

Kiwibank

Offer of Perpetual Preference Shares – Investor Presentation

Steve Jurkovich – Chief Executive

Tim Main – Treasurer

8 October 2021

Joint Lead Managers

Co-Manager



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- This presentation provides information in summary form only and is not intended to be complete. The information in this presentation has been obtained from sources which Kiwibank Limited (Kiwibank) believes to be reliable and accurate at the date of preparation, but its accuracy, correctness and completeness cannot be guaranteed.
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- The PPS do not have the same rights (including voting rights), privileges and opportunity for growth as ordinary shares. Scheduled distributions may be cancelled (and those cancelled distributions will not be paid at a later date). The PPS are perpetual and have no fixed term. Holders have no right to require repayment for any reason.
- This presentation contains certain forward-looking statements in respect of Kiwibank. These forward-looking statements are based on estimates, projections and assumptions made by Kiwibank about circumstances and events that have not yet occurred. Although Kiwibank believes these estimates, projections and assumptions to be reasonable, they are inherently uncertain. Therefore, reliance should not be placed upon these estimates or forward-looking statements and they should not be regarded as a representation or warranty by Kiwibank or any of its directors, officers, employees or advisers or any other person that those forward-looking statements will be achieved or that the assumptions underlying the forward-looking statements will in fact be correct. It is likely that actual results will vary from those contemplated by these forward-looking statements and such variations may be material.
- A product disclosure statement (PDS) has been prepared in respect of the offer. The PDS is available on the online Disclose Register maintained by the Companies Office (www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13177)) or by contacting one of the Joint Lead Managers, the Co-Manager or your usual financial adviser. You should read the PDS before deciding whether to invest in the PPS.
- No action has been or will be taken by Kiwibank which would permit a public offering of the Perpetual Preference Shares, or possession or distribution of this presentation, the PDS or any other offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).
- The PPS may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No product disclosure statement, information memorandum, prospectus, circular, advertisement or other offering material in respect of any PPS may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations.
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Offer Highlights

Issuer	Kiwibank Limited
Description	Perpetual Preference Shares (PPS)
Offer amount	Up to \$250 million
Term	The PPS have no fixed term
Optional Redemption Dates	2 November 2026 and each five year anniversary of that date
Credit rating	The PPS have been rated Ba1 by Moody's Investors Service
Quotation	Application has been made to quote the PPS on the NZX Debt Market. NZX ticker code KWBHA has been reserved for the PPS
Purpose	The Offer will raise Additional Tier 1 capital to help Kiwibank meet its regulatory capital requirements and manage its capital position. The proceeds of the offer will be used for Kiwibank's general corporate purposes
Joint Lead Managers	BNZ, Craigs Investment Partners and Forsyth Barr
Co-Manager	JBWere

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1. About Kiwibank





Kia
Ora

Kiwibank is the largest New Zealand-owned bank with over a million customers.

Kiwibank's founding vision was for New Zealand to have a real, relevant and credible alternative to the offshore-owned banks. That remains at the heart of who we are and why we exist.

The journey to better off

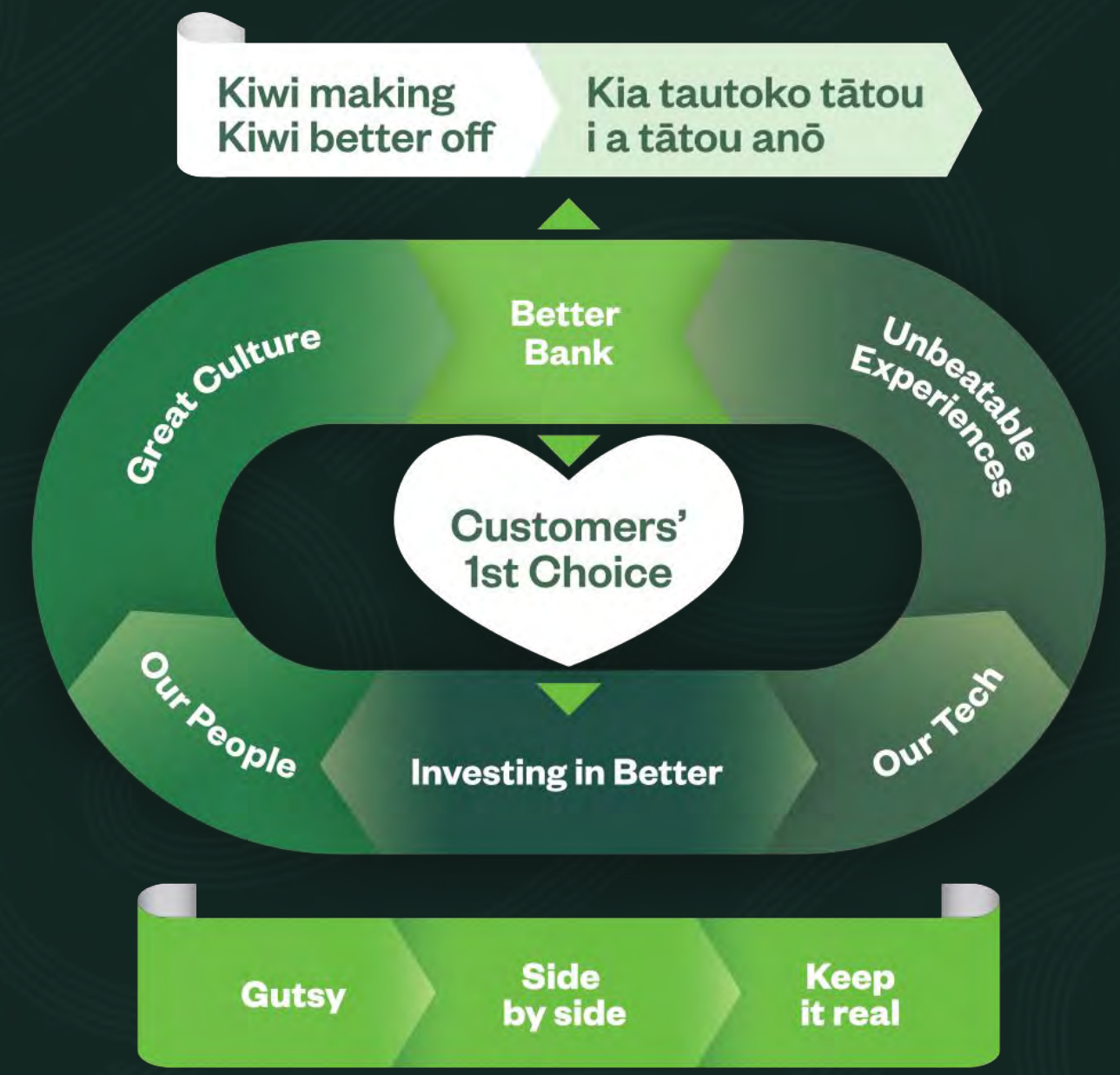


Kiwi making Kiwi better off

Our Purpose is why we exist. It guides the business and our people and is the lens we apply when making business decisions. We do this by asking how does this make customers better off and support **the financial security of Kiwi and the sustainability of their businesses?** Ultimately, it's about delivering **long-term sustainable value** for our people, our customers, communities, and shareholders.

Investing in Our People

We are Investing in Our People to lift our expertise and become the first choice for Kiwi to come to do their best work, learn and grow. We will achieve this by building and sustaining a **Great Culture that strives for Unbeatable Performance** and puts our people, our customers, and our partners at the heart of everything we do.



Better Bank

To support being the Customers' 1st Choice and the benefits associated with that (e.g. sustainable growth) we need **to radically simplify and improve what we do** in order to achieve a significant lift in productivity. This will ensure we are delivering what matters and are flexible and adaptive to change while meeting the requirements of our licence to operate (both social and regulatory).

Customers' 1st Choice













Our goal is to become **Customers' 1st Choice** for home lending and business. This means we will be chosen by even more customers in the moments that matter for them (e.g. buying a house or building their business). We will do this by delivering:

- **unbeatable customer experiences** that are consistent with our Purpose.
- **simple, easy to use products and services** that meet their needs.
- **easy access to our experts and expertise** when it matters most.

Investing in Our Tech

We are Investing in Our Tech to build a solid foundation that helps us create Unbeatable Experiences for our people and our customers. We will do this by providing tools that make it easy for us to do our jobs and by building a new platform for our banking services that makes it easy for customers to choose us.

Social, environmental and cultural highlights of the year

 <p>BECAME A CERTIFIED B CORP¹ MEETING THE HIGHEST STANDARDS OF SOCIAL & ENVIRONMENTAL IMPACT</p>	 <p>127 CUSTOMERS HAVE PUT A VOLUNTARY GAMBLING BLOCK ON THEIR VISA CARDS</p>	 <p>RELEASED OUR RESPONSIBLE BUSINESS BANKING POLICY</p>	 <p>5,144 PEOPLE HAVE RECEIVED DIGITAL EDUCATION FROM OUR DIGITAL ANGELS AND DIAA WORKSHOPS</p>	 <p>OVER 7,500 CUSTOMERS HELPED WITH VARIOUS COVID CUSTOMER CARE PACKAGES</p>	 <p>WON CANSTAR AWARDS FOR: CREDIT CARD AND HOME LOAN BANK OF THE YEAR INNOVATION EXCELLENCE FOR OUR FAST CAPITAL TOOL</p>
 <p>LAUNCHED OUR RAUTAKI MĀORI</p>	 <p>↓ 53% DECREASE IN OUR CARBON EMISSIONS SINCE 2018²</p>	 <p>39% (↑2%) OF OUR SENIOR LEADERS ARE WOMEN³</p>	 <p>94% OF KIWIBANK STAFF ATTENDED WORKSHOPS TO CO-CREATE OUR CULTURE FOR THE COMING YEARS</p>	 <p>ACHIEVED RAINBOW & GENDER TICK REACCREDITATION</p>	 <p>MOVED INTO TE KUPENGA A 6 GREEN STAR RATED BUILDING</p>

¹ With a score of 90.3 points (a company has to score at least 80 points to be a certified B Corp)

² 2018 is baseline period

³ Compared to FY20

We know customers are increasingly choosing businesses that align with their values. Kiwibank has achieved B Corp certification, meeting the required standards of social and environmental performance, accountability, and transparency.

Strong asset growth whilst maintaining cost discipline

FY21 Financial Highlights



Key focus areas

- Growth in operating income was driven by a buoyant residential market and increased exposure to business customers (total net asset growth \$2.9b). This was combined with higher NIM as a result of lower funding costs.
- Improvement in CTI was achieved by higher operating income noted above and cost discipline (operating income grew faster than operating costs). This combined with the release of the COVID-19 credit provisions contributed to the doubling of FY20 NPAT.
- Through COVID-19 we helped ~3,500 customers with interest only lending support (\$1.3b), ~2,500 customers with deferred payments on their mortgages (\$1.2b), 1,200 overdraft and credit card customers and a further ~180 business customers with Business Finance Guarantee Scheme loans (\$120m).

¹ FY20 Comparatives have been restated to align with treatment of some expenses as direct fee expenses rather than Opex in FY21 Disclosure Statement

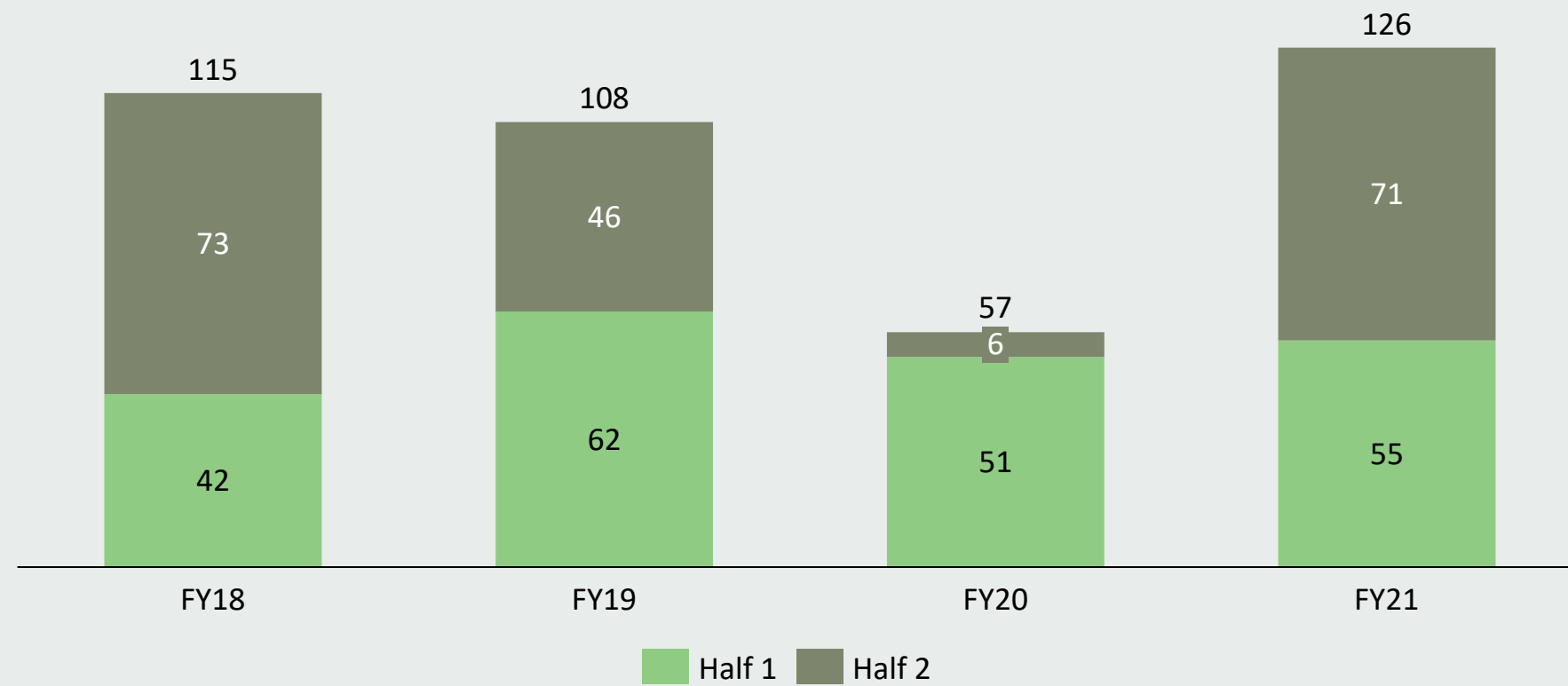
² Net Interest Margin = net interest income / average interest earning assets

³ Return on Equity = (net profit after tax less distributions to holders of perpetual capital) / average equity

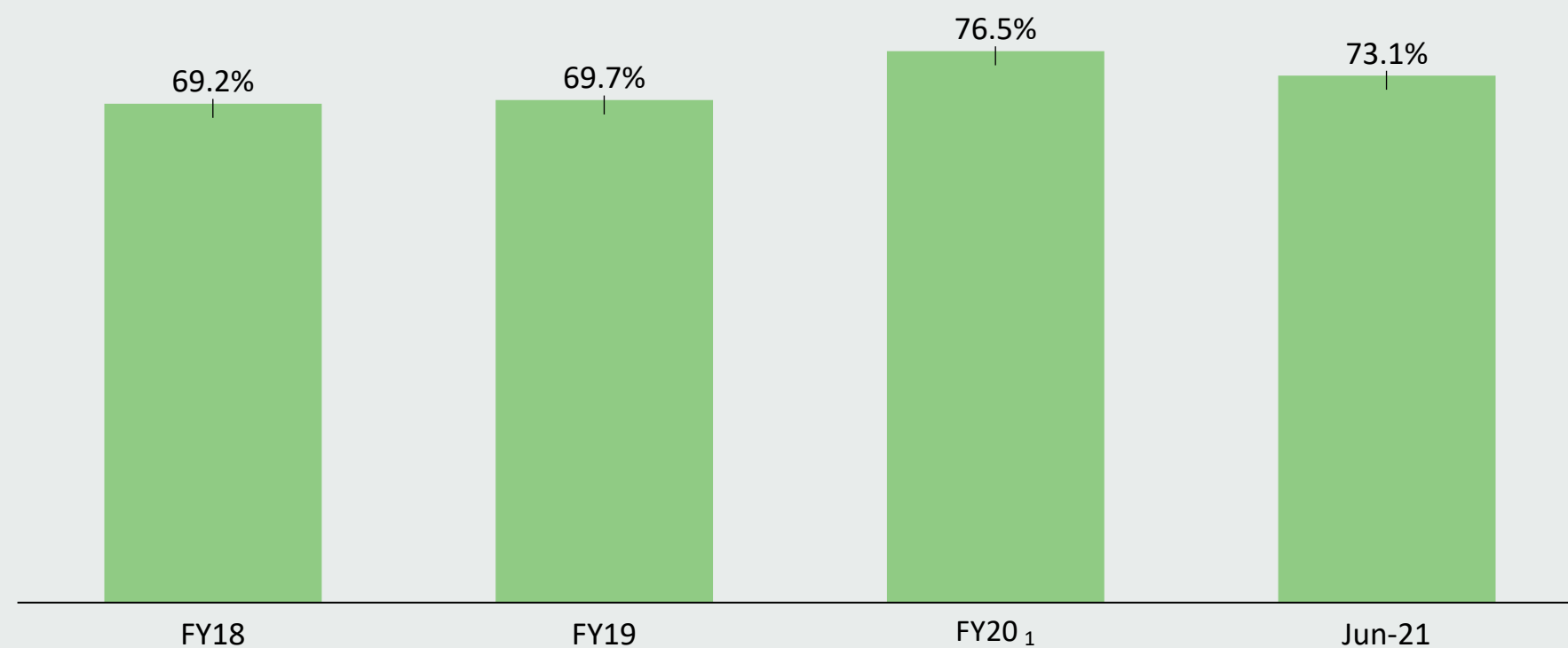
Profit underpinned by strong lending growth and unwinding of COVID-19 related provisions



Reported Profit after Tax (\$m)



Cost to Income Ratio

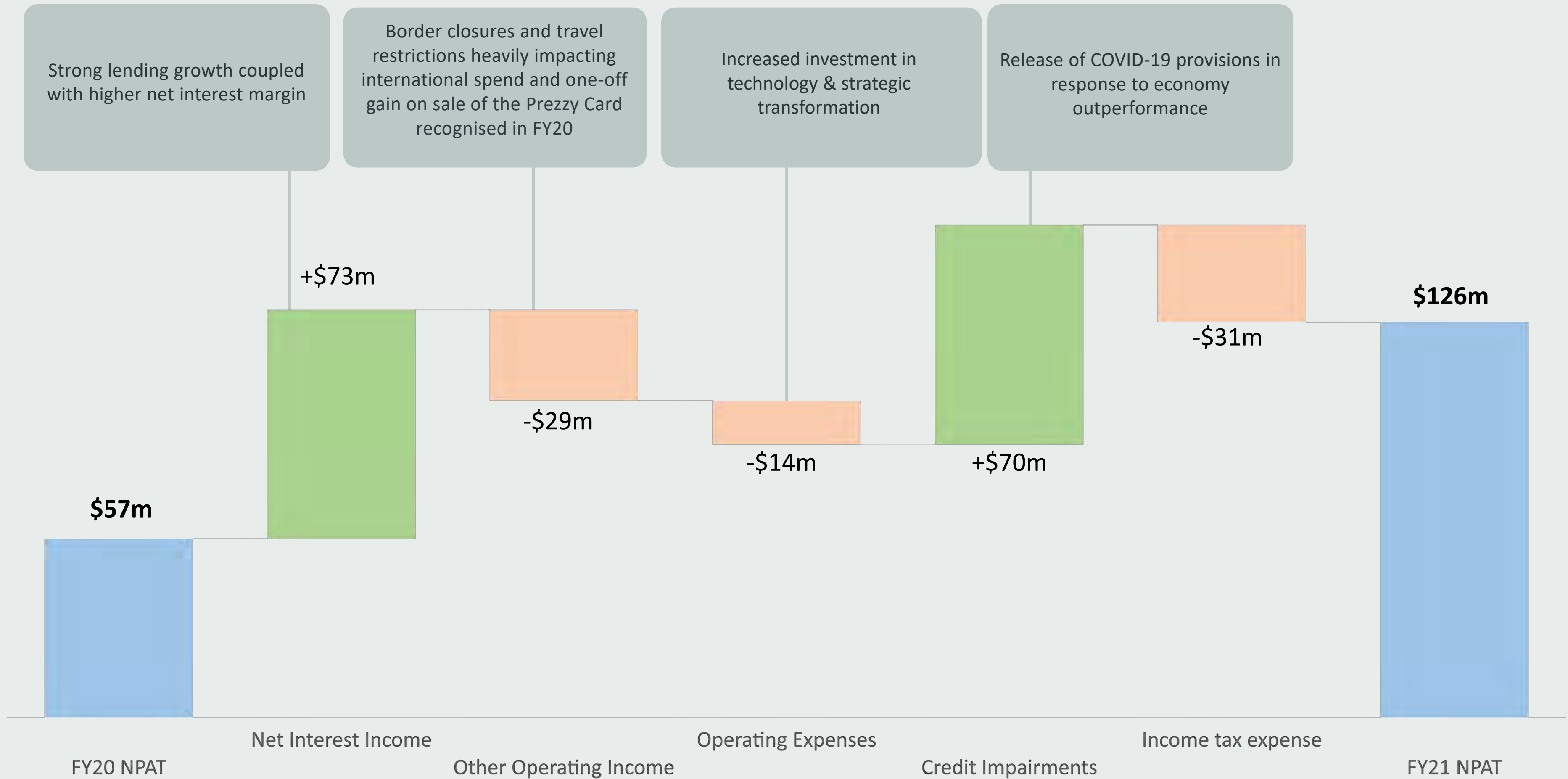


Key focus areas

- Kiwibank has benefited from the better than expected performance of the New Zealand economy. Economic growth, employment and house prices are all much stronger than forecast at the onset of COVID-19.
- Profit after tax increased significantly on prior year due to net asset growth, favourable NIM and release of COVID-19 credit provisions.
- Other operating income was down on the prior year due to the one-off gain on sale of the Prezzy Card business recognised in FY20 and the lower international transaction volumes associated with COVID-19 international travel restrictions.
- Despite the increase in operational activity a focus on cost discipline has ensured underlying costs were held flat which has contributed to an improved CTI on prior year.

¹ FY20 Comparatives have been restated to align with treatment of some expenses as direct fee expenses rather than Opex in FY21 Disclosure Statement

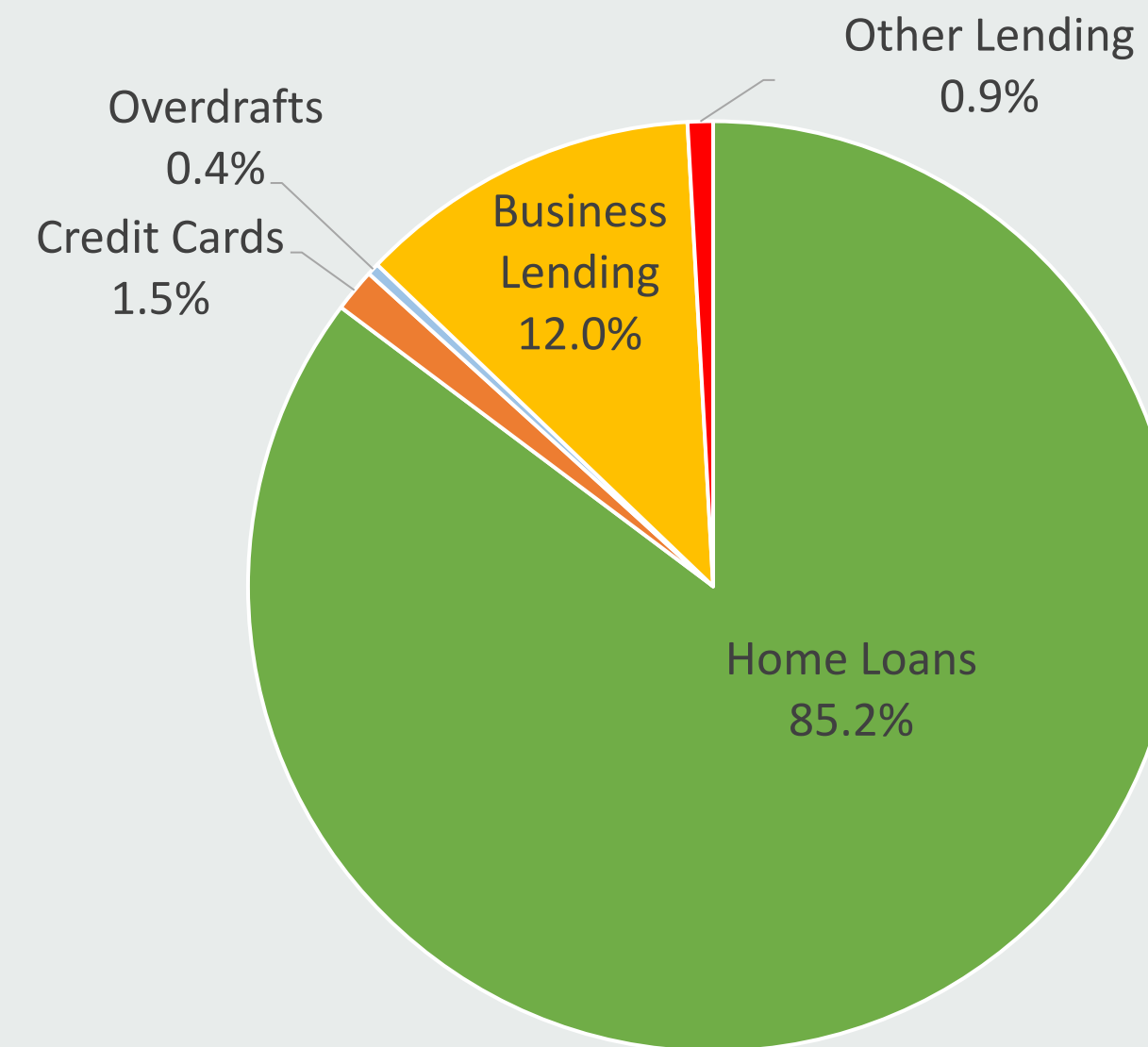
Change in reported net profit after tax from FY20 to FY21 (\$m)



Lending Portfolio

Net Loans and Advances – June 2021

Lending Category	30 June 2021 (\$b)
Home Loans	\$21.5
Credit Cards	\$0.4
Overdrafts	\$0.1
Other Term Lending	\$3.0
Other Lending	\$0.2
Net Loans and Advances	\$25.2

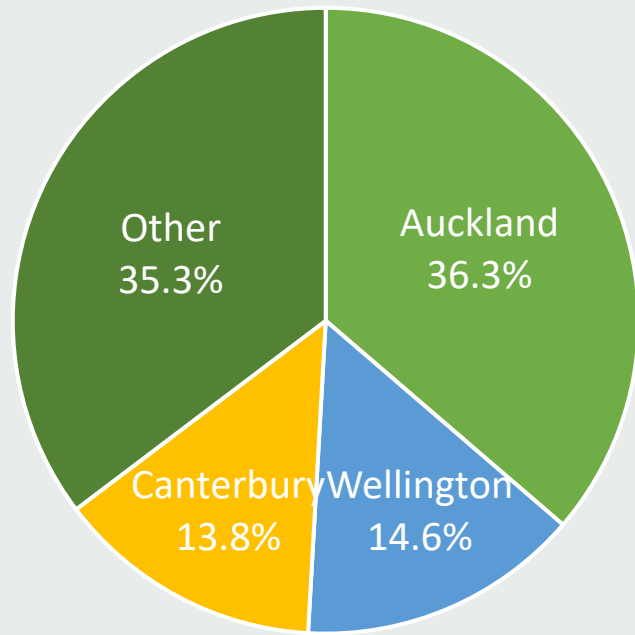


Mortgage Portfolio – 30 June 2021

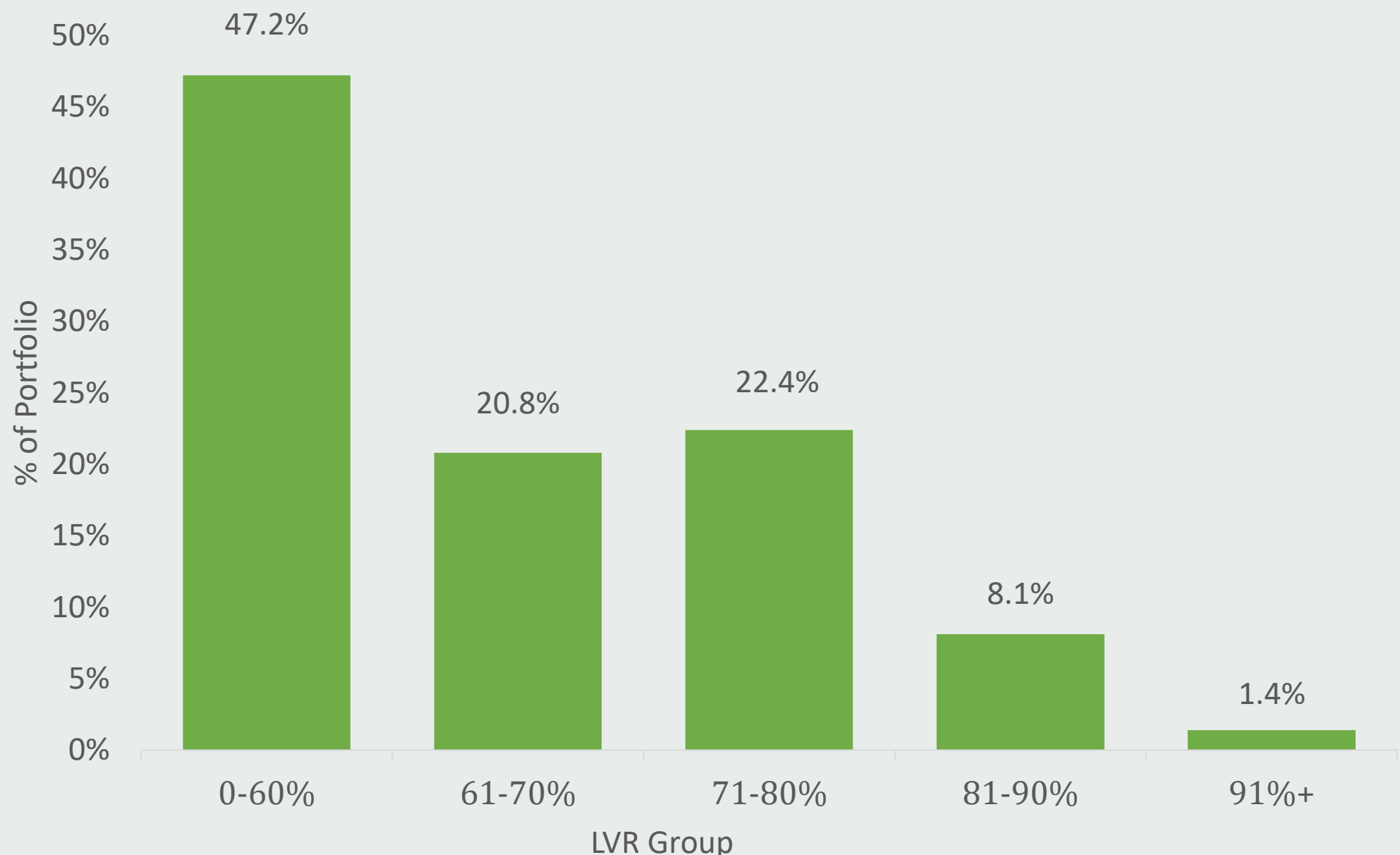


Total home loan portfolio	\$21.5b
Fixed/Floating	84%/16%
Average home loan balance	\$320k
Interest only	14%
LVR >80% - origination	9.5%

Home Loan Portfolio - Regional Profile



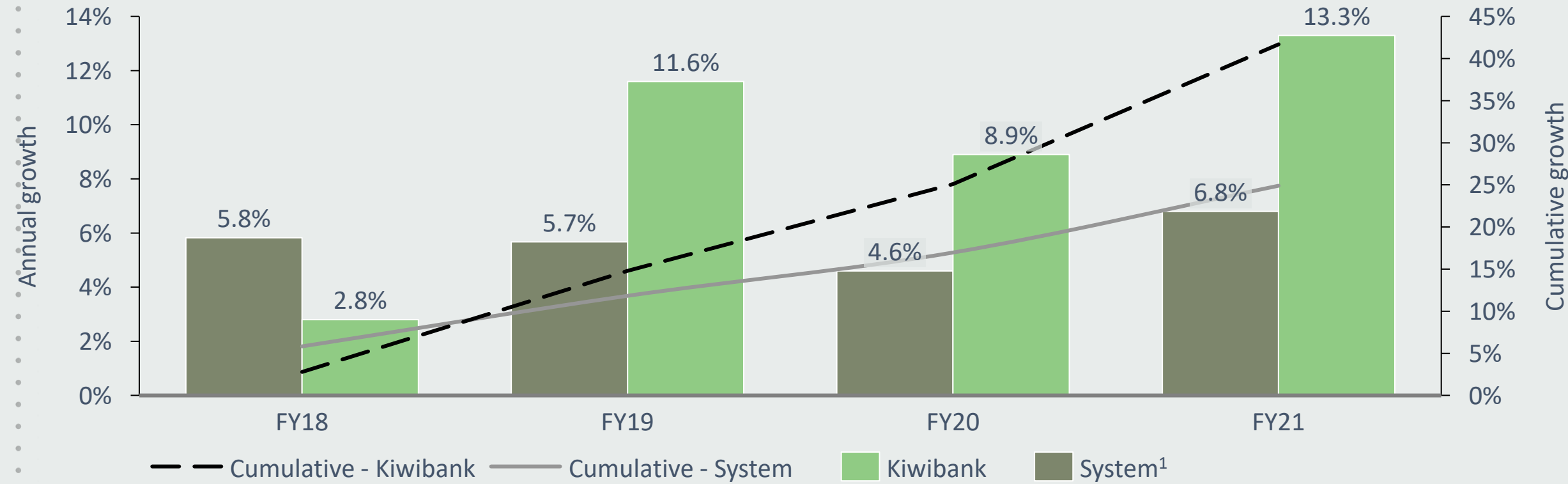
Home Loan Portfolio - LVR



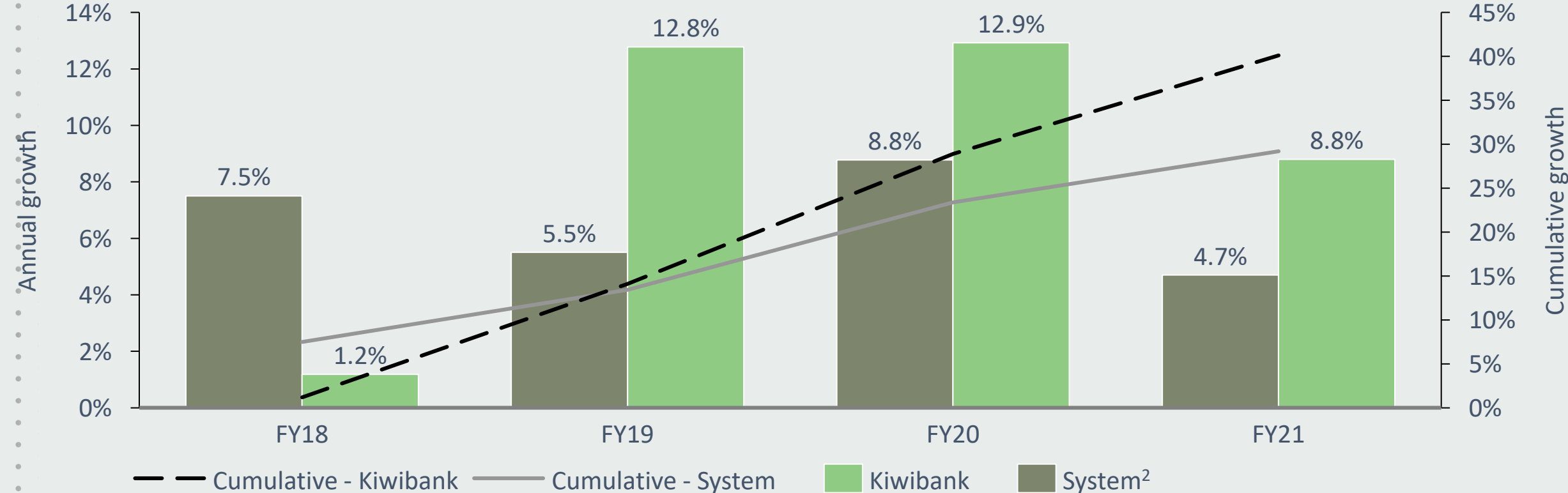
More Kiwi backing Kiwibank



Lending Growth (%)



Deposit Growth (%)



Key focus areas

- Kiwibank has outperformed the system for the last three years in both lending and deposit growth.
- Growth of \$1.8b (9%) in customer deposits in FY21.
- Kiwibank business lending continues to outperform system as supporting SME (small and medium businesses) remains a core focus.
- Residential mortgage lending has grown by 11% in the last year, reflecting growth of \$2.2b, a record high for the bank. We remain focussed on improving customer experience by reducing time to decision, growing our frontline banking expertise and expanding our reach via advisers.
- We are building our new technology platform designed to deliver great customer experiences and a scalable cost base.

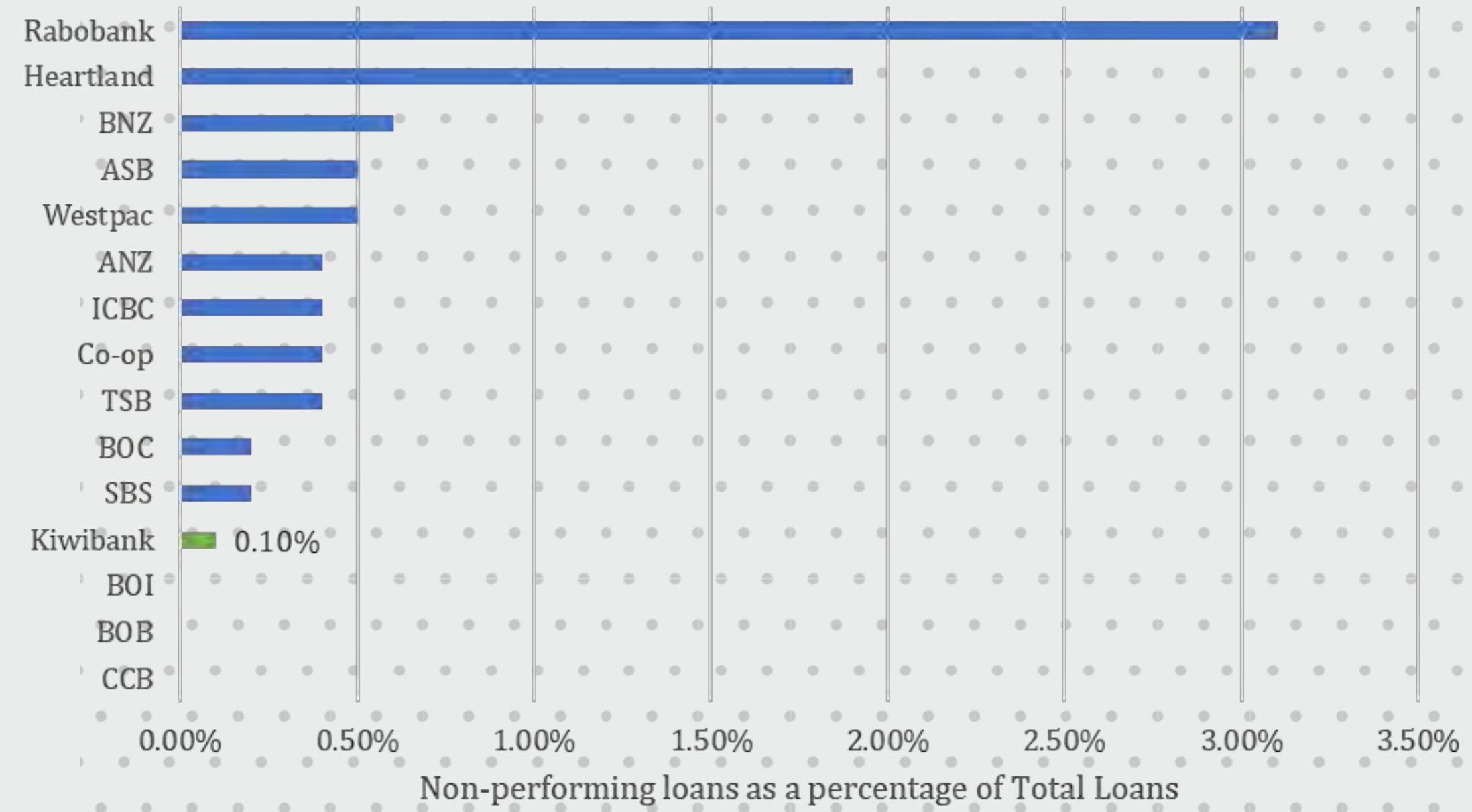
¹Source: www.rbnz.govt.nz/statistics/c5

²Source: www.rbnz.govt.nz/statistics/s40-banks-liabilities-deposits-by-sector

Asset quality



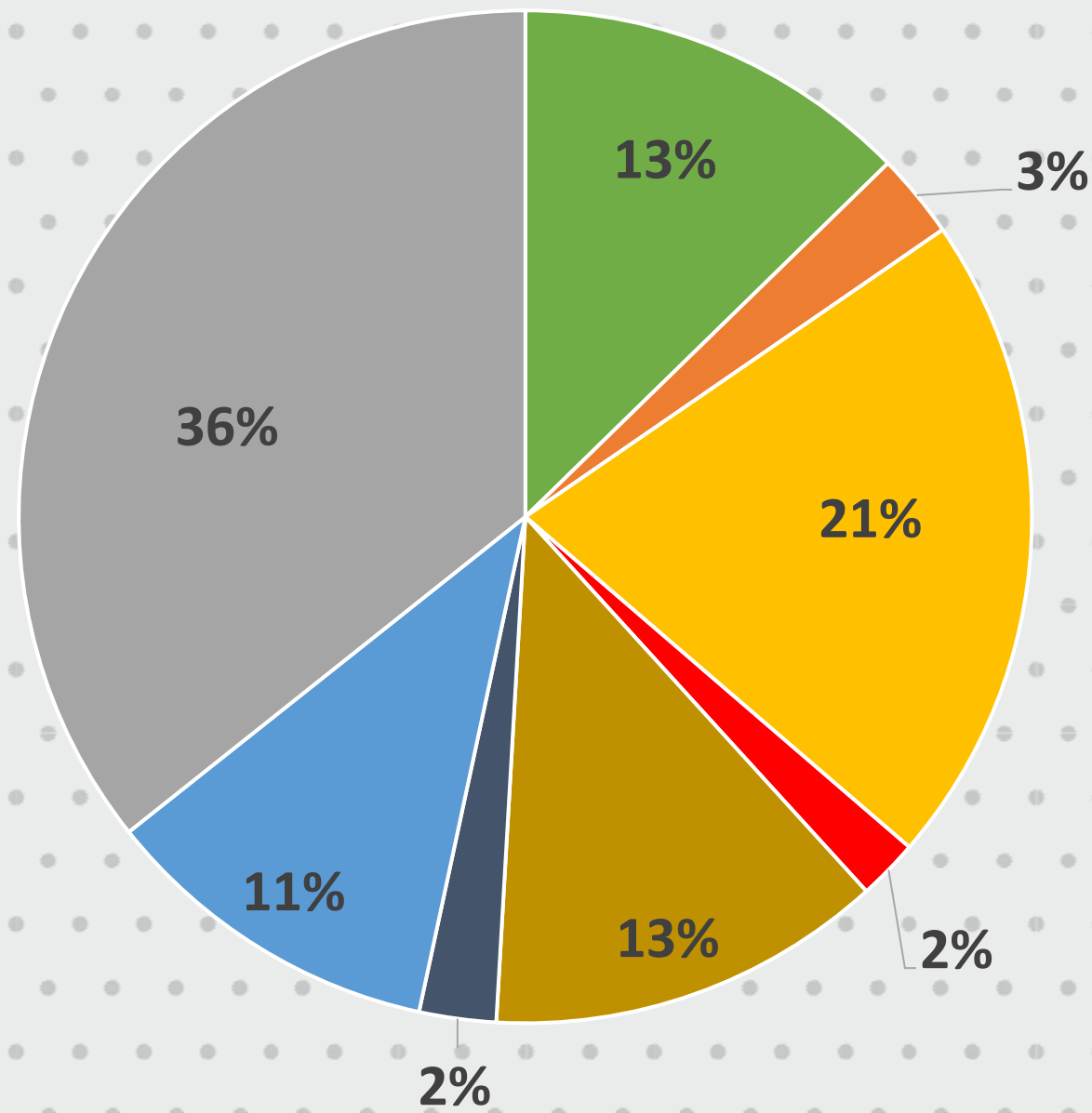
Non-performing loan ratio



- Kiwibank’s non-performing loan ratio remains among the lowest in the industry.
- This reflects the high quality of Kiwibank’s lending portfolio together with active management of deteriorating customers.

Source: RBNZ Financial Strength Dashboard – June 2021

High Quality Liquid Assets



- Cash
- Due from other Banks
- NZ Govt Bonds
- Treasury Bills
- Supranationals
- NZ Local Govt Securities
- NZ Corporate & Bank
- RMBS

- Kiwibank has a diverse portfolio of liquid assets.
- The bulk of the \$3.8b portfolio qualifies as High Quality Liquid Assets as defined by the RBNZ. This represents 15.2% of total loans and advances.
- Internal Residential Mortgage Backed Securities programme upsized to provide primary liquid assets as well as support drawdowns under the RBNZ Funding for Lending programme.

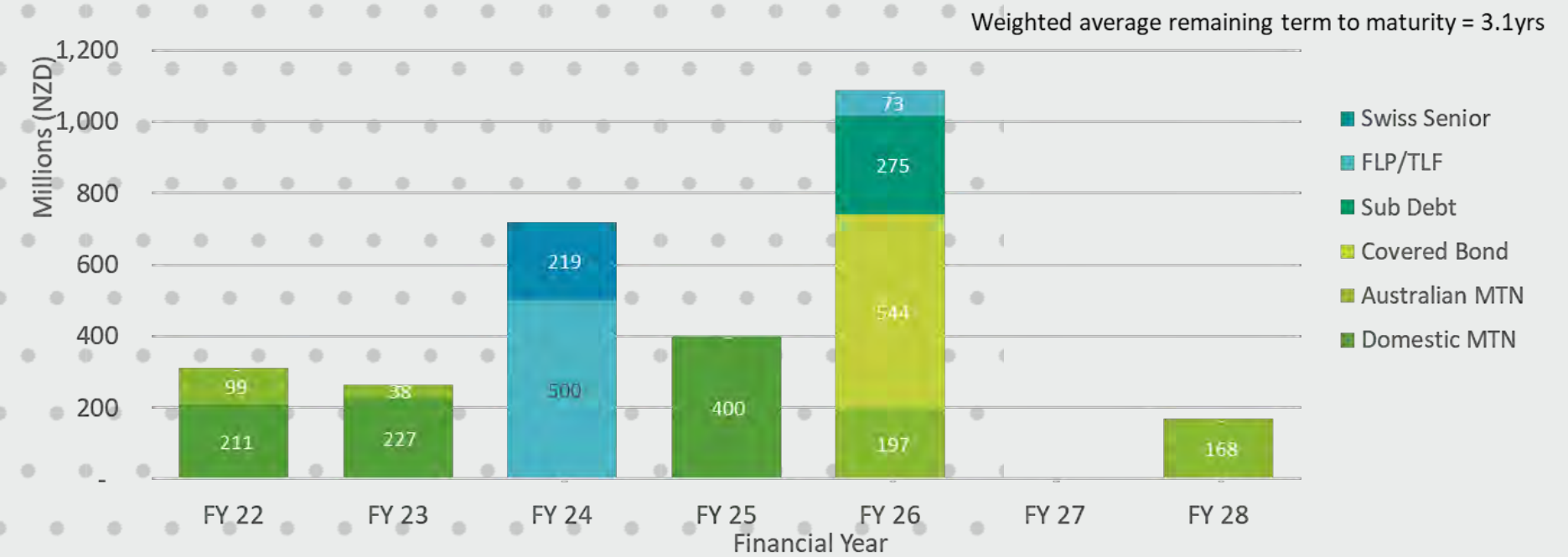
Funding mix (as at 30 June 2021)



Issuer Credit Ratings

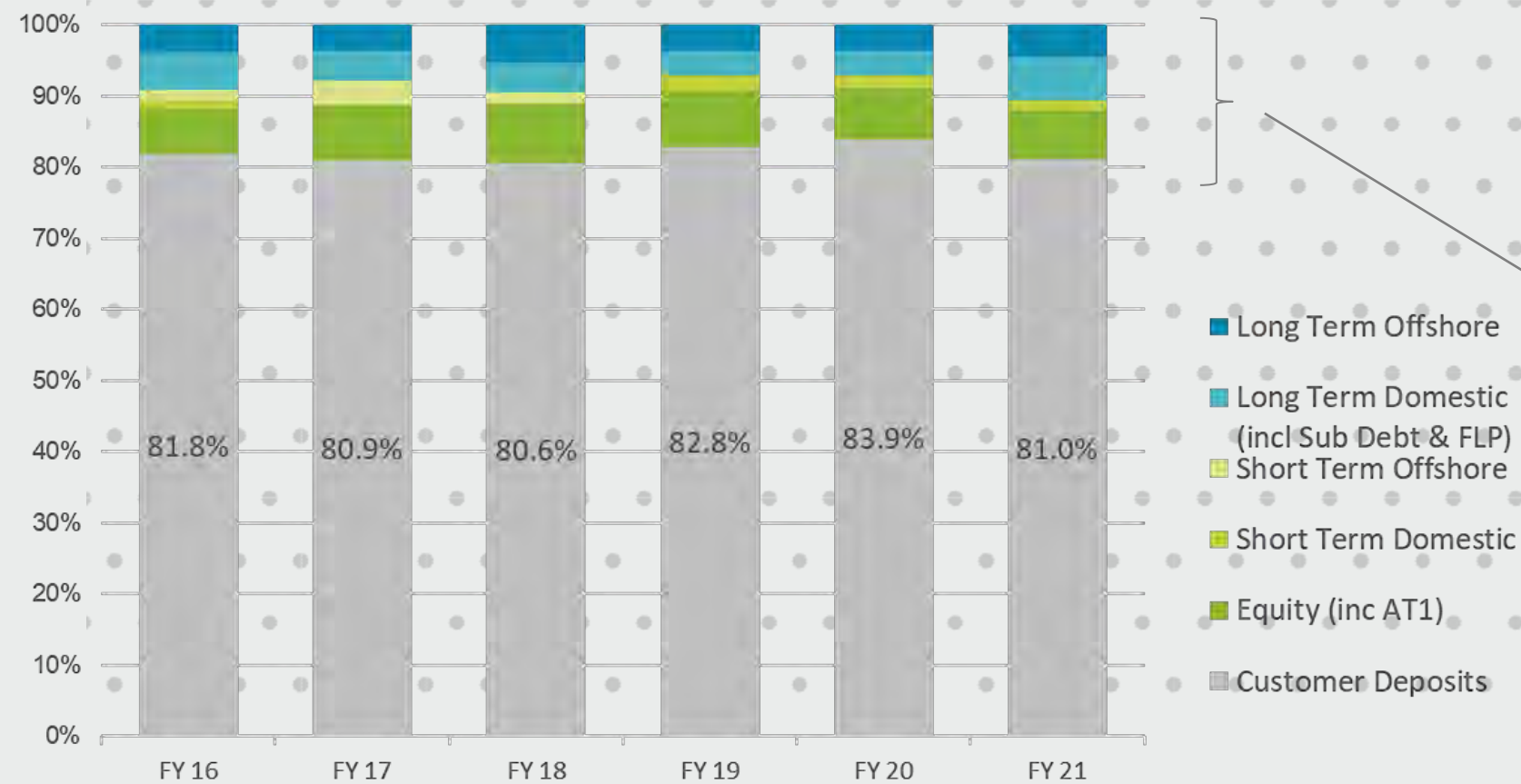
	Long-term	Short-term	Outlook
Fitch	AA	F1+	Stable
Moody's	A1	P-1	Stable

Term Funding Maturity Profile by Type *



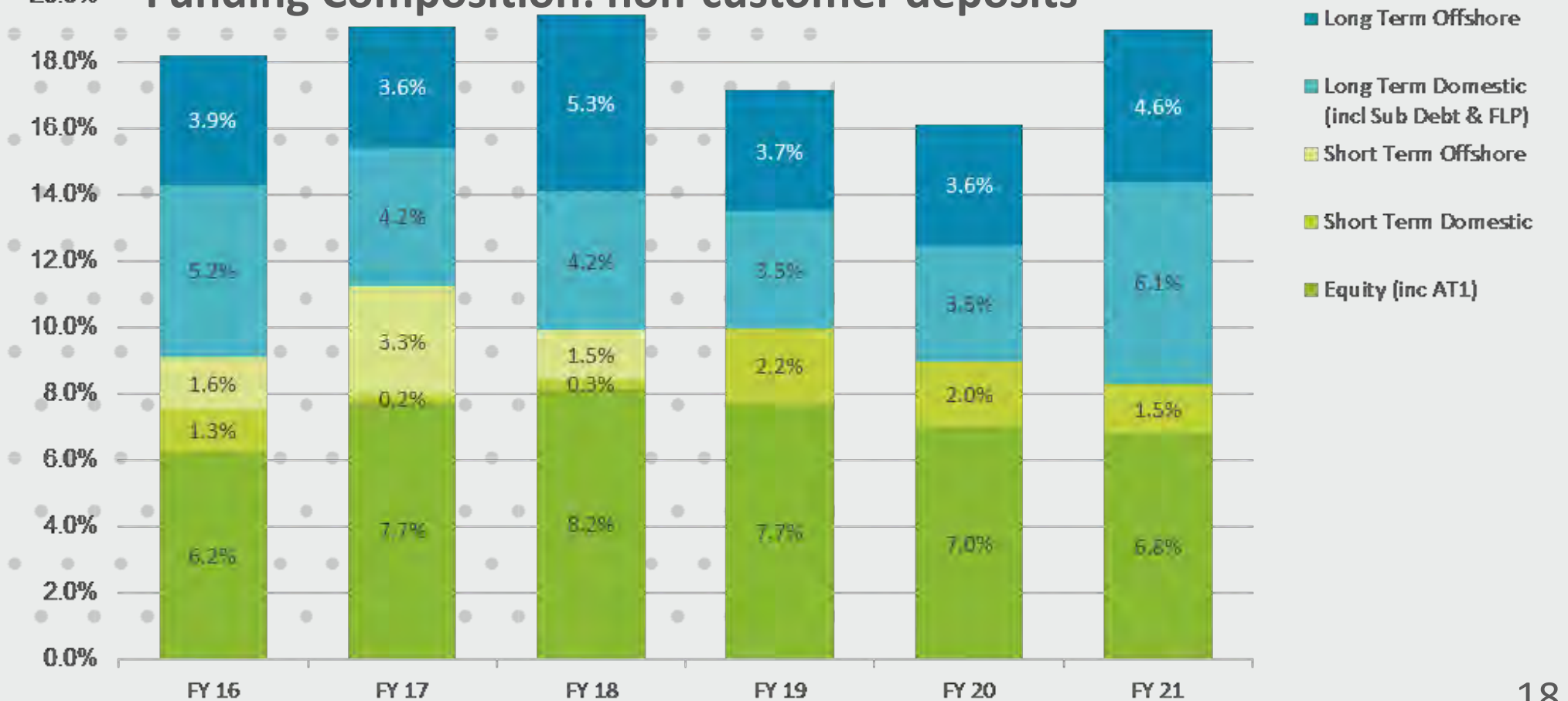
Source: Kiwibank as at 30 June 2021
 * Excludes AT1. Sub debt profile based on the next callable date

Funding Composition



Source: Kiwibank as at 30 June 2021

Funding Composition: non-customer deposits

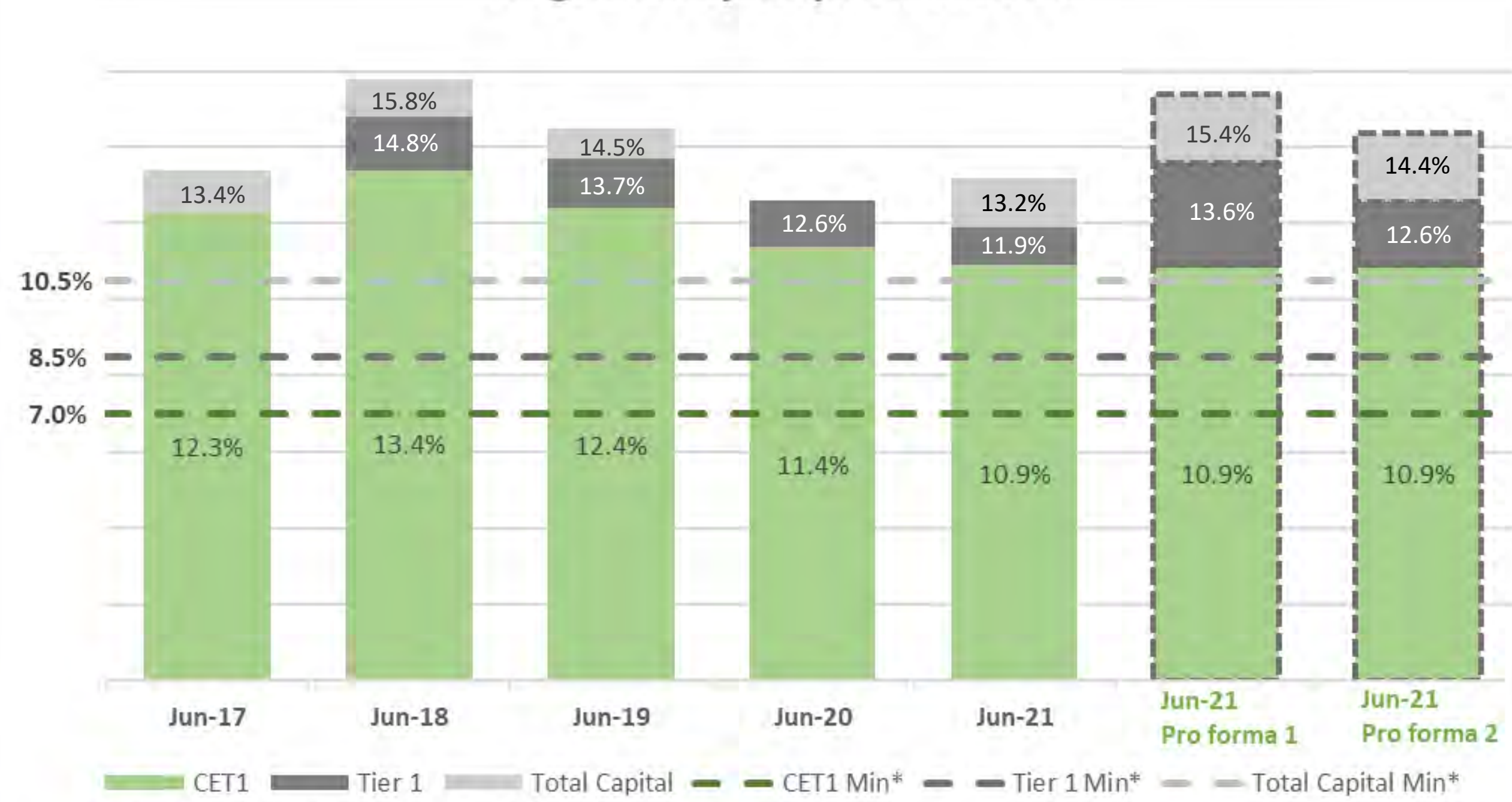


Source: Kiwibank as at 30 June 2021

Capital ratios are comfortably above regulatory minimum requirements



Regulatory Capital Ratios



* includes 2.5% capital conservation buffer

Key focus areas

- Common Equity Tier 1 capital ratio (CET1) of 10.9% declined 50bps on the prior year due to strong asset growth.
- \$275m Tier 2 capital raised in December 2020.
- PPS issue will increase Tier 1 and Total Capital ratios.

Pro Forma 1

- \$250m PPS issuance
- 100% capital recognition for \$275m Tier 2 (following RBNZ capital rule changes from 1 Oct 2021)

Pro Forma 2

- \$250m PPS issuance
- 100% capital recognition for \$275m Tier 2 (following RBNZ capital rule changes from 1 Oct 2021)
- \$150m KCFHA AT1 redeemed (following 1 October regulatory event Kiwibank has the option to redeem, subject to RBNZ approval)

Risks of investing

An investment in the PPS involves risk. Kiwibank considers that the most significant risks are:

- The economic impact of the COVID-19 pandemic remains uncertain, and has increased potential credit risk across Kiwibank's lending portfolio
- Disruption to Kiwibank's information technology systems
- External events may adversely impact Kiwibank's operations

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

- adversely affect the market price and liquidity of the PPS; and/or
- result in Kiwibank not making a payment on the PPS

This summary does not cover all of the risks of investing in the PPS. Further information on risks is available in Sections 5 and 6 of the PDS.

2. Perpetual Preference Shares Overview



Perpetual Preference Shares – Key Terms

Issuer	Kiwibank Limited
Description	Perpetual preference shares
Ranking	The PPS are ranked below all Kiwibank’s liabilities and debt obligations including deposits and subordinated debt but ahead of common equity
Term	The PPS have no fixed term
Distribution Rate	The Distribution Rate will be fixed for the first five years, after which it will be reset every five years to be equal to the five year swap rate plus the Margin. The Distribution Rate will not be less than 0%
Margin	Set on the Rate Set Date, announced by Kiwibank and will not change
Distributions	Distributions are discretionary, subject to certain conditions and are non-cumulative. They are scheduled to be paid quarterly and are expected to comprise cash and imputation credits
Redemption rights	Kiwibank may, subject to certain conditions, choose to repay the PPS: <ul style="list-style-type: none">• on an Optional Redemption Date; or• if a Tax Event or a Regulatory Event has occurred Holders have no right to require the PPS be redeemed
First Optional Redemption Date	2 November 2026

Optional Redemption of the PPS

- Kiwibank may, subject to the conditions described below, choose to redeem the PPS:
 - on the first Optional Redemption Date (November 2026), or on any Optional Redemption Date after that date; or
 - following a Tax Event or a Regulatory Event
- Kiwibank may only choose to redeem the PPS if:
 - the Reserve Bank has approved the redemption of the PPS; and
 - the Solvency Condition will be satisfied immediately after redemption of the PPS
- If the PPS are redeemed on an Optional Redemption Date, holders will receive the Issue Price
- If the PPS are redeemed on a date other than an Optional Redemption Date due to a Tax Event or Regulatory Event, holders will receive the greater of the Issue Price and the Market Value

Credit rating



- Kiwibank has an issuer credit rating of A1 from Moody's Investors Service (Moody's)
- The PPS have been rated Ba1 by Moody's

Explaining the Ba1 credit rating of the PPS

Kiwibank issuer credit rating

A1

- Deduction for removing shareholder support

3 Notches

- Deduction for subordination and discretionary distributions

3 Notches

PPS credit rating

Ba1

Moody's Rating	Likelihood an issuer does not meet financial obligations
Aaa	Lowest
Aa	Very low
A	Low
Baa	Moderate
Ba	Substantial
B	High
Caa	Very high
Ca	Likely in, or very near default

3. The Offer



Key terms of the Offer

Purpose	The Offer will raise Additional Tier 1 capital to help Kiwibank meet its regulatory capital requirements
Use of proceeds	The proceeds of the Offer will be used for Kiwibank's general corporate purposes
Offer amount	Up to \$250 million
Minimum subscription amount	\$5,000 and in multiples of \$1,000 thereafter
Brokerage	0.50% on firm allocations plus 0.50% retail brokerage
Quotation	Application has been made for the PPS to be quoted on the NZX Debt Market under the ticker code KWBHA
Joint Lead Managers	BNZ, Craigs Investment Partners, Forsyth Barr
Co-Manager	JBWere

Important Dates



Important dates for the Offer	Date
PDS lodgement date	8 October 2021
Opening Date	18 October 2021
Closing Time	12:00 p.m. on 21 October 2021
Rate Set Date	21 October 2021
Issue Date / allotment date	2 November 2021
Expected date of initial quotation	3 November 2021

Important dates for the PPS	Date
Scheduled Distribution Payment Dates	2 February, 2 May, 2 August and 2 November in each year
First Scheduled Distribution Payment Date	2 February 2022
Rate Reset Date and Optional Redemption Date	2 November 2026 and every 5 years thereafter

4. Questions



Contact

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Perpetual Preference Shares

Indicative Terms Sheet

For an issue of up to NZ\$250 million
Perpetual Preference Shares by

Kiwibank Limited

8 October 2021

The Kiwibank logo consists of a green square containing the text "Kiwi bank." in white. The word "Kiwi" is on the top line and "bank." is on the bottom line. To the right of the green square, there is a grey area with white diagonal lines.

Kiwi
bank.

Indicative terms sheet (Terms Sheet)

This is a summary only. Full details are contained in the product disclosure statement for the Offer dated 8 October 2021 (PDS).

The PDS is available free of charge on the online Disclose Register maintained by the Companies Office at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13177) or can be obtained from the Joint Lead Managers and Co-manager or your usual financial adviser.

These PPS do not have the same rights (including voting rights), privileges and opportunity for growth as ordinary shares. Scheduled distributions may be cancelled (and those cancelled distributions will not be paid at a later date). The PPS are perpetual and have no fixed term. Holders have no right to require repayment for any reason.

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

Issuer	Kiwibank Limited (Kiwibank).
Description	Perpetual preference shares (PPS).
Kiwibank Banking Group	Kiwibank, its wholly owned entities and all other entities consolidated for financial reporting purposes, as specified in its latest financial statements on a consolidated and not an individual basis.
Joint Arrangers	Craigs Investment Partners Limited and Forsyth Barr Limited.
Joint Lead Managers	Bank of New Zealand, Craigs Investment Partners Limited and Forsyth Barr Limited.
Co-manager	JBWere (NZ) Pty Limited.
Purpose	The Offer will raise Additional Tier 1 Capital to help Kiwibank meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for Kiwibank's general corporate purposes.
Issue amount	Up to NZ\$250 million.
Regulatory treatment	Additional Tier 1 Capital.
Legal form	Equity.
Accounting form	Equity.
Ranking and rights in liquidation	In a liquidation of Kiwibank each PPS confers upon the Holder, in the distribution of surplus assets of Kiwibank, the right to payment in cash of a maximum amount equal to the Issue Price, which ranks: <ul style="list-style-type: none"> • after the claims of all depositors and holders of other liabilities, securities and other obligations of Kiwibank (including Tier 2 securities), except for the claims described below; • equally with the rights of other Holders and the rights and claims of holders of any other preference shares or other securities that rank equally with the PPS; and • ahead of the rights of Kiwibank's ordinary shareholders.

No set-off and offsetting rights	Except to the extent required by law, a Holder will not have any right to set-off any amounts owing to it by Kiwibank in connection with the PPS against any amounts owing by it to Kiwibank in connection with the PPS or otherwise.
No guarantee	The PPS are not guaranteed by any member of the Kiwibank Banking Group, Kiwibank's ultimate shareholders, the Government or any other person.
Issue Price	NZ\$1.00 per PPS.
Term	The PPS have no fixed term.
Rate Set Date	21 October 2021
Issue Date	2 November 2021.
Optional Redemption Dates and Rate Reset Dates	2 November 2026 and each five year anniversary of that date.
Kiwibank redemption rights	<p>Kiwibank may at its option repay all of the PPS:</p> <ul style="list-style-type: none"> • on an Optional Redemption Date for their Issue Price; or • following the occurrence of a Tax Event or Regulatory Event, in each case for the greater of their Issue Price and their Market Value, <p>but only if the Redemption Conditions are satisfied.</p>
Redemption notice	<p>If Kiwibank elects to repay the PPS, it must give at least 15 Business Days' notice to Holders.</p> <p>The redemption notice must specify the date on which the redemption will occur (Redemption Date), which must be either:</p> <ul style="list-style-type: none"> • an Optional Redemption Date; or • in the case of a Regulatory Event or Tax Event, the next Distribution Payment Date that falls not less than 15 Business Days after the date on which the redemption notice was given.

Redemption conditions	<p>Kiwibank may only exercise its redemption option if</p> <p>(i) either</p> <ul style="list-style-type: none"> • prior to, or concurrent with, redemption, Kiwibank replaces the PPS with a paid-up capital instrument of the same or better quality and contributing at least the same regulatory capital amount (for the purposes of the Reserve Bank capital adequacy requirements applying to Kiwibank at the relevant time), the terms and conditions of which are sustainable for the income capacity of the Kiwibank Banking Group; or • if Kiwibank does not intend to replace the PPS, Kiwibank has demonstrated to the Reserve Bank's satisfaction that, after the redemption, the Kiwibank Banking Group's capital ratios would be sufficiently above their respective minimums and its prudential capital buffer ratio would be sufficiently above its buffer trigger ratio; <p>(ii) Kiwibank has provided to the Reserve Bank any required information and supporting documentation;</p> <p>(iii) the Reserve Bank has given its prior written approval to the redemption. Approval is at the absolute discretion of the Reserve Bank; and</p> <p>(iv) Kiwibank will remain Solvent immediately after the redemption of the PPS and otherwise comply with any applicable law, directive or requirement.</p>
Market Value	<p>The Market Value of the PPS will be determined by an independent valuer appointed by Kiwibank who will assess the value of the PPS in accordance with the process set out in the Terms.</p>
Holder redemption rights	<p>Holders have no right to require that the PPS be repaid.</p>
Distribution Payment Dates	<p>Distributions on the PPS are scheduled to be paid in arrear:</p> <ul style="list-style-type: none"> • quarterly on 2 February, 2 May, 2 August and 2 November in each year (Scheduled Distribution Payment Dates), commencing on 2 February 2022 until (but excluding) the Redemption Date; and • on the Redemption Date. <p>Distributions are discretionary and subject to conditions (see below).</p>
Distributions	<p>Distributions on the PPS are expected to comprise a cash amount plus imputation credits. The cash distribution and any imputation credits will together provide a gross return per annum equal to the Distribution Rate.</p>

<p>Cash distribution amount</p>	<p>The cash distribution paid to Holders on each Scheduled Distribution Payment Date and on the Redemption Date (if it falls on a date that would otherwise be a Scheduled Distribution Payment Date) is calculated according to the following formula:</p> $\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4}$ <p>The cash distribution payable on any other Distribution Payment Date is calculated in accordance with the following formula:</p> $\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price} \times N}{365}$ <p>For the purposes of the above calculations:</p> <p>"N" is the number of days from (and including) the previous Distribution Payment Date (or the Issue Date if the first Distribution Payment Date has not occurred) to (but excluding) the Distribution Payment Date; and</p> <p>"Tax Rate" means the New Zealand corporate tax rate on the relevant Distribution Payment Date (expressed as a decimal).</p>
<p>Imputation credits</p>	<p>Distributions on the PPS are expected to be fully imputed. If any Distribution is not fully imputed, the cash distribution will be increased by an amount in dollars equal to the shortfall in imputation credits.</p>
<p>Fixed Rate Periods</p>	<ul style="list-style-type: none"> • The period from (and including) the Issue Date to (but excluding) the first Optional Redemption Date. • Thereafter, each period from (and including) an Optional Redemption Date to (but excluding) the next Optional Redemption Date.
<p>Distribution Rate</p>	<p>The Distribution Rate for the first Fixed Rate Period will be the sum of the Swap Rate calculated on the Rate Set Date plus the Margin.</p> <p>The Distribution Rate for each subsequent Fixed Rate Period will be reset on the applicable Rate Reset Date to be equal to the Swap Rate on the Rate Reset Date plus the same Margin. If the sum of the Swap Rate plus the Margin is less than zero, the Distribution Rate will be 0% per annum.</p> <p>The initial Distribution Rate and the Margin will be announced by Kiwibank via NZX on the Rate Set Date and available at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments. When the Distribution Rate is reset, the new Distribution Rate will be announced by Kiwibank via NZX and at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments.</p>

Swap Rate	<p>The Swap Rate will be calculated by Kiwibank in accordance with market convention with reference to Bloomberg page ICNZ4 (or its successor page) adjusted for quarterly payments and rounded to 2 decimal places if necessary, with five being rounded up.</p> <ul style="list-style-type: none"> • The Swap Rate for the first Fixed Rate Period will be calculated on the Rate Set Date as the mid-market rate for an interest rate swap with a term of 5 years commencing on the Rate Set Date. • The Swap Rate for each subsequent Fixed Rate Period will be calculated at or about 11am on the applicable Rate Reset Date as the mid-market swap rate for an interest rate swap with a term of 5 years commencing on the first day of the Fixed Rate Period.
Margin	<p>The Margin (which may be above or below the indicative Margin range) will be determined by Kiwibank in consultation with the Joint Lead Managers on the Rate Set Date following the bookbuild and will be announced by Kiwibank via NZX and available at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments on the Rate Set Date.</p> <p>The Margin for the PPS will not change.</p>
Indicative Margin range	<p>The indicative Margin range will be announced by Kiwibank via NZX and available at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments on or about the Opening Date.</p>
Distributions are discretionary and subject to conditions	<p>Kiwibank has full discretion at all times to cancel Distributions on the PPS. In addition, the payment of any Distribution on any Distribution Payment Date is subject to:</p> <ul style="list-style-type: none"> • the payment of the Distribution not resulting in a breach of Kiwibank's conditions of registration as at the time of the payment; and • Kiwibank satisfying the Solvency Condition.
Solvency Condition	<p>In order for Kiwibank to pay a Distribution on a Distribution Payment Date, Kiwibank must satisfy the solvency test contained in section 4 of the Companies Act 1993, as modified by section 52, on that Distribution Payment Date, and must continue to do so immediately after making the payment.</p>
Distributions are non-cumulative	<p>Distributions are non-cumulative. If payment of a Distribution is not made for any reason, Kiwibank has no liability to pay that unpaid Distribution.</p> <p>No interest accrues on any unpaid Distributions and a Holder has no claim or entitlement in respect of interest on any unpaid Distribution.</p>

Distribution stopper	<p>If a Distribution is not paid in full on a Distribution Payment Date then Kiwibank must not:</p> <ul style="list-style-type: none"> • make any distributions or payments on, or issue any bonus securities in respect of, its Ordinary Shares; or • make any distributions or payments on, or issue any bonus securities in respect of, any other preference shares or other securities that rank equally with the PPS (other than on a pro-rata basis with the PPS); <p>unless and until:</p> <ul style="list-style-type: none"> • Kiwibank pays Distributions in full on two subsequent consecutive Scheduled Distribution Payment Dates; or • there are no PPS outstanding. 						
Limited enforcement rights	<p>The Terms do not include events of default or any other provisions entitling Holders to require that the PPS be repaid.</p> <p>No Holder has any right to apply for the liquidation or administration of Kiwibank or any other member of the Kiwibank Banking Group, or to cause a receiver or receiver and manager to be appointed in respect of Kiwibank or any other member of the Kiwibank Banking Group on the grounds of Kiwibank's failure or potential failure to pay Distributions on the PPS or for any other reason in connection with Kiwibank's compliance with the terms of the PPS.</p>						
No restrictions on other securities or liabilities	<p>There are no restrictions on Kiwibank issuing further securities or creating further liabilities after the PPS have been issued that rank equally with, or in priority to, the PPS in a liquidation of Kiwibank.</p> <p>Kiwibank could therefore, at any time after the Issue Date, issue further securities or create further liabilities that rank equally with or in priority to the PPS.</p>						
No voting rights	<p>No Holder will have the right to attend or vote at meetings of ordinary shareholders of Kiwibank or any other member of the Kiwibank Banking Group.</p>						
No other rights	<p>A Holder of the PPS has no right to subscribe for new securities of Kiwibank, to participate in any bonus issues of securities of Kiwibank, or to otherwise participate in the profits or property of Kiwibank, except by receiving payments on the PPS.</p>						
Conversion or exchange	<p>Not applicable.</p>						
Business Days	<p>Auckland, Wellington.</p>						
Record Date (for Distribution payment purposes)	<p>10 calendar days before the relevant Distribution Payment Date.</p> <p>If a Record Date is a day which is not a Business Day, then the Record Date will be the immediately preceding Business Day.</p>						
Credit rating	<table border="0" style="width: 100%; text-align: center;"> <tr> <td></td> <td>Kiwibank Senior Credit Rating</td> <td>PPS Credit Rating</td> </tr> <tr> <td>Moody's Investors Service</td> <td>A1</td> <td>Ba1</td> </tr> </table> <p>A credit rating is not a recommendation to buy, sell or hold the PPS or any securities issued by Kiwibank. Ratings are subject to suspension, revision or withdrawal at any time.</p>		Kiwibank Senior Credit Rating	PPS Credit Rating	Moody's Investors Service	A1	Ba1
	Kiwibank Senior Credit Rating	PPS Credit Rating					
Moody's Investors Service	A1	Ba1					

Fees	0.50% on firm allocations plus 0.50% retail brokerage, payable by Kiwibank.
No gross up	There will be no gross up for RWT, NRWT or any other form of withholding.
Registrar	Link Market Services Limited. The PPS will be accepted for settlement within the NZClear System.
ISIN	NZKIWD0001S3
NZX quotation	Application has been made to NZX for permission to quote the PPS on the NZX Debt Market. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013. NZX ticker code KWBHA has been reserved for the PPS.
Documents	PDS relating to the offer of PPS dated 8 October 2021. The constitution of Kiwibank Limited. Terms of the PPS. Other documents and information are available on the online Disclose Register maintained by the Companies Office at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13177).
Governing law	New Zealand.
Minimum subscription amount	NZ\$5,000 and in multiples of NZ\$1,000 thereafter.
No public pool	There will be no public pool for the PPS. All PPS will be reserved for subscription by clients of the Joint Lead Managers, the Co-manager, Primary Market Participants and other persons invited to participate in the bookbuild.
Selling restrictions	The PDS constitutes an offer of PPS to New Zealand retail and institutional investors. The PPS may only be offered for sale or sold in New Zealand. Kiwibank has not taken and will not take any action which would permit a public offering of PPS, or possession or distribution of any offering material in respect of the PPS, in any country or jurisdiction where action for that purpose is required (other than New Zealand).
No underwriting	The Offer is not underwritten.

Important dates for the Offer	
Opening Date	18 October 2021
Closing Time	12:00pm on 21 October 2021
Rate Set Date	21 October 2021
Issue Date/allotment date	2 November 2021

Important dates for the Perpetual Preference Shares	
Expected quotation on NZX Debt Market	3 November 2021
Scheduled Distribution Payment Dates	2 February, 2 May, 2 August and 2 November in each year
First Scheduled Distribution Payment Date	2 February 2022
First Optional Redemption Date and Rate Reset Date	2 November 2026

Dates may change

The “Important dates for the Offer” (listed above) are indicative only and subject to change. Kiwibank may, in its absolute discretion and without notice, vary such dates (including by closing the Offer early and changing the Closing Time). If the Closing Time is changed, all subsequent dates may also change. Any such changes will not affect the validity of any applications received.

Kiwibank reserves the right to cancel the Offer and the issue of the PPS.

Key Risks

The PDS should be read in full before deciding whether to invest in the PPS.

The PDS includes: Section 1 “*Key information summary*”, Section 5 “*Key features of the PPS*” and Section 6 “*Risks of investing*”. The key features of the PPS are outlined in sections 1 and 5, and the risks of investing are outlined in sections 1 and 6, including risks relating to Kiwibank's creditworthiness and risks associated with the PPS specifically.

Product Disclosure Statement

for an offer of perpetual preference shares by

Kiwibank Limited

Date: 8 October 2021

This document gives you important information about this investment to help you decide whether you want to invest.

There is other useful information about this offer on

www.disclose-register.companiesoffice.govt.nz.

Kiwibank Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you to make an investment decision.



The Kiwibank logo, which is a green square containing the text 'Kiwi bank.' in a white, sans-serif font. The square is positioned in the bottom right corner of the page, with a background of white diagonal lines.

1. Key information summary

What is this?

This is an offer of perpetual preference shares ("**PPS**"). The PPS are equity securities issued by Kiwibank Limited ("**Kiwibank**"). You give Kiwibank money, and in return Kiwibank promises to pay you scheduled distributions. If Kiwibank runs into financial trouble, you might lose some or all of the money you invested.

Warning

These PPS do not have the same rights (including voting rights), privileges and opportunity for growth as ordinary shares. Scheduled distributions may be cancelled (and those cancelled distributions will not be paid at a later date). The PPS are perpetual and have no fixed term. You have no right to require repayment for any reason.

About the Kiwibank Banking Group

The Kiwibank Banking Group offers a range of personal and business banking services. Kiwibank is the main operating company in the Kiwibank Banking Group and is a registered bank under the Reserve Bank of New Zealand Act 1989 ("**RBNZ Act**").

Information about Kiwibank and Kiwibank's financial statements are published half-yearly in disclosure statements Kiwibank prepares under the RBNZ Act. Kiwibank's disclosure statements are available at www.kiwibank.co.nz/about-us/governance/legal-documents-and-information/legal-documents/.

Purpose of this offer

The Offer will raise Additional Tier 1 Capital to help Kiwibank meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for Kiwibank's general corporate purposes.

Key terms of the Offer

Description of the equity securities	Perpetual preference shares.
No fixed maturity date	Your PPS have no fixed maturity date and will remain on issue indefinitely if not repaid by Kiwibank.
Repayment	You have no right to require repayment of your PPS for any reason. Kiwibank can repay your PPS in certain circumstances. See "How you can get your money out" below.
Offer amount	Up to \$250 million.
Issue Price	\$1.00 per PPS.
Minimum subscription amount	\$5,000 and in multiples of \$1,000 thereafter.
Opening Date	18 October 2021.
Closing Time	12:00 p.m. on 21 October 2021.
Distributions	Distributions on your PPS are expected to be fully imputed. This means the return you receive when a distribution is paid is expected to comprise a cash amount plus imputation credits. See Section 5.2 of this PDS (Distributions).
Distribution Rate	The Distribution Rate initially will be fixed for a period of 5 years and will be reset at 5-yearly intervals after that. The Distribution Rate for the first 5-year period will be the sum of the Swap Rate (a benchmark interest rate for a 5-year period) on the Rate Set Date (21 October 2021) plus the Margin.

	<p>The Distribution Rate for each subsequent 5-year period will be the sum of the Swap Rate on the applicable Rate Reset Date plus the same Margin.</p> <p>The Margin and the initial Distribution Rate will be determined by Kiwibank following the Bookbuild and will be announced by Kiwibank via NZX on the Rate Set Date and available at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments/.</p> <p>When the Distribution Rate is reset, the new Distribution Rate will be announced by Kiwibank via NZX and available at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments/.</p> <p>See Section 5.2 of this PDS (Distributions).</p>
Distribution Payment Dates	Distributions on your PPS are scheduled to be paid quarterly in arrear on each Scheduled Distribution Payment Date and, if the PPS are repaid, the date of repayment of your PPS.
Distributions are discretionary and subject to conditions	<p>Kiwibank has full discretion at all times to cancel distributions on your PPS. In addition, the payment of any distribution on any Distribution Payment Date is subject to certain conditions, including Kiwibank satisfying the Solvency Condition and compliance with Kiwibank's conditions of registration.</p> <p>See Section 5.2 of this PDS (Distributions).</p>
Distributions are non-cumulative	<p>Distributions are non-cumulative. This means that if a distribution is not paid when scheduled, Kiwibank will never pay that distribution to you. You have no right to receive it and you have no right to take any action against Kiwibank or any other person in relation to that unpaid distribution.</p> <p>See Section 5.2 of this PDS (Distributions).</p>
Fees and charges	You are not required to pay brokerage or any charges to Kiwibank in relation to the Offer. However, you may have to pay brokerage or other fees to the firm from whom you receive an allocation of PPS. You should ask your broker or financial adviser about this before acquiring any PPS.

How you can get your money out

Repayment of your PPS

Your PPS have no fixed maturity date and will remain on issue indefinitely if not repaid by Kiwibank. Kiwibank may repay all of your PPS on an Optional Redemption Date or if a Tax Event or Regulatory Event occurs. Repayment is subject to certain conditions being met (including the Solvency Condition being satisfied and Kiwibank obtaining the Reserve Bank's consent).

The first Optional Redemption Date is 2 November 2026 and subsequent Optional Redemption Dates will be on each 5-year anniversary of that date.

You will receive the Issue Price if your PPS are repaid on an Optional Redemption Date. You will receive the greater of the Issue Price and Market Value if your PPS are repaid following the occurrence of a Tax Event or Regulatory Event.

See Section 5.3 of this PDS (Optional repayment of your PPS).

Any repayment of your PPS is at the option of Kiwibank and may not occur. You should not expect that your PPS will be repaid, and you do not have a right to require your PPS be repaid for any reason.

Sale on NZX Debt Market

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

How the PPS rank for repayment

In a liquidation of Kiwibank each PPS gives you the right to payment of a maximum amount equal to the Issue Price. However, in a liquidation of Kiwibank it is unlikely that there will be surplus assets available for the liquidator to pay any amount to you in respect of your PPS.

Your right to payment will rank:

- after the claims of all depositors and holders of other liabilities, securities and other obligations of Kiwibank (including Tier 2 Capital instruments), except for the claims and rights described below;
- equally with the rights of other Holders and the rights and claims of holders of any preference shares or other securities that rank equally with your PPS; and
- ahead of the rights of Kiwibank's ordinary shareholders.

Section 5.6 of this PDS (Ranking) explains how the PPS rank in a liquidation of Kiwibank.

Key risks affecting this investment

Investments in equity securities of this nature have risks. A key risk is that you will not be paid a distribution on your investment or that your investment will not be repaid (credit risk). Cancelled distributions will not be paid at a later date.

The distribution rate for these PPS should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with a higher risk of defaulting on their commitments. You need to decide whether the offer is fair.

Section 6 of this document (Risks of investing) discusses the main factors that give rise to the risk. You should consider if the credit risk of these equity securities is suitable for you.

Kiwibank considers that the most significant risk factors are:

- *The economic impact of the COVID-19 pandemic remains uncertain, but it has increased potential credit risk across Kiwibank's lending portfolio*

A potential impact for Kiwibank is an increase in the risk that customers will fail to meet their obligations to Kiwibank in accordance with agreed terms (ie credit risk). Increased credit risk can result in both higher provision requirements through an increase in the probability of default and an increase in losses when customers default on their loan obligations.

- *Disruption to Kiwibank's information technology systems*

Kiwibank's information technology systems and infrastructure could be disrupted as a result of technical failure, human error, cyber attacks or other criminal activity.

Any disruption to Kiwibank's information technology systems may be wholly or partially beyond Kiwibank's control, and may result in business interruption, data loss or corruption, the loss of customers, reputational damage and the weakening of Kiwibank's competitive position, all of which could have an adverse impact on Kiwibank's financial performance and position.

- *External events may adversely impact Kiwibank's operations*

External events such as extreme weather, natural disasters, pandemics and biological hazards may cause property damage and business disruption, which may adversely impact Kiwibank's financial performance and lead to reputational damage if Kiwibank is not able to manage the impacts of an external event.

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

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

Kiwibank can also repay the PPS in certain circumstances and with the prior written approval of the Reserve Bank.

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

What is the PPS' credit rating?

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

The PPS have been rated by Moody's Investors Service ("**Moody's**"). Moody's gives ratings from Aaa through to Ca, excluding ratings attached to entities in default.

Moody's applies numerical modifiers 1, 2, and 3 to each rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its rating category, the modifier 2

indicates a mid-range ranking, and the modifier 3 indicates a ranking in the lower end of that rating category.

As at the date of this PDS, the PPS have a credit rating of Ba1 from Moody's.

Credit ratings for Moody's	Aaa	Aa	A	Baa	Ba	B	Caa	Ca
Likelihood that the issuer may not meet its financial obligations when due	Lowest	Very low	Low	Moderate	Substantial The PPS Ba1	High	Very high	Likely in, or very near, default

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2. Purpose of the Offer

As a registered bank, Kiwibank is subject to conditions of registration imposed by the Reserve Bank. These conditions require Kiwibank to comply with prudential requirements, including to maintain an adequate level of capital that is available to absorb losses from its activities. The Offer raises Additional Tier 1 Capital to help Kiwibank meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for Kiwibank's general corporate purposes.

There is no minimum amount that must be raised before the PPS will be issued. The use of the money raised under the Offer will not change depending on the total amount that is raised. The Offer is not underwritten.

See Section 9 of this PDS (Information about Kiwibank) for more information about Kiwibank's regulatory capital requirements and capital management.

3. Key dates and Offer process

Opening Date	18 October 2021
Closing Time	12:00 p.m. on 21 October 2021
Rate Set Date	21 October 2021
Issue Date/allotment date	2 November 2021
Expected date of initial quotation and trading of the PPS on the NZX Debt Market	3 November 2021
First Scheduled Distribution Payment Date	2 February 2022
Scheduled Distribution Payment Dates	2 February, 2 May, 2 August and 2 November
Rate Reset Dates and Optional Redemption Dates	2 November 2026 and each 5-year anniversary of that date

The Opening Date and the Closing Time may change. Kiwibank has the right in its absolute discretion to open or close the Offer early and to extend the Closing Time. If Kiwibank changes the Opening Date and/or the Closing Time, the changes will be announced as soon as reasonably practicable via NZX and at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments/. If the Closing Time is changed, the Rate Set Date, the Issue Date, the expected date of initial quotation and trading of the PPS on the NZX

Debt Market, the Scheduled Distribution Payment Dates, the Optional Redemption Dates and the Rate Reset Dates may change accordingly. Any such changes will not affect the validity of any applications received. Other dates may also be adjusted if they do not fall on a Business Day.

Kiwibank reserves the right to cancel the Offer and the issue of the PPS.

4. Terms of the Offer

4.1 Description of the PPS

The PPS	
Issuer	Kiwibank Limited.
Description	Perpetual preference shares.
No fixed maturity date	Your PPS have no fixed maturity date and will remain on issue indefinitely if not repaid by Kiwibank.

The PPS	
Distributions	Distributions on your PPS are expected to be fully imputed. This means the return you receive when a distribution is paid is expected to comprise a cash amount plus imputation credits. See Section 5.2 of this PDS (Distributions).
Distribution Rate	<p>The Distribution Rate initially will be fixed for a period of 5 years and will be reset at 5-yearly intervals after that.</p> <p>The Distribution Rate for the first 5-year period will be the sum of the Swap Rate (a benchmark interest rate for a 5-year period) on the Rate Set Date (21 October 2021) plus the Margin.</p> <p>The Distribution Rate for each subsequent 5-year period will be the sum of the Swap Rate on the applicable Rate Reset Date plus the same Margin.</p> <p>See Section 5.2 of this PDS (Distributions).</p>
Distribution Payment Dates	<p>Distributions on your PPS are scheduled to be paid quarterly in arrears on:</p> <ul style="list-style-type: none"> • each Scheduled Distribution Payment Date, being 2 February, 2 May, 2 August and 2 November in each year, commencing on 2 February 2022; and • if your PPS are repaid, the date of repayment of your PPS. <p>If a Distribution Payment Date is not a Business Day, Kiwibank will make payment on the next Business Day, but no adjustment will be made to the amount of the distribution payable as a result of the delay.</p>
Distributions are discretionary and subject to conditions	Kiwibank has full discretion at all times to cancel distributions on your PPS. In addition, the payment of any distribution on any Distribution Payment Date is subject to certain conditions, including Kiwibank satisfying the Solvency Condition and compliance with Kiwibank's conditions of registration. See Section 5.2 of this PDS (Distributions).
Distributions are non-cumulative	If a distribution is not paid when scheduled, that distribution will never be paid to you. See Section 5.2 of this PDS (Distributions).
Fees and charges	You are not required to pay brokerage or any charges to Kiwibank in relation to the Offer. However, you may have to pay brokerage or other fees to the firm from whom you receive an allocation of PPS. You should ask your broker or financial adviser about this before acquiring any PPS.
Repayment	<p>Kiwibank may repay all of your PPS on an Optional Redemption Date or if a Tax Event or Regulatory Event occurs.</p> <p>Repayment is subject to certain conditions being met (including the Solvency Condition being satisfied and Kiwibank obtaining the Reserve Bank's consent).</p> <p>See Section 5.3 of this PDS (Optional repayment of your PPS).</p> <p>Any repayment of your PPS is at the option of Kiwibank and may not occur. You should not expect that your PPS will be repaid, and you have no right to require that your PPS be repaid for any reason.</p>
Entitlement to payments	<p>Distributions on the PPS will be made to the persons who are the Holders as at the close of business on the 10th day before the applicable Distribution Payment Date, or as otherwise prescribed by the NZX Listing Rules (or if not prescribed by the NZX Listing Rules, a date determined by Kiwibank and notified to NZX).</p> <p>Any other payments on the PPS will be made to the persons who are the Holders on the applicable date for payment, or such other date as may be prescribed by NZX.</p> <p>In each case, if the date for determining the entitlement to payments is not a Business Day, the applicable date will instead be the immediately preceding Business Day.</p>

The PPS	
Ranking of the PPS	In a liquidation of Kiwibank the PPS rank as preference shares of Kiwibank, and your right to payment of an amount equal to the Issue Price will rank behind the claims of depositors and other general and subordinated creditors but ahead of the rights of holders of ordinary shares. See Section 5.6 of this PDS (Ranking).

4.2 Description of the Offer

The Offer	
Offer amount	Up to \$250 million.
Opening Date, Closing Time and Issue Date	See Section 3 of this PDS (Key dates and Offer process).
Issue Price	Each PPS is issued for \$1.00.
Minimum subscription amount	\$5,000 and in multiples of \$1,000 thereafter.
Offer	There is no public pool for the PPS. All PPS will be reserved for subscription by clients of the Joint Lead Managers, Co-manager, Primary Market Participants and other persons invited to join the Bookbuild.
Allocation of PPS	Following the Bookbuild, Kiwibank will allocate PPS to each of the successful Bookbuild participants. Those participants will in turn be solely responsible for allocating the PPS to individual investors. This means that Kiwibank has no direct role in determining the allocation that you receive from your financial adviser.
Offer in New Zealand	<p>This PDS does not constitute an offer of PPS in any jurisdiction other than New Zealand. See Section 10 of this PDS (Other information relating to the Offer).</p> <p>Under the Terms you indemnify Kiwibank, the Registrar, the Joint Arrangers, the Joint Lead Managers and the Co-manager (and their respective directors, officers, employees and agents) in respect of any loss incurred as a result of you breaching the selling restrictions contained in Section 10 of this PDS (Other information relating to the Offer).</p>
Governing law	The PPS, the Terms and the Offer are governed by New Zealand law.

4.3 Trading your PPS on the NZX Debt Market

Kiwibank intends to have the PPS quoted on the NZX Debt Market. NZX ticker code KWBHA has been reserved for the PPS. NZX takes no responsibility for the content of this PDS. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.

To be eligible to trade your PPS on the NZX Debt Market, you must have an account with a Primary Market Participant, a common shareholder number or CSN and an authorisation code (FIN). If you do not have an account with a Primary Market Participant, you should be aware that opening an account can take a number of days depending on the Primary Market Participant's new client procedures.

If you do not have a CSN, you will be automatically assigned one if you invest in the PPS. If you do not have an authorisation code, it is expected that you

will be sent one by the Registrar. If you have an account with a Primary Market Participant and have not received an authorisation code by the date you want to trade your PPS, your Primary Market Participant can arrange to obtain your authorisation code from the Registrar. Your Primary Market Participant will be charged a fee for requesting your authorisation code from the Registrar and may pass this cost on to you.

You may only transfer your PPS in aggregate Issue Price multiples of \$1,000, and after any transfer each of you and the transferee must hold either PPS with an aggregate Issue Price of no less than \$5,000, or no PPS.

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

4.4 Terms and Constitution

The terms of the PPS are set out in the Terms and the Constitution. Holders are bound by, and are deemed to have notice of, the Terms and the Constitution. You can obtain a copy of the Terms and the

Constitution from the Disclose Register at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13177).

5. Key features of the PPS

5.1 General

A number of the key features of the PPS are described in Section 4 of this PDS (Terms of the Offer). Other key features of the PPS are described below.

5.2 Distributions

This Section 5.2 contains further detail on when distributions are payable, the Distribution Rate and how distribution payments are calculated.

Distributions

Distributions on your PPS are expected to be fully imputed. This means the return you receive when a distribution is paid is expected to comprise:

- a cash amount; and
- imputation credits.

The cash amount of each scheduled quarterly distribution is calculated in accordance with the following formula:

$$\text{Cash amount per PPS} = \frac{\text{Distribution Rate} \times (1-T) \times \text{Issue Price}}{4}$$

where "T" is the New Zealand corporate income tax rate (expressed as a decimal). As at the date of this PDS the New Zealand corporate income tax rate is 28% (or 0.28 expressed as a decimal).

Based on the current corporate income tax rate of 28%, if a distribution is fully imputed you will receive 28 cents of imputation credits for every 72 cents of the cash amount. If a distribution is not fully imputed, the cash amount will be increased by an amount corresponding to the shortfall in imputation credits.

Example of a distribution payment

Set out below is an example that shows the return on your PPS on a Scheduled Distribution Payment Date if the distribution is fully imputed. The example below is based on the following assumptions:

- you hold 10,000 PPS;
- a Distribution Rate of 4.00% p.a.; and
- a corporate income tax rate on the Scheduled Distribution Payment Date of 28%.

Gross value of return

To receive a return on the quarterly Scheduled Distribution Payment Date equal to the Distribution Rate, the gross value of the cash amount and imputation credits needs to equal \$100.00. Your return is calculated as follows:

$$\begin{aligned} \text{Gross value of quarterly return} &= \frac{0.04 \times \$1.00}{4} \\ &= \$0.01 \text{ per PPS} \\ &= \$100.00 \text{ for your holding of 10,000 PPS.} \end{aligned}$$

The split between the cash amount and imputation credits is shown below.

Cash amount

The cash amount is calculated as follows:

$$\text{Cash amount per PPS} = \frac{0.04 \times (1-0.28) \times \$1.00}{4}$$

= \$0.0072 per PPS

= \$72.00 for your holding of 10,000 PPS.

Imputation credits

You will also receive imputation credits of \$28.00, being \$100.00 less the \$72.00 cash amount.

Effective return received

You need to note that:

- the actual amount you receive on the Scheduled Distribution Payment Date will be the cash amount less any withholding tax that is required to be deducted; and
- the effective return on your PPS will be impacted by your ability to use imputation credits, which will depend on your particular circumstances.

See Sections 7 (Tax) and 8 (Tax consequences for overseas Holders) of this PDS.

If the distribution is not fully imputed then the cash amount will be increased by an amount corresponding to the shortfall in imputation credits. In the example above, if only \$10.00 of imputation credits were able to be attached to the distribution, the cash amount of \$72.00 would be increased by the shortfall of \$18.00, to result in a total cash amount of \$90.00 (before the deduction of any withholding tax), so that the gross value of your return would still be \$100.00.

Use of imputation credits

The value of imputation credits to you will depend on your ability to use them, which is determined by your tax circumstances. If you:

- cannot use imputation credits, the effective return on your PPS will be less than the Distribution Rate; or
- can use imputation credits, the effective return on your PPS will depend on your tax circumstances and will be no more than the Distribution Rate.

You should be aware that the value of any imputation credits may not accrue at the same time as the receipt of any cash distribution.

Distribution Payment Dates

Distributions on your PPS are scheduled to be paid quarterly in arrear on each Scheduled Distribution Payment Date and, if your PPS are repaid, the date of repayment. See Section 5.3 of this PDS (Optional repayment of your PPS).

Distributions are discretionary and subject to conditions

There is no guarantee that distributions will be paid on your PPS. Kiwibank has full discretion at all times to cancel distributions on your PPS. In addition, the payment of any distribution on any Distribution Payment Date is subject to:

- the payment of the distribution not resulting in a breach of Kiwibank's conditions of registration as at the time of the payment; and
- Kiwibank satisfying the Solvency Condition.

The Solvency Condition will be satisfied if Kiwibank is Solvent on the applicable Distribution Payment Date and is able to pay the distribution and still be Solvent immediately after paying the distribution.

Kiwibank's conditions of registration limit the amount of distributions Kiwibank can make in certain circumstances. For instance, the amount of earnings able to be distributed by Kiwibank (by way of dividends, share buy-backs or payments on Additional Tier 1 Capital instruments) becomes restricted if Kiwibank's prudential capital buffer falls below a certain level. See Section 9.2 of this PDS (Kiwibank's regulatory capital requirements) for a description of the prudential capital buffer and regulatory capital requirements generally.

Distributions are non-cumulative	<p>Distributions are non-cumulative. If a distribution is not paid when scheduled, that distribution will never be paid to you. Non-payment of a distribution on a Distribution Payment Date will not constitute a default by Kiwibank, and you will have no right to take action against Kiwibank in respect of that non-payment.</p> <p>No interest accrues on any unpaid distributions and you will have no claim or entitlement in respect of interest on any unpaid distribution.</p>
Restrictions on payment of other distributions by Kiwibank	<p>If for any reason a distribution is not paid in full on your PPS on a Distribution Payment Date, Kiwibank must not:</p> <ul style="list-style-type: none"> • make any distributions or payments on or issue any bonus securities in respect of its ordinary shares; or • make any distributions or payments on, or issue any bonus securities in respect of, any other preference shares or other securities that rank equally with the PPS (other than on a pro-rata basis with the PPS). <p>These restrictions will apply until:</p> <ul style="list-style-type: none"> • Kiwibank pays distributions on the PPS in full on two subsequent consecutive Scheduled Distribution Payment Dates; or • there are no longer any PPS outstanding.
Distribution Rate	<p>The Distribution Rate initially will be fixed for a period of 5 years and will be reset at 5-yearly intervals after that.</p> <p>The Distribution Rate for the first 5-year period will be the sum of the Swap Rate on the Rate Set Date (21 October 2021) plus the Margin.</p> <p>The Distribution Rate for each subsequent 5-year period will be the sum of the Swap Rate on the applicable Rate Reset Date plus the same Margin.</p> <p>If the sum of the Swap Rate plus the Margin is less than zero, the Distribution Rate will be 0% per annum.</p> <p>The Margin and the initial Distribution Rate will be determined following the Bookbuild on the Rate Set Date, and will be announced by Kiwibank via NZX and available at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments/ on the Rate Set Date.</p> <p>When the Distribution Rate is reset, the new Distribution Rate will be announced by Kiwibank via NZX and available at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments/.</p>
Swap Rate	<p>A swap rate is a benchmark interest rate commonly used in New Zealand by major financial institutions. The Swap Rate is a benchmark interest rate for a 5-year period. Swap rates change to reflect market conditions over time, so the Swap Rate on the Rate Set Date will likely be different to the Swap Rate on a Rate Reset Date.</p>
Margin	<p>The Margin is the percentage rate per annum determined by Kiwibank in consultation with the Joint Lead Managers following the Bookbuild and which will be announced by Kiwibank via NZX and available at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments/ on the Rate Set Date.</p> <p>The Margin for the PPS will not change.</p>
Calculation of Distributions	<p>The amount of each distribution payable on a Scheduled Distribution Payment Date (including if your PPS are repaid on a Scheduled Distribution Payment Date) will be calculated on an annual basis and paid in equal quarterly instalments.</p> <p>For a distribution that is payable on another date, the amount of the distribution will be calculated on the basis of the actual number of days in the period to which the distribution relates and a year of 365 days.</p>

5.3 Optional repayment of your PPS

Your PPS are perpetual instruments with no fixed repayment date. However, Kiwibank may repay your PPS in certain circumstances. This Section 5.3 contains further detail on when Kiwibank may repay your PPS.

When Kiwibank may choose to repay your PPS	<p>Kiwibank may, subject to the conditions described below, choose to repay your PPS:</p> <ul style="list-style-type: none"> • on an Optional Redemption Date; or • following the occurrence of a Tax Event or a Regulatory Event.
Optional Redemption Dates	<p>The first Optional Redemption Date is 2 November 2026 and subsequent Optional Redemption Dates will occur on each 5-year anniversary of that date.</p>
Tax Event	<p>A Tax Event occurs if Kiwibank determines that:</p> <ul style="list-style-type: none"> • there has been a change in New Zealand law, regulation or directive (including by way of the imposition of any New Zealand law, regulation or directive) that applies, or is to apply, after the Issue Date; • there has been a change in the interpretation or administration of any New Zealand law, regulation or directive by any authority (including the New Zealand Inland Revenue Department) that applies, or is to apply, after the Issue Date; or • Kiwibank is or will be required to comply with any change in New Zealand law, regulation or directive or changed interpretation or administration, <p>that directly or indirectly affects the tax treatment in relation to the PPS and that would result in more than a minimal increase in Kiwibank's costs in respect of the PPS, provided such event is not minor and could not reasonably have been anticipated when the PPS were issued.</p>
Regulatory Event	<p>A Regulatory Event occurs if:</p> <ul style="list-style-type: none"> • Kiwibank determines that: <ul style="list-style-type: none"> ○ there has been a change in New Zealand law, regulation or directive (including by way of the imposition of any New Zealand law, regulation or directive) that applies, or is to apply, after the Issue Date; ○ there has been a change in the interpretation or administration of any New Zealand law, regulation or directive by any authority (including the Reserve Bank) that applies, or is to apply, after the Issue Date; or ○ Kiwibank is or will be required to comply with any change in New Zealand law, regulation or directive or changed interpretation or administration, <p>that adversely affects, or will adversely affect, Kiwibank in relation to its regulatory capital treatment of the PPS, provided such event is not minor and could not reasonably have been anticipated when the PPS were issued; or</p> • Kiwibank determines that, as a result of the occurrence of an event or circumstance that is not minor and could not reasonably have been anticipated as at the Issue Date, that some or all of the PPS are not or will not be Additional Tier 1 Capital instruments.
Conditions to Kiwibank repaying your PPS	<p>Kiwibank may only repay your PPS if:</p> <ul style="list-style-type: none"> • the Reserve Bank has given its prior written approval to the repayment of the PPS; and • Kiwibank will satisfy the Solvency Condition immediately after the repayment of the PPS.

Repayment notice	If Kiwibank elects to repay the PPS, it must give you at least 15 Business Days' notice. The repayment notice must specify the date on which the repayment will occur, which must be either: <ul style="list-style-type: none"> • an Optional Redemption Date; or • in the case of a Regulatory Event or Tax Event, the next Distribution Payment Date that falls not less than 15 Business Days after the date on which the repayment notice was given.
Amount that is payable to you if your PPS are repaid	You will receive the Issue Price if your PPS are repaid on an Optional Redemption Date. You will receive the greater of the Issue Price and Market Value if your PPS are repaid following the occurrence of a Tax Event or Regulatory Event.
Market Value	The Market Value of your PPS will be determined by an independent valuer appointed by Kiwibank who will assess the value of the PPS in accordance with the process set out in the Terms.
No certainty that Kiwibank will choose to repay your PPS	Kiwibank is under no obligation to repay your PPS. There is no certainty that Kiwibank will choose to repay the PPS on an Optional Redemption Date or that Kiwibank will be able to satisfy the conditions that apply to repayment. In particular, there is no certainty that the Reserve Bank would give its approval to repayment.
Holders cannot choose to have the PPS repaid	You do not have a right to require your PPS be repaid for any reason.

5.4 Limited enforcement rights

The Terms do not include events of default or any other provisions entitling you to require that the PPS be repaid.

You do not have any right to apply for the liquidation or administration of Kiwibank or any other member of the Kiwibank Banking Group, or to cause a

receiver or receiver and manager to be appointed in respect of Kiwibank or any other member of the Kiwibank Banking Group on the grounds of Kiwibank's failure or potential failure to pay distributions on the PPS or for any other reason in connection with Kiwibank's compliance with the terms of the PPS.

5.5 No other rights

Your PPS confer no rights to:

- attend or vote at any meeting of Kiwibank's ordinary shareholders or to participate in any other decision or resolution of Kiwibank's ordinary shareholders;
- subscribe for new securities of Kiwibank or to participate in any bonus issues of securities of Kiwibank; or

- otherwise participate in the profits or property of Kiwibank, except by receiving payments as described in this PDS.

The features of the PPS, as described in this PDS, mean that your PPS do not carry the same opportunity for growth as ordinary shares.

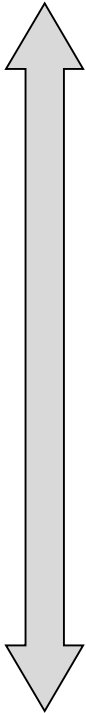

5.6 Ranking

Your PPS are preference shares issued by Kiwibank. In a liquidation of Kiwibank, each PPS gives you the right to payment of a maximum amount equal to the Issue Price. However, in a liquidation of Kiwibank it is unlikely that there will be surplus assets available for the liquidator to pay any amount to you in respect of your PPS. Your right to payment of an amount equal to the Issue Price will rank:

- after the claims of all depositors and holders of other liabilities, securities and other obligations of Kiwibank (including Tier 2 Capital instruments), except for the claims described below;

- equally with the rights of other Holders and the rights and claims of holders of any other preference shares or other securities that rank equally with your PPS; and
- ahead of the rights of Kiwibank's ordinary shareholders.

The following diagram shows how Kiwibank's liabilities and other capital instruments issued by Kiwibank (including the PPS) rank in a liquidation of Kiwibank. The diagram does not describe every type of liability or security that Kiwibank may have while the PPS are outstanding.

	Ranking in a liquidation of Kiwibank	Description	Examples	Indicative amount of existing liabilities and equity of Kiwibank (\$m)
Higher ranking 	Liabilities that rank in priority to the PPS	Secured debt and creditors preferred by law	Kiwibank covered bonds	535.9
			Liabilities given preference by law including employee entitlements and certain taxes	35.1
		Unsubordinated unsecured debt	Depositors and other general creditors	29,722.3
		Term subordinated debt (including Tier 2 Capital)	Kiwibank subordinated notes issued in December 2020	264.8
		Perpetual subordinated debt	Kiwibank perpetual bonds issued in May 2015	150.0
		Preferred equity and liabilities that rank equally with the PPS	Preference shares and other equally ranked instruments	The PPS
Lower ranking 	Equity (other than preferred equity)	Equity (other than preferred equity)	Ordinary shares, reserves and retained earnings	1,710.6

Basis of preparation of table

Amounts in the table above are indicative amounts derived from Kiwibank's unaudited financial

statements prepared as at 30 June 2021. The table has been adjusted to reflect the issue of PPS, based on an estimated issue size of \$250 million. This adjustment does not affect the other amounts listed

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

Secured debt includes \$536 million (New Zealand dollar equivalent) of covered bonds issued by Kiwibank and guaranteed by Kiwi Covered Bond Trustee Limited as trustee of the Kiwi Covered Bond Trust.

Covered bonds are an unsecured claim on Kiwibank but are secured over housing loan assets sold by Kiwibank to Kiwi Covered Bond Trustee Limited. Those housing loans are recognised as assets in the consolidated financial statements of the Kiwibank

5.7 No set-off

Except to the extent required by law, you do not have any right to set-off any amounts that may be payable by Kiwibank in connection with the PPS against any amounts that you owe to Kiwibank (whether in connection with the PPS or otherwise).

5.8 Amendments to the Terms

The terms of the PPS as set out in the Terms may be amended without your consent if in Kiwibank's opinion the amendment:

- is of a formal, minor or technical nature;
- is made to cure any ambiguity or correct any manifest error;
- is necessary or expedient for the purpose of enabling the PPS to be quoted or to remain quoted on a stock exchange or to be lodged or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place;
- is necessary or expedient for the purpose of complying with the provisions of any statute, the

Banking Group, but would not be available to creditors of Kiwibank, including Holders.

No restrictions on issuing further securities or creating further liabilities

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

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

requirements of any statutory authority, the NZX Listing Rules or the listing or quotation requirements of any securities exchange on which Kiwibank may propose to seek a listing or quotation of the PPS; or

- is not materially prejudicial to the interests of Holders as a whole.

The Terms may also be amended with the approval of a special resolution (as defined in section 2(1) of the Companies Act 1993) of Holders. As a Holder of PPS you will be entitled to participate in a vote of Holders to consider a special resolution.

Amendments made in accordance with the Terms are binding on you even if you did not agree to them.

6. Risks of investing

6.1 Introduction

This Section 6 describes potential risks associated with an investment in the PPS. This Section 6 describes certain:

- general risks associated with an investment in the PPS;
- significant specific risks relating to Kiwibank's creditworthiness; and
- other risks associated with the PPS specifically.

The selection of risks relating to Kiwibank's creditworthiness has been based on an assessment of a combination of the probability of a risk occurring and the impact of the risk if it did occur. There is no guarantee or assurance that after the date of this PDS the significance of different risks will not change or that other risks will not arise over time.

6.2 General risks

An investment in the PPS is subject to the following general risks:

The risk that Kiwibank encounters financial difficulty which has an adverse effect on your investment

If Kiwibank encounters financial difficulty, this may in turn:

- adversely affect the market price and liquidity of your PPS; and/or
- result in you not being paid a distribution on your PPS or not getting your PPS repaid.

If Kiwibank becomes insolvent and is placed in liquidation, it is highly likely that you will lose all of your investment.

6.3 Specific risks relating to Kiwibank's creditworthiness

Described below are the circumstances that Kiwibank is aware of that exist or could arise that significantly increase the risk that you will not be paid a distribution on your PPS or that your PPS will not be repaid. The assessment of these circumstances is based on Kiwibank's business as at the date of this PDS. If the nature or scope of this business changes, other circumstances or events could give rise to this risk.

Investors should carefully consider these risk factors (together with the other information in this PDS) before deciding to invest in the PPS.

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

The statement of risks in this Section 6 does not take account of the personal circumstances, financial position or investment requirements of any particular investor. It is important, therefore, that before making any investment decision, investors give consideration to the suitability of an investment in the PPS in light of their individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues).

Market risks associated with the PPS

The market price of the PPS may fluctuate up or down and the PPS may trade below their Issue Price

The market price of the PPS on the NZX Debt Market may fluctuate due to various factors. The PPS may trade at a market price below their Issue Price, and the market price of the PPS may be more sensitive to changes in factors such as economic conditions, liquidity and risk tolerances than that of other securities issued by Kiwibank or other issuers. This means that you would lose some of the money you invested if you were to sell your PPS at a time when the market price of the PPS was lower than the Issue Price.

The liquidity of the PPS may be low

The market for the PPS may not be liquid and may be less liquid than that of other securities issued by Kiwibank or other issuers. If liquidity is low, there is a risk that if you wish to sell your PPS, you may not be able to do so at an acceptable price, or at all.

Kiwibank expects some of the risks below to arise in the normal course of its business. When they do, this can lead to a loss, an increase in costs or a reduction in revenues. Kiwibank uses an organisational risk framework to closely manage and escalate the reporting of these risks and in the normal course of business these risks are not expected to have a material adverse impact on Kiwibank. However, unforeseen circumstances can also arise. The occurrence of any such circumstance may make the

risks more difficult to manage and the impact on Kiwibank more severe.

In extreme circumstances, a failure to manage these risks over a sustained period of time could mean that Kiwibank is not able to pay you distributions on your PPS or that your PPS may not be repaid. In addition, a deterioration in the financial performance and creditworthiness of Kiwibank may adversely affect its credit ratings and/or the market price of your PPS.

Credit risk

Credit risk is the risk that customers will fail to meet their obligations to Kiwibank in accordance with agreed terms. Credit risk arises from both Kiwibank's lending activities and markets and trading activities.

The economic impact of the COVID-19 pandemic remains uncertain, but it has increased potential credit risk across Kiwibank's lending portfolio

The COVID-19 pandemic has created economic and financial disruptions that could materially and adversely affect Kiwibank's business and operations. The extent of these effects will depend on future developments, which are highly uncertain and cannot be predicted.

A potential material and adverse impact for Kiwibank is an increase in credit risk. Increased credit risk can result in both higher provision requirements through an increase in the probability of default and an increase in losses when customers default on their loan obligations.

To date customer access to bank-lending support packages as well as the various government assistance schemes, such as wage subsidies, have alleviated the potential negative credit impacts of COVID-19 and the associated community lockdowns on Kiwibank's customers. While there has been no material credit risk deterioration within the lending portfolios to date, there is no certainty that Kiwibank has accurately assessed the potential impact of COVID-19 for its lending customers.

Credit risk across Kiwibank's business may increase further if the economic consequences of the COVID-19 pandemic become more severe across the economy, if COVID-19 containment arrangements escalate, or if vaccination efforts prove ineffective against new variants, leading to a more widespread downturn in business and economic activity. There is no certainty that the economic impacts of any future community emergence of COVID-19 will continue to be alleviated by government assistance.

A decline in property market valuations may result in higher losses on defaulting loans

Kiwibank's lending portfolio is primarily made up of residential housing loans, and home lending activities account for most of Kiwibank's credit risk. The economic impacts of the COVID-19 pandemic

and the measures in place to control it, have the potential to lead to a material decline in residential property prices as a result of increased unemployment, a reduction in income and the closure of businesses.

If there is a reduction in residential property prices, the declining value of the residential property used as security by borrowers may give rise to greater losses to Kiwibank resulting from customer defaults, which may impact Kiwibank's financial performance and position.

Climate change and extreme climate patterns may lead to increased credit risk in both the personal and business portfolios and may decrease the value of the property provided as security

Credit risk may arise as a result of climate change, including from:

- extreme weather and climate change-related events (such as rising sea levels) affecting property values and causing losses through damage to property;
- the effect of new laws and regulations designed to mitigate climate change;
- assets becoming obsolete or stranded if businesses do not adapt to changing market preferences or new technologies in time; and
- the costs of transitioning to a renewable and low carbon-intensity economy.

In addition, increased insurance costs or eventual inability to obtain insurance reflecting the increasing risks resulting from climate change may reduce the value of property provided as security as well as reduce the ability of customers to repay their loans from insurance proceeds in the event of material damage or loss. In addition to increased credit losses experienced as a result of climate change, Kiwibank may see prospects for future growth adversely impacted as the market adjusts to the changing risk assessments of specific locations or regions.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.

Disruption to Kiwibank's information technology systems may adversely impact its reputation and operations

Most of Kiwibank's operations depend on technology. The reliability, resilience and security of Kiwibank's information technology systems and infrastructure therefore are essential to the effective operation of its business. Kiwibank's information technology systems and infrastructure could be disrupted as a result of technical failure, human error, cyber attacks or other criminal activity.

Any disruption to Kiwibank's information technology systems may be wholly or partially beyond Kiwibank's control. To manage this risk Kiwibank has recovery and systems continuity plans in place, which continue to be developed. However, any failure in these systems could result in business interruption, data loss or corruption, the loss of customers, damaged reputation and weakening of Kiwibank's competitive position.

Kiwibank also faces external threats which may impact technology systems and operations. The growing sophistication and activities of organised crime have resulted in increased information security risks for banks including Kiwibank. Kiwibank may incur financial and reputational losses as a result of cyber-attacks and other information security breaches.

Kiwibank has systems and processes in place to manage these risks. However, threats to information security are constantly evolving and becoming increasingly sophisticated. It may not always be possible to anticipate a security threat, or to implement effective information security policies, procedures and controls to prevent or minimise the resulting damage.

External events may adversely impact Kiwibank's operations

External events such as extreme weather, natural disasters, pandemics and biological hazards may cause property damage and business disruption, which may adversely impact Kiwibank's financial performance and lead to reputational damage if Kiwibank is not able to manage the impacts of an external event.

Kiwibank operates across New Zealand, has significant operations in Wellington, and is exposed to the risk of future earthquakes. Alternative sites have been developed in Auckland and Hastings to improve regional diversity, although they too face the possibility of natural disasters. In recent years Kiwibank's business continuity plan has been successfully initiated to protect the health, safety and well-being of customers and employees using these alternate sites but also working from home based on mobile technology.

Events in any major metropolitan area could result in the loss of property provided as security or reductions in the value of this property. It could also result in loss of employment and incomes for Kiwibank customers in affected regions, impacting their ability to make payments on their loans. If customers become unable to make payments on their loans, then Kiwibank may suffer losses which could have an adverse effect on its financial condition.

Deficient policies, processes, controls and models pose a significant risk to Kiwibank's operations

Kiwibank's business is highly dependent on its ability to process and monitor a large number of transactions daily. Kiwibank's systems may fail to operate properly, affecting its ability to process these transactions or provide customer services. In addition, failure of operational processes due to mistakes or unauthorised activity could also result in critical data being incomplete, inaccurate or unavailable and other errors, leading to customer dissatisfaction, financial loss and reputational harm.

Kiwibank may not be able to attract and retain suitable personnel

Failure to adequately manage human resources could impact Kiwibank's ability to perform critical functions and achieve business objectives. Kiwibank needs to attract and retain key employees with an understanding of banking and technology to run its business. In addition, Kiwibank needs to manage key person risk to ensure appropriate alternates are available for all critical activities.

Compliance risk

Compliance risk is the risk of failing to understand and comply with relevant laws, regulations, licence conditions, supervisory requirements, self-regulatory industry codes of conduct and voluntary initiatives.

Risks relating to the extensive regulation of Kiwibank

Kiwibank's banking activities are subject to extensive regulation.

Kiwibank is unable to predict the nature of future regulatory change and its impact on Kiwibank. Implementing changes to meet new or amended regulations could result in additional cost. Further changes to regulations, including those affecting Kiwibank's required levels of capital, the size and composition of Kiwibank's liquid asset portfolio and/or the fees which Kiwibank can charge on the financial services it provides could have an adverse impact on Kiwibank's financial results or operations.

Failure to comply with regulations could subject Kiwibank to regulatory enforcement actions, fines, penalties and proceedings brought by customers (including class actions). Such activities could cause loss for Kiwibank, adversely affect Kiwibank's regulatory or licensing status, or harm its reputation among customers and investors in the marketplace, and cause harm to Kiwibank's ability to do business and future prospects.

Kiwibank has compliance and legal functions in place to manage these risks.

Strategic risk

Strategic risk is the risk associated with the pursuit of Kiwibank's strategic objectives, including the risk that Kiwibank fails to execute its chosen strategy effectively or in a timely manner.

Risks relating to the execution of Kiwibank's business plan and strategy

The achievement of Kiwibank's business plan and strategy over the short-to-medium term depends on the successful management and execution of a significant amount of work, including major strategic projects. This work includes, but is not limited to, enhancing Kiwibank's information systems and technology, transforming customer service delivery and responding to extensive regulatory change and action. Kiwibank's change management programme is complex and executing it may take longer or cost more than planned. This may result in Kiwibank failing to fully execute its business plan and strategy. A failure to successfully manage and execute this work could have an adverse impact on Kiwibank's business, financial results, access to capital and competitive position.

Kiwibank has management and delivery frameworks in place to guide and monitor activities against strategy and plan.

Balance sheet and liquidity risk

Balance sheet and liquidity risk comprises liquidity risk, funding risk and capital risk.

6.4 Risks associated with your PPS specifically

In a liquidation of Kiwibank, it is unlikely that you will receive payment of any amount owing on your PPS

The PPS are preference shares, which rank behind all liabilities of Kiwibank. This means that in a liquidation of Kiwibank your right to payment of an amount equal to the Issue Price will rank behind depositors and other creditors of Kiwibank. It is unlikely that there will be surplus assets available for the liquidator to pay any amount to you in respect of your PPS. See Section 5.6 of this PDS (Ranking).

Holders have no rights against Kiwibank if distributions are not paid on a Distribution Payment Date

Kiwibank has full discretion at all times to cancel distributions on your PPS. In addition, the payment of any distribution on any Distribution Payment Date is subject to certain conditions, including Kiwibank satisfying the Solvency Condition and compliance with Kiwibank's conditions of registration.

If Kiwibank does not pay a distribution on a Distribution Payment Date, it will not constitute a default by Kiwibank and you will have no right to take

Risks relating to Kiwibank's ability to access funding and its ability to meet liquidity needs

Kiwibank accesses domestic and global debt capital markets to help fund its business, together with customer deposits. Disruptions, uncertainty or volatility in any of those markets may adversely affect Kiwibank's funding and liquidity position, increase the cost of funding, limit its ability to replace maturing liabilities in a timely manner or maintain a high-quality portfolio of liquid assets. Kiwibank's ability to raise funding may be adversely affected if its credit ratings deteriorate, due to matters either within or outside its control. Any of those outcomes could adversely affect Kiwibank's financial performance, financial position and prospects.

Limited access to regulatory capital could constrain Kiwibank's business prospects

Kiwibank may need to access regulatory capital to meet higher regulatory ratios, to support strong lending growth or to implement a transformation strategy. The amount of regulatory capital available to Kiwibank is dependent on Kiwibank's profitability, the ability and willingness of its shareholders to provide common equity, and on Kiwibank's ability to access Additional Tier 1 Capital or Tier 2 Capital from the New Zealand market. Failure to access regulatory capital could constrain Kiwibank's future financial performance. See Section 9.2 of this PDS (Kiwibank's regulatory capital requirements).

action against Kiwibank or any other person in respect of that non-payment. See Sections 5.2 (Distributions) and 5.4 (Limited enforcement rights) of this PDS.

Distribution payments are non-cumulative

Distribution payments on your PPS are non-cumulative. This means that if a distribution is not paid to you on a Distribution Payment Date it will never be paid to you. See Section 5.2 of this PDS (Distributions).

The Distribution Rate may fall and could go down to 0% per annum

The Distribution Rate is a fixed rate that will be reset on each Rate Reset Date to be equal to the applicable Swap Rate plus the Margin. There is a risk that when the Distribution Rate is reset it will be lower than the rate that applied for a prior period and could go to zero. See Section 5.2 of this PDS (Distributions).

You have no right to require repayment of your PPS

Your PPS have no fixed repayment date and will remain on issue indefinitely if not repaid by

Kiwibank. **You have no right to require that your PPS be repaid.** Unless your PPS are repaid by Kiwibank, to realise your investment you will need to sell your PPS on the NZX Debt Market at the prevailing market price. You may not be able to sell your PPS, and even if you can, the price you get may be less than the Issue Price. See Section 5.3 of this PDS (Optional repayment of your PPS).

Kiwibank may repay your PPS if certain events occur

In certain circumstances, Kiwibank can repay your PPS. There is a risk that you may be disadvantaged if your PPS are repaid. For instance, if your PPS are

repaid you may not be able to reinvest the proceeds at a comparable return. See Section 5.3 of this PDS (Optional repayment of your PPS).

Kiwibank's regulatory requirements may change

As a registered bank Kiwibank is subject to regulatory requirements, including conditions of registration that are imposed by the Reserve Bank. The regulatory requirements that apply to Kiwibank may change from time to time and you may be disadvantaged by the changes. For instance, the Reserve Bank restricted banks from redeeming any capital instruments (such as the PPS) for a period due to risks related to the COVID-19 pandemic.

7. Tax

The returns on the PPS will be affected by taxes. The information set out in this Section 7 and in Section 8 of this PDS is based on the law in force at the date of this PDS, does not constitute tax advice to any Holder, is general in nature and is limited to New Zealand taxation only.

Holders that are New Zealand tax residents ("**New Zealand Holders**") will have resident withholding tax ("**RWT**") deducted from the distributions that are payable under the PPS, unless the Holder has notified the Registrar that the Holder has RWT-exempt status no later than 5 Business Days before the applicable payment date, or, in the case of a distribution that is fully imputed, the Holder is a New

Zealand Holder that is a company and Kiwibank elects not to pay RWT.

If a distribution made to a Holder is subject to the deduction of RWT, RWT will be deducted at the applicable rate (currently 33%), reduced by the amount of imputation credits attached to the distribution.

There may be other tax consequences from acquiring or disposing of the PPS, and from the repayment of the PPS if the PPS are repaid.

Tax can have significant consequences for investments. If you have any questions regarding the tax consequences of investing in the PPS you should seek advice from a tax adviser.

8. Tax consequences for overseas Holders

If a Holder is not a New Zealand Holder, non-resident withholding tax ("**NRWT**") will be deducted from distributions that are payable under the PPS. If NRWT is deducted, Kiwibank will not pay you any additional amount.

In addition to New Zealand tax obligations, Holders that are not New Zealand Holders may also be subject to tax in their own jurisdiction and should seek advice from a tax adviser.

9. Information about Kiwibank

9.1 Kiwibank's business

Information about Kiwibank's business is contained in half-yearly disclosure statements Kiwibank prepares under the RBNZ Act. Kiwibank's disclosure statements are available at www.kiwibank.co.nz/about-us/governance/legal-documents-and-information/legal-documents/.

Further information about Kiwibank's business is

contained in the investor presentation for the Offer, which is available on the Disclose Register at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13177).

9.2 Kiwibank's regulatory capital requirements

The PPS will count as Additional Tier 1 Capital for Kiwibank under the Reserve Bank's current prudential standards. Those standards include capital adequacy requirements that banks must comply with under their conditions of registration. These requirements are intended to ensure that a bank maintains an adequate level of capital that is available to absorb losses from a bank's activities before depositors and other senior creditors are affected. The Reserve Bank's approach to assessing capital adequacy focuses on the credit risk associated with a bank's credit exposures, market and operational risks and the quality and quantity of a bank's capital.

9.2.1. Types of regulatory capital

The Reserve Bank classifies a bank's regulatory capital into three tiers. These are referred to as Tier 1 Capital (consisting of Common Equity Tier 1 Capital and Additional Tier 1 Capital) and Tier 2 Capital.

Common Equity Tier 1 Capital comprises the highest quality components of capital and includes paid up ordinary shares, certain reserves and retained earnings less certain deductions.

Additional Tier 1 Capital comprises high quality components of capital and consists of certain components of capital not classified as Common Equity Tier 1 Capital but which retain certain loss absorbing characteristics. Additional Tier 1 Capital includes perpetual preference shares.

Tier 2 Capital consists of subordinated instruments which are a lesser form of capital than Tier 1 Capital but still have capacity to absorb losses and strengthen a bank's overall capital position. Tier 2 Capital includes subordinated debt securities. Tier 2 Capital together with Tier 1 Capital constitutes Total Capital and the ratio of Total Capital to risk-weighted assets is called the Total Capital Ratio.

See Section 9.2.4 of this PDS (Loss absorbing features of the PPS) for a description of loss absorption.

9.2.2. Minimum regulatory capital requirements

Most New Zealand incorporated registered banks, including Kiwibank, are currently required to comply with the following minimum capital ratios, measured in relation to their risk-weighted assets:

- a Common Equity Tier 1 Capital Ratio (being the ratio of Common Equity Tier 1 Capital to risk-weighted assets) of 4.5%;
- a Tier 1 Capital Ratio (being the ratio of Tier 1 Capital to risk-weighted assets) of 6%; and

- a Total Capital Ratio (being the ratio of Tier 1 and Tier 2 Capital to risk-weighted assets) of 8%.

The Reserve Bank also requires most New Zealand incorporated registered banks, including Kiwibank, to maintain a conservation buffer of Common Equity Tier 1 Capital of 2.5% above the minimum ratios or face restrictions on paying distributions (including on the PPS). This means Kiwibank has to maintain at least 7% of Common Equity Tier 1 Capital in order to meet both the 4.5% minimum requirement and the additional requirement for the 2.5% conservation buffer. The Reserve Bank also has the discretion to apply a counter-cyclical buffer of Common Equity Tier 1 Capital with an indicative range of between 0% and 2.5%, although there is no formal upper limit. As at the date of this PDS, the counter-cyclical buffer is set at 0%.

9.2.3. Capital reforms

In 2019, the Reserve Bank completed a comprehensive review of the capital framework applying to New Zealand banks. As part of this process, the Reserve Bank decided to increase the minimum capital requirements for New Zealand banks.

These increases will be implemented in stages from 1 July 2022 until 1 July 2028. Kiwibank will be required to comply with the following capital ratios:

- Kiwibank's Common Equity Tier 1 Capital Ratio will increase from 4.5% to 11.5% (this will be made up of a minimum capital ratio of 4.5% and a prudential capital buffer of 7%);
- Kiwibank's Tier 1 Capital Ratio will increase from 6% to 14% (this will be made up of a minimum capital ratio of 7% and a prudential capital buffer of 7%); and
- Kiwibank's Total Capital Ratio will increase from 8% to 16% (this will be made up of a minimum capital ratio of 9% and a prudential capital buffer of 7%).

A failure to maintain the prudential capital buffer will not be a breach of a bank's conditions of registration but will result in a response from the Reserve Bank designed to encourage banks to restore levels of capital. When the prudential capital buffer is first breached there is a "useable band" where distributions are only restricted to 100% of that year's earnings and no supervisory response is specified. The supervisory response then escalates in 3 stages as the capital position deteriorates. At stages 1 and 2 there are limits on distributions a bank may make on Common Equity Tier 1 Capital. At stage 3, no distributions are allowed on Common Equity Tier

1 Capital or on Additional Tier 1 Capital (including the PPS).

9.2.4. Loss absorbing features of the PPS

In general terms, a capital instrument is available to absorb losses if the holder of the instrument has no, or only very limited, ability to require that payments are made on the instrument.

The PPS will count as Additional Tier 1 Capital, and the required loss absorbing features are incorporated in the Terms. In particular:

- distribution payments on the PPS are:
 - fully discretionary (that is, Kiwibank can choose to cancel a distribution on a Distribution Payment Date without giving a reason);

- subject to conditions being satisfied (including the Solvency Condition and compliance with Kiwibank's conditions of registration); and

- non-cumulative (that is, if a distribution is not paid on a Distribution Payment Date, it will never be paid to you – see Section 5.2 of this PDS (Distributions));

- you have no ability to require repayment of your investment; and
- in a liquidation of Kiwibank, your right to payment will rank after the claims of all depositors and other general and subordinated creditors of Kiwibank (see Section 5.6 of this PDS (Ranking)).

9.3 Kiwibank's capital management

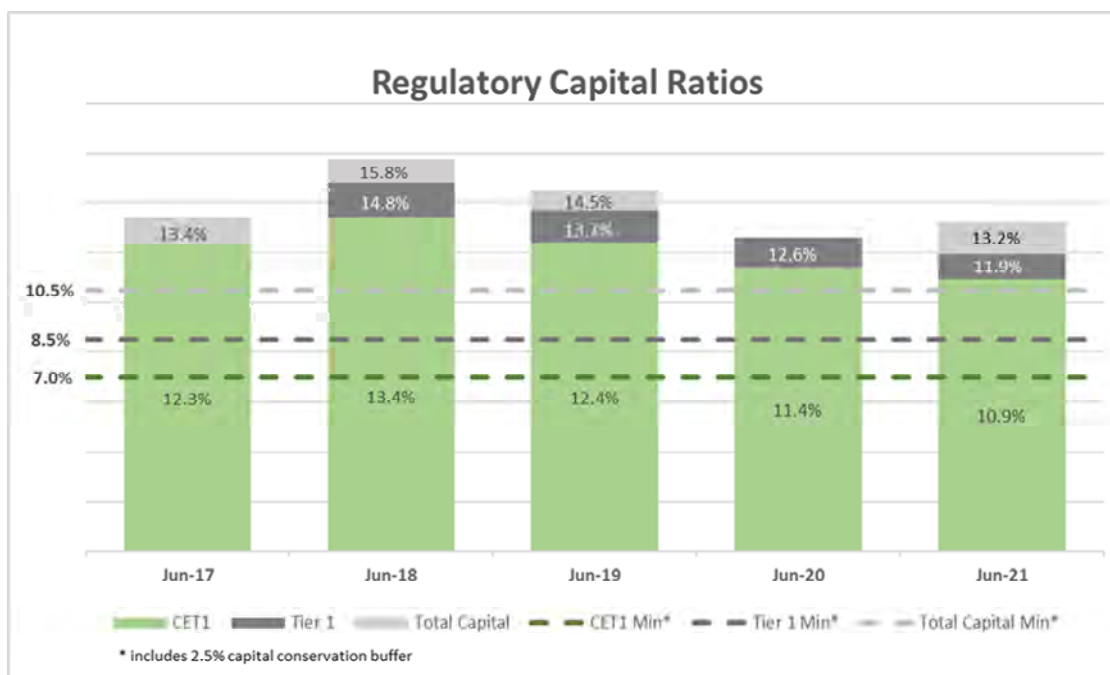
9.3.1. The Kiwibank Banking Group's capital management strategy

Adequacy, efficiency and flexibility are the core components of the Kiwibank Banking Group's capital management strategy. The Kiwibank Banking Group's capital objective is to maintain at all times capital ratios above the minimum levels set by Kiwibank's board, which are in turn set above the Reserve Bank's regulatory capital requirements. In setting the minimum capital level for the Kiwibank Banking Group, the Kiwibank board considers the

regulatory capital requirements, stress testing the risk position of the Kiwibank Banking Group's balance sheet, the capital position of Kiwibank's major competitors and market expectations.

9.3.2. The Kiwibank Banking Group's regulatory capital position

The graph below shows the Kiwibank Banking Group's historical regulatory capital position under the applicable Reserve Bank rules since 30 June 2017.



The information in the graph is based on information in Kiwibank's disclosure statement for each period. It is illustrative only and does not guarantee or

forecast the future regulatory capital position for the Kiwibank Banking Group.

As at 30 June 2021 the Kiwibank Banking Group has Common Equity Tier 1 Capital of \$1.64 billion and a Common Equity Tier 1 Ratio of 10.9%, which is in

excess of the Reserve Bank's current minimum regulatory capital requirements.

9.4 Kiwibank's shareholders

Kiwibank is owned by Kiwi Group Holdings Limited ("KGHL"), which in turn is owned by 3 shareholders, being New Zealand Post Limited (53%), the New Zealand Superannuation Fund (25%) and Accident Compensation Corporation (22%). At present there are restrictions on the

ability of a shareholder to sell its shares in KGHL to a person who is not a shareholder. Those restrictions will be relaxed on 1 November 2021, but shareholders and the Crown retain pre-emptive rights to acquire any shares in KGHL that another shareholder may want to sell.

10. Other information relating to the Offer

10.1 Offer in New Zealand only

This PDS does not constitute an offer of PPS in any jurisdiction other than New Zealand. No action has been or will be taken by Kiwibank which would permit a public offering of PPS, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand). The PPS may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No product disclosure statement, information memorandum, prospectus, circular, advertisement or other offering

material in respect of any PPS may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations.

Under the Terms you indemnify Kiwibank, the Registrar, the Joint Arrangers, the Joint Lead Managers and the Co-manager (and their respective directors, officers, employees and agents) in respect of any loss incurred as a result of you breaching the above selling restrictions.

10.2 Role of the Joint Arrangers and Joint Lead Managers

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

Managers will conduct the Bookbuild and assist with the marketing and distribution of the PPS but are not otherwise involved in the Offer.

The role of the Joint Arrangers in relation to the Offer is solely to provide assistance with arranging the Offer and organising the Bookbuild. The Joint Lead

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

11. Where you can find more information

11.1 Disclose Register

Further information relating to Kiwibank and the PPS is available free of charge on the online Disclose Register maintained by the Companies Office. The Disclose Register can be accessed at www.disclose-register.companiesoffice.govt.nz/ (search offer number OFR13177). A copy of the information on the Disclose Register is also available on request to

the Registrar of Financial Service Providers at www.fsp-register.companiesoffice.govt.nz/. The information contained on the Disclose Register includes Kiwibank's constitution, a copy of the Terms, the investor presentation for the Offer, a credit rating report from Moody's in relation to the PPS, and other material information.

11.2 NZX

Notices to the Holders may be given by Kiwibank making an announcement on NZX and will be available free of charge at www.nzx.com/companies/KWB.

11.3 Disclosure statements

Kiwibank's disclosure statements are available free of charge at www.kiwibank.co.nz/about-us/governance/legal-documents-and-information/legal-documents/.

12. How to apply

12.1 How to apply

All of the PPS offered under the Offer have been reserved for subscription by clients of the Joint Lead Managers and the Co-manager and other approved financial intermediaries invited to participate in the Bookbuild conducted by the Joint Lead Managers.

There is no public pool for the PPS. This means you can only apply for PPS through a Primary Market Participant (as defined in the NZX Participant Rules) or approved financial intermediary who has obtained an allocation. You can find a Primary Market Participant by visiting www.nzx.com/services/market-participants/find-a-participant.

12.2 Personal information rights

Personal information provided by you will be held by Kiwibank and the Registrar, and will be used for the purpose of managing your investment. You have a right to access and correct any personal information about you under the Privacy Act 2020. You can also access your information on the Link Market Services website: www.linkmarketservices.co.nz. You will be required to enter your holder number and FIN.

The Primary Market Participant or approved financial intermediary will:

- provide you with a copy of this PDS (if you have not already received a copy);
- explain what you need to do to apply for PPS; and
- explain what payments need to be made by you (and by when).

The Primary Market Participant or approved financial intermediary can also explain what arrangements will need to be put in place for you to trade the PPS (including obtaining a CSN, a FIN and opening an account with a Primary Market Participant) as well as the costs and timeframes for putting such arrangements in place.

13. Contact information

Issuer:

Kiwibank Limited

Level 9
20 Customhouse Quay
Wellington 6011

Phone: (04) 439 6932

Registrar:

Link Market Services Limited

Level 30, PwC Tower
15 Customs Street West
Auckland 1010
PO Box 91976
Auckland 1142

Phone: (09) 375 5998

Email: enquiries@linkmarketservices.co.nz

Joint Arrangers and Joint Lead Managers:

Craigs Investment Partners Limited

Level 32, Vero Centre
48 Shortland Street
Auckland 1010

Phone: 0800 226 263

Forsyth Barr Limited

Level 23, Shortland & Fort
88 Shortland Street
Auckland 1010

Phone: 0800 367 227

Joint Lead Manager:

Bank of New Zealand

Level 6, Deloitte Centre
80 Queen Street
Auckland 1010

Phone: 0800 284 017

Co-manager:

JBWere (NZ) Pty Limited

Level 38, Vero Centre
48 Shortland Street
Auckland 1010

Phone: 0800 555 555

14. Glossary

Additional Tier 1 Capital	is described in Section 9.2 of this PDS (Kiwibank's regulatory capital requirements).
Bookbuild	the process conducted after the Offer opens where invited parties bid for PPS and, on the basis of those bids, Kiwibank, in consultation with the Joint Lead Managers, determines the issue amount, the Margin and Kiwibank sets the initial Distribution Rate.
Business Day	a day (other than a Saturday or Sunday) on which banks are open for business in Wellington and Auckland.
Closing Time	the "Closing Time" specified in Section 3 of this PDS (Key dates and Offer process).
Co-manager	JBWere (NZ) Pty Limited.
Common Equity Tier 1 Capital	is described in Section 9.2 of this PDS (Kiwibank's regulatory capital requirements).
Constitution	Kiwibank's constitution, available on the Disclose Register.
Disclose Register	the online offer register maintained by the Companies Office and the Registrar of Financial Service Providers known as "Disclose", which can be accessed at www.disclose-register.companiesoffice.govt.nz/ .
Distribution Payment Date	each Scheduled Distribution Payment Date and, if the PPS are repaid, the date of repayment of the PPS (see Section 5.2 of this PDS (Distributions)).
Distribution Rate	means: <ul style="list-style-type: none"> • for the period from (and including) the Issue Date to (but excluding) the first Optional Redemption Date, the sum of the Swap Rate on the Rate Set Date plus the Margin; and • for each period from (and including) each subsequent Optional Redemption Date to (but excluding) the next Optional Redemption Date, the sum of the Swap Rate on the applicable Rate Reset Date plus the Margin.
Holder	a person whose name is entered in the Register as a holder of PPS.
Issue Date	the "Issue Date" specified in Section 3 of this PDS (Key dates and Offer process).
Issue Price	\$1.00 per PPS.
Joint Arrangers	Craigs Investment Partners Limited and Forsyth Barr Limited.
Joint Lead Managers	Bank of New Zealand, Craigs Investment Partners Limited and Forsyth Barr Limited.
Kiwibank	Kiwibank Limited.
Kiwibank Banking Group	Kiwibank, its wholly owned entities and all other entities consolidated for financial reporting purposes, as specified in its latest financial statements, on a consolidated and not an individual basis.
Margin	means the margin determined by Kiwibank in consultation with the Joint Lead Managers on the Rate Set Date following the Bookbuild and which will be announced by Kiwibank via NZX and available at www.kiwibank.co.nz/about-

	us/governance/investor-centre/kiwibank-capital-instruments/ on the Rate Set Date.
Market Value	has the meaning given in Section 5.3 of this PDS (Optional repayment of your PPS).
Moody's	Moody's Investors Service.
NZX	NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited.
NZX Debt Market	the debt market operated from time to time by NZX.
NZX Listing Rules	means the listing rules of NZX, as amended, varied or waived (whether in respect of Kiwibank or generally) from time to time.
Offer	the offer of PPS made in this PDS.
Opening Date	the "Opening Date" specified in Section 3 of this PDS (Key dates and Offer process).
Optional Redemption Date	means: <ul style="list-style-type: none"> • the first Optional Redemption Date (2 November 2026); and • each 5-year anniversary of the first Optional Redemption Date.
PDS	this Product Disclosure Statement.
PPS	the perpetual preference shares being offered under this PDS.
Rate Reset Date	each "Rate Reset Date" specified in Section 3 of this PDS (Key dates and Offer process).
Rate Set Date	the "Rate Set Date" specified in Section 3 of this PDS (Key dates and Offer process).
RBNZ Act	the Reserve Bank of New Zealand Act 1989.
Register	the register of PPS established and maintained by the Registrar on behalf of Kiwibank.
Registrar	Link Market Services Limited.
Regulatory Event	has the meaning given in Section 5.3 of this PDS (Optional repayment of your PPS).
Reserve Bank	the Reserve Bank of New Zealand.
Scheduled Distribution Payment Dates	2 February, 2 May, 2 August and 2 November in each year.
Solvency Condition	a condition to the payment of distributions and the repayment of your PPS, requiring the following: <ul style="list-style-type: none"> • Kiwibank must be Solvent on the applicable payment date; and • Kiwibank must be able to pay the amount and still be Solvent immediately after paying the amount.

Solvent	means satisfying the solvency test contained in section 4 of the Companies Act 1993, as modified by section 52.
Swap Rate	<p>means:</p> <ul style="list-style-type: none"> the mid-market swap rate for an interest rate swap with a term of 5 years commencing on the relevant date, as calculated by Kiwibank on the Rate Set Date (in the case of the first 5-year period), or at or about 11am on the applicable Rate Reset Date (in the case of a subsequent period), in accordance with market convention with reference to Bloomberg page 'ICNZ4' (or its successor page); or if a rate is unable to be determined in accordance with the process above or if Kiwibank forms a view, on reasonable grounds, that the rate so determined is not an accurate reflection of market rates, the average of the mean bid and offered swap rates quoted by each of ANZ Bank New Zealand Limited, ASB Bank Limited, Bank of New Zealand and Westpac New Zealand Limited (or any additional or replacement reference banks selected by Kiwibank from time to time) on the Rate Set Date (in the case of the first 5-year period), or at or about 11am on the applicable Rate Reset Date (in the case of a subsequent period), for an interest rate swap with a term of 5 years commencing on the relevant date, <p>in each case expressed on a percentage basis, adjusted for quarterly payments and rounded, if necessary, to the nearest two decimal places with five being rounded up.</p> <p>For the purposes of this definition, the relevant date means the Rate Set Date (in the case of the first 5-year period) or the applicable Rate Reset Date (in the case of a subsequent period).</p>
Tax Event	has the meaning given in Section 5.3 of this PDS (Optional repayment of your PPS).
Terms	the terms and conditions of the PPS, available on the Disclose Register.
Tier 1 Capital	is described in Section 9.2 of this PDS (Kiwibank's regulatory capital requirements).
Tier 2 Capital	is described in Section 9.2 of this PDS (Kiwibank's regulatory capital requirements).

**Kiwi
bank.**