses and any hedging related costs and charges. The offering price of the Notes will reflect these costs and reduce the initial economic value of the Notes. In addition, the fact that the offering price includes these items is expected to adversely affect the secondary market prices of the Notes.

WBC is not a registered broker-dealer in the United States. Accordingly, WBC will effect sales of the Notes to be purchased by it outside the United States in accordance with Regulation S or in the United States pursuant to Rule 144A through a registered broker-dealer which may be affiliated with WBC.

United States

The Notes are not being registered under the Securities Act in reliance upon Regulation S under the Securities Act and the exemptions from registration provided by Rule 144A under the Securities Act and Section 4(a)(2) of the Securities Act. The Notes are being offered hereby only (A) to QIBs in reliance on Rule 144A and (B) to persons other than US persons (as defined in Regulation S) in offshore transactions in reliance upon Regulation S. The minimum principal amount of Notes which may be purchased for any account is US\$200,000 (or the equivalent thereof in another currency or composite currency).

Prior to any issuance of Notes in reliance on Regulation S, each relevant Agent will be deemed to represent and agree that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from them during the distribution compliance period (as defined in Regulation S) a confirmation or notice substantially to the following effect:

“The Notes covered hereby have not been registered under the US Securities Act of 1933, as amended (the “Securities Act”), and may not be offered and sold within the United States or to, or for the account or benefit of, US persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except, in either case, in accordance with Regulation S (or Rule 144A, if available) under the Securities Act. Terms used above have the meaning given to them by Regulation S”.

Until the expiration of the period ending 40 days after the later of the commencement of the offering and the date of issue of the Notes, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

There is no undertaking to register the Notes hereafter and they cannot be resold except pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. Each purchaser of the Notes offered hereby in making its purchase will be deemed to have made the acknowledgments, representations and agreements as set forth under “Notice to Investors.”

New Zealand

Each Agent, and each further Agent appointed under the Distribution Agreement, will be deemed to represent and agree that it has not offered, sold or delivered and agrees it will not directly or indirectly offer, sell or deliver any Note, in New Zealand or distribute any offering memorandum (including this Offering Memorandum) or advertisement in relation to any offer of Notes, in New Zealand, other than to “wholesale investors” as that term is defined in clauses 3(2) of Schedule 1 to the New Zealand FMCA, being

- (a) a person who is:
 - (i) an “investment business”;
 - (ii) “large”; or
 - (iii) a “government agency”,in each case as defined in Schedule 1 to the New Zealand FMCA; or
- (b) a person who meets the “investment activity criteria” specified in clause 38 of Schedule 1 to the New Zealand FMCA.

For the avoidance of doubt, Notes may not be offered to or acquired by, and any offering memorandum (including this Offering Memorandum) or any advertisement in relation to any offer of Notes may not be distributed to, any “eligible investor” (as defined in clause 41 of Schedule 1 to the New Zealand FMCA).

In addition, each Agent, and each further Agent appointed under the Distribution Agreement, will be deemed to represent and agree that it will not sell any of the Notes (or any interest in any of the Notes) to any person, if, at the time of such sale, its employees directly involved in the sale knew, or had reasonable grounds to suspect, that the person:

- (A) is resident in New Zealand for New Zealand income tax purposes;
- (B) carries on business in New Zealand through a fixed establishment in New Zealand and would hold the Notes for the purposes of a business carried on through that fixed establishment; or
- (C) is a registered bank engaged in business through a fixed establishment in New Zealand, and is not associated with WNZL,

unless such person certifies that they have RWT-exempt status and provides a New Zealand tax file number to such Agent (in which event the Agent shall provide details thereof to WNZL).

The expressions “fixed establishment”, “registered bank”, “associated” and “RWT-exempt status” have the meanings given in the Income Tax Act 2007 of New Zealand.

Australia

Neither this Offering Memorandum nor any disclosure document (as defined in the Australian Corporations Act) in relation to the Notes has been lodged with the ASIC. Each Agent has agreed that, unless the relevant pricing supplement otherwise provides, in connection with the distribution of Notes, it:

- (i) has not offered for issue or sale, invited applications for the issue, sale or purchase of, any Notes in or from Australia (including an offer or invitation which is received by a person in Australia);
- (ii) will not offer for issue or sale, invite applications for the issue or sale of, or to purchase, any Notes in Australia (including an offer or invitation which is received by a person in Australia); and
- (iii) has not distributed or published, and will not distribute or publish, this Offering Memorandum or any other offering material or advertisement relating to the Notes in Australia;

unless:

- (w) the aggregate consideration payable by each offeree or invitee is a minimum \$500,000 (or its equivalent in an alternative currency and, in either case, disregarding amounts, if any, lent by WNZL or other person offering the Notes or an associate of either of them) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Australian Corporations Act;
- (x) the offer or invitation does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Australian Corporations Act;
- (y) such action complies with all applicable Australian laws and directives (including, without limitation, the licensing requirements of Chapter 7 of the Australian Corporations Act); and
- (z) such action does not require any document to be lodged with the ASIC or any other regulatory authority in Australia.

European Economic Area

Prohibition of Sales to EEA Retail Investors

Unless the pricing supplement in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable,” no Notes which are the subject of the offering contemplated by this Offering Memorandum, as completed by the applicable pricing supplement, may be offered, sold or otherwise made available to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Prohibition of sales to United Kingdom retail investors

Unless the pricing supplement in respect of any Notes specifies the “Prohibition of Sales to United Kingdom Retail Investors” as “Not Applicable,” no Notes which are the subject of the offering contemplated by this

Offering Memorandum, as completed by the applicable pricing supplement, may be offered, sold or otherwise made available to any retail investor in the United Kingdom. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law in the United Kingdom by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Other regulatory restrictions in the United Kingdom

Any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of the Notes may only be communicated or caused to be communicated in circumstances in which Section 21(1) of the FSMA does not apply to WNZL.

All applicable provisions of the FSMA must be complied with in respect to anything done by any person in relation to the Notes in, from or otherwise involving the United Kingdom.

France

Each Agent has represented and agreed, and each further agent appointed will be required to represent and agree, that:

- (i) in connection with its initial distribution of any series of Notes, (A) it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in the Republic of France and (B) offers and sales of Notes will be made in the Republic of France only to qualified investors as defined and in accordance with Articles L.411-1 and L.411-2 of the French Code *monétaire et financier* relating to qualified investors; and
- (ii) it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France this Offering Memorandum or any other offering material relating to the Notes other than to investors to whom offers and sales of Notes in the Republic of France may be made as described in (i)(B) above.

In compliance with Article 211-4 of the General regulation of the *Autorité des marchés et financiers* (French stock exchange authority) investors are informed that the Notes have not been subject to a prospectus submitted for approval to the *Autorité des marchés et financiers*.

The persons or entities referred to in Article L.411-2.II.4 of the French Code *monétaire et financier* may purchase Notes solely for their own account under the conditions referred to in Articles D.411-1, D.411-2, D.734-1, D.744-1 and D.754-1 and D.764-1 of the French Code *monétaire et financier*.

The Notes thus acquired cannot be distributed directly or indirectly to the public otherwise than in accordance with the conditions referred to in Articles L.411-1, L.412-1 and L.621-8 to L.621-8-3 of the French Code *monétaire et financier*.

The Netherlands

Each selling agent has agreed that it has not made and will not make an offer of the Notes to the public in the Netherlands other than to qualified investors (gekwalficeerde beleggers), provided that no such offer of the Notes will require the publication by either us or any selling agent of a prospectus pursuant to Article 3 of the EU Prospectus Regulation or of a supplement to a prospectus pursuant to Article 23 of the Prospectus Regulation. As used in this paragraph, “an offer to the public” in relation to any Notes means the communication in any form and

by any means of sufficient information on the terms of the offer and any Notes to be offered so as to enable an investor to decide to purchase any Notes.

Japan

Each Agent has represented and agreed, and each further agent appointed will be required to represent and agree, that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the “FIEL”), and accordingly, it has not offered or sold and will not offer or sell the Notes, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or for the account or benefit of others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEL and otherwise in compliance with the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

The Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the “SFO”)) have not been and will not be offered or sold in Hong Kong, by means of any document, other than (i) to “professional investors” as defined in the SFO and any rules made thereunder; or (ii) in other circumstances which do not result in any such document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O. No advertisement, invitation or document relating to the Notes has been or will be issued or has been or will be in the possession of any person for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

Republic of Korea

The Notes have not been and will not be registered with the Financial Services Commission of Korea for a public offering in Korea under the Financial Investment Services and Capital Markets Act of Korea. The Notes have not been and will not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as defined in the Foreign Exchange Transactions Law of Korea and its Enforcement Decree), or to any other person for reoffering, resale or re-delivery, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted by applicable Korean laws and regulations. Without prejudice to the foregoing, the number of the Notes offered in Korea or to a resident in Korea shall be less than fifty, and for a period of one year from the issue date of the Notes, none of the Notes may be divided resulting in an increased number of the Notes. Furthermore, the Notes may not be sold or resold to Korean residents unless the purchaser of the Notes complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the Foreign Exchange Transactions Law of Korea and its Enforcement Decree) in connection with the purchase of the Notes.

Singapore

This Offering Memorandum has not been and will not be registered as a prospectus under the SFA by the Monetary Authority of Singapore, and the offer of the Notes in Singapore is made primarily pursuant to the exemptions under Sections 274 and 275 of the SFA. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an Institutional Investor as defined in Section 4A of the SFA pursuant to Section 274 of the SFA, (b) to an Accredited Investor as defined in Section 4A of the SFA or other Relevant Person as defined in Section 275(2) of the SFA and pursuant to

Section 275(1) of the SFA, or to any person pursuant to an offer referred to in Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (c) otherwise pursuant to, and in accordance with, the conditions of any other applicable exemption or provision of the SFA.

It is a condition of the offer that where the Notes are subscribed for or acquired pursuant to an offer made in reliance on Section 275 of the SFA by a Relevant Person which is:

- (a) a corporation (which is not an Accredited Investor), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an Accredited Investor; or
- (b) a trust (where the trustee is not an Accredited Investor), the sole purpose of which is to hold investments and each beneficiary of the trust is an individual who is an Accredited Investor,

securities or securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) of that corporation, and the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has subscribed for or acquired the Notes except:

- (a) to an Institutional Investor, an Accredited Investor, a Relevant Person, or which arises from an offer referred to in Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4) of the SFA (in the case of that trust);
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B(1) of the SFA – Unless otherwise stated in the applicable pricing supplement in respect of any Notes, all Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (the “FinSA”) and will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to the FinSA, and neither this Offering Memorandum nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Taiwan

The Notes may be made available for purchase from outside Taiwan by investors residing in Taiwan either directly or through a duly licensed Taiwan intermediary, but may not be offered or sold in Taiwan. Any subscriptions of Notes shall only become effective upon acceptance by WNZL or the relevant Agent outside Taiwan and shall be deemed a contract entered into in the jurisdiction of incorporation of WNZL or Agent, as the case may be.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (“NI 33-105”), the Agents are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

GENERAL

In connection with any Notes offered or resold by an Agent as principal or offered or sold through an Agent as agent to purchasers outside the United States, such Agent agrees to comply with all applicable laws and regulations in the jurisdiction in which such offer, resale or sale occurs.

LEGAL MATTERS

The due authorization by WNZL of the issuance of the Notes will be passed upon by Chapman Tripp, New Zealand counsel to WNZL. Additionally, if stated in the applicable pricing supplement, the validity of the Notes under New York law will be passed upon for WNZL by their New York counsel, Debevoise & Plimpton LLP, New York, New York. Certain matters of New York law will be passed upon for the Agents by their United States counsel, Sidley Austin, Sydney, Australia.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of WNZL, excluding unaudited supplementary information relating to capital adequacy and regulatory liquidity requirements required by Schedule 11 of the Registered Bank Disclosure Statements (New Zealand Incorporated Registered Banks) Order 2014 (as amended) (the “Order”) that is disclosed in the notes thereto, as of September 30, 2022 and 2021, and for the financial years ended September 30, 2022 and 2021 incorporated by reference in this Offering Memorandum, have been audited by PricewaterhouseCoopers New Zealand, independent accountants, as stated in their reports dated November 25, 2022 and November 26, 2021, respectively, incorporated by reference herein.

With respect to the unaudited supplementary information relating to capital adequacy and regulatory liquidity requirements required by Schedule 11 of the Order and disclosed in the notes to the consolidated financial statements of WNZL as of September 30, 2022 and 2021, incorporated by reference in this Offering Memorandum, PricewaterhouseCoopers New Zealand reported that they have applied limited procedures in accordance with professional standards in New Zealand for a review of such information. However, their reports dated November 25, 2022 and November 26, 2021, respectively, incorporated by reference herein, state that they did not audit and they do not express an audit opinion on that unaudited supplementary information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied.

Issuer
Westpac New Zealand Limited
Westpac On Takutai Square
16 Takutai Square
Auckland 1010
New Zealand

Fiscal Agent and Paying Agent

The Bank of New York Mellon
240 Greenwich Street
New York, NY 10286
United States

Calculation Agent

The Bank of New York Mellon
240 Greenwich Street
New York, NY 10286
United States

Legal Advisors
To Westpac New Zealand Limited

As to United States law
Debevoise & Plimpton LLP
919 Third Avenue
New York, NY 10022
United States

As to New Zealand law
Chapman Tripp
Level 34, PwC Tower
15 Customs Street West
Auckland 1010
New Zealand

To the Agents

As to United States law
Sidley Austin
Level 10
7 Macquarie Place
Sydney, NSW 2000
Australia

Independent Auditors
To Westpac New Zealand Limited

PricewaterhouseCoopers New Zealand
PwC Tower
Level 27, 15 Customs Street West
CBD, Auckland 1010
Auckland New Zealand