



Kiwibank

Offer of Subordinated Notes – Investor Presentation

Steve Jurkovich – Chief Executive
Belinda Newman – Treasurer

26 April 2023

Joint Lead Managers



Disclaimer

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.

The information in this presentation is of a general nature and does not constitute financial advice, investment advice or any recommendation by Kiwibank, the Arranger, the Joint Lead Managers or any of their respective directors, officers, employees, affiliates, agents or advisers to invest in the subordinated notes (**Notes**). Nothing in this presentation constitutes legal, financial, tax or other advice. The information in this presentation does not take into account the particular investment objectives, financial situation, taxation position or needs of any person. You should seek independent financial and taxation advice before deciding to invest.

The Notes are riskier than a bank deposit. The Notes are complex financial products that are not suitable for many investors. If you do not fully understand how they work or the risks associated with them, you should not invest in them.

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 limited disclosure document (**LDD**) has been prepared in respect of the offer. The LDD is available on the online Disclose Register maintained by the Companies Office (www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13513)) or by contacting one of the Joint Lead Managers or your usual financial adviser. You should read the LDD before deciding whether to invest in the Notes.

No action has been or will be taken by Kiwibank which would permit a public offering of the Notes, or possession or distribution of this presentation, the LDD or any other offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

The Notes 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 limited disclosure document, product disclosure statement, information memorandum, prospectus, circular, advertisement or other offering material in respect of any Notes 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.

To the maximum extent permitted by law, none of Kiwibank, the Arranger, the Joint Lead Managers nor any of their respective directors, officers, employees, affiliates, agents or advisers accept any liability for any errors, omissions or loss (including because of negligence or otherwise) arising directly or indirectly from this presentation or information contained in it.

Offer highlights

Issuer	Kiwibank Limited
Description	Unsecured subordinated notes (Notes)
Offer amount	Up to \$200 million
Term	10 years, ending on the Maturity Date (12 May 2033) if not repaid earlier
Early repayment	Kiwibank has the option to repay on 12 May 2028 or on any Scheduled Interest Payment Date after that date ¹
Credit rating	The Notes have been rated Baa2 by Moody's Investors Service
Quotation	Kiwibank intends to quote the Notes on the NZX Debt Market. NZX ticker code KWB1T2 has been reserved for the Notes.
Purpose	The Offer will raise Tier 2 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	Bank of New Zealand, Craigs Investment Partners and Forsyth Barr

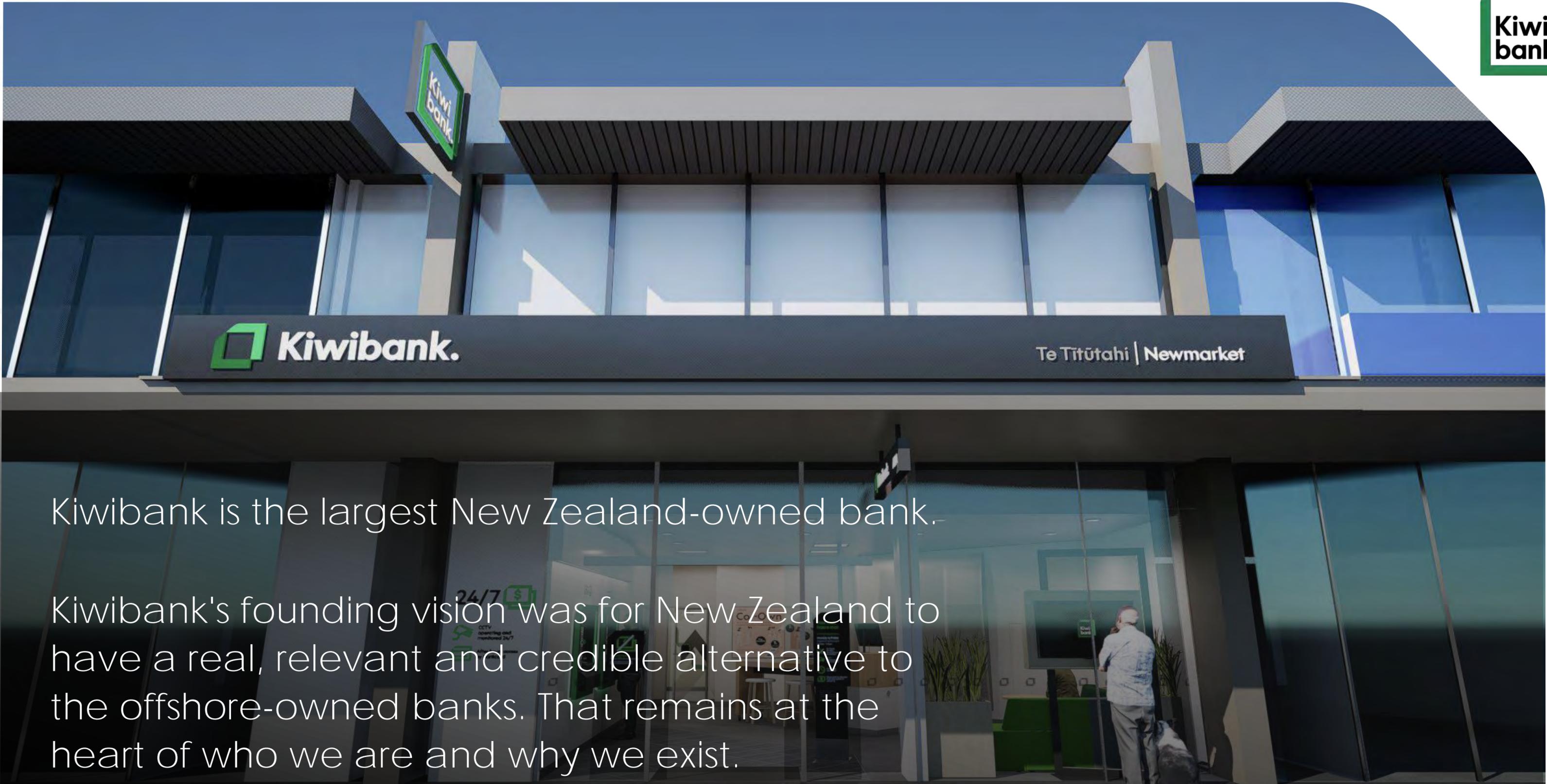
¹ Kiwibank may also repay all of the Notes on any earlier Scheduled Interest Payment Date if a Tax Event or Regulatory Event has occurred

Contents

1. About Kiwibank
2. Subordinated Notes Overview
3. The Offer
4. Questions



1. About Kiwibank



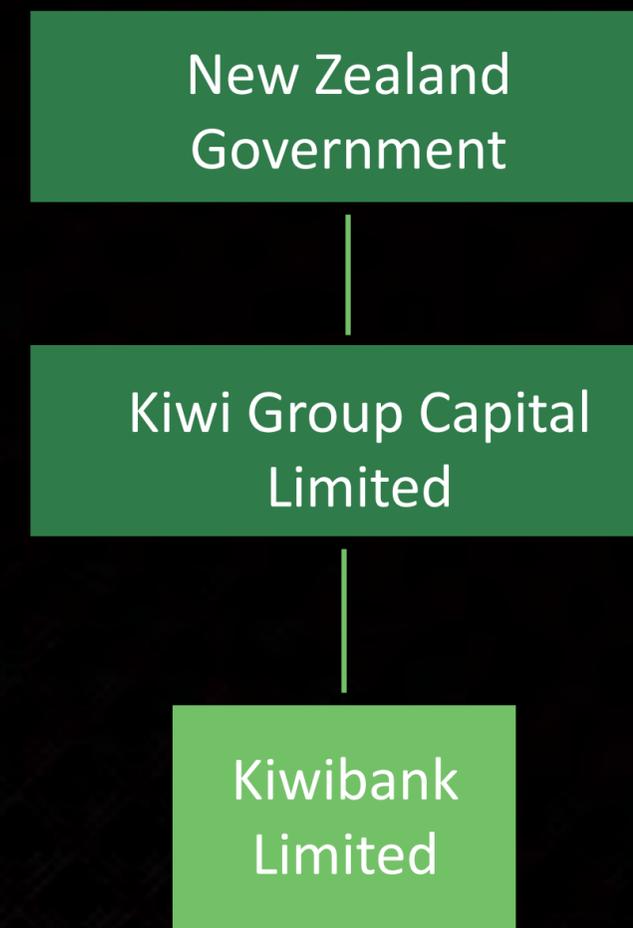
Kiwibank is the largest New Zealand-owned bank.

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.

Kiwibank – who we are



- We are a purpose-led bank, balancing purpose with performance
- We're proud to be a B Corp certified company¹
- New Zealand's largest domestically-owned bank, with approximately NZ\$33b² in total assets
- Full-service nationwide retail bank targeting personal customers and business banking
- Kiwibank's parent, Kiwi Group Capital Limited, is 100% owned by the New Zealand Government³
- A reducing branch presence reflects customers' digital preference



¹ Certified B Corporations are committed to considering the impact of their decisions on workers, customers, suppliers, community, and the environment

² As at 31 December 2022 (unaudited)

³ Kiwibank debt is not guaranteed by the New Zealand Government

This is Kiwi – our strategy



What we aim to achieve

PURPOSE

Kiwi Making Kiwi Better Off

1. Making our Tamariki better off
2. Making Kiwi better off
3. Making Aotearoa better off

GOAL

To be Customers' 1st Choice

1. More Kiwi and Kiwi businesses prefer us for their banking needs
2. More Kiwi choose us for their Home Lending and Business needs

BANKING WITH US

Simple
Easy
Accessible
Expertise

BETTER BANK

Sustainable growth
Impact
Trusted
Empowered

This is us.
NGĀ KAUIWAKA

Ka Tīmata i a Tātou
A **Place** to **Belong**

Me Māia
Rise to the **Challenge**

Tapatahi
Better Together

Ngā Kiritaki
Customer at the **Heart**

Social, environmental and cultural highlights of the half year¹



CERTIFIED B CORP²
MEETING HIGH STANDARDS
OF SOCIAL AND
ENVIRONMENTAL IMPACT



57,140 STUDENTS
USED BANQR IN 2022



292 COMPUTERS
DONATED TO SCHOOLS
AND CHARITIES AT THE
END OF THEIR LIFE



141 MICRO-LOANS
DELIVERED THROUGH
NGĀ TĀNGATA
MICROFINANCE TRUST



12 KĀINGA WHENUA
(MĀORI HOME OWNERSHIP
SCHEME) CULTURE
CHAMPIONS APPOINTED
WITHIN THE BUSINESS



4% INCREASE IN CARBON
EMISSIONS COMPARED TO
SAME PERIOD OF BASELINE
YEAR (2021)



PILOTED A FINANCIAL
WELLBEING PROGRAMME FOR
OUR STAFF



43% WOMEN IN
LEADERSHIP ROLES



\$23.3M SUSTAINABLE
FINANCE LENT TO BUSINESSES

Source: Kiwibank
1 Half year 2023

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

Strong revenue and cost control drive financial performance

Highlights for half year 2023

Half year 2023 Financial Highlights



NZ\$1.1B GROWTH IN CUSTOMER LENDING

(NZ\$2.5b FY22)
(NZ\$1.9b HY22)



NZ\$1.0B GROWTH IN CUSTOMER DEPOSITS

(NZ\$1.8b FY22)
(NZ\$1.4b HY22)



NZ\$98M PROFIT BEFORE TAXATION

(NZ\$131m FY22)
(NZ\$64m HY22)



NZ\$415M TOTAL OPERATING INCOME

(NZ\$680m FY22)
(NZ\$328m HY22)



2.44% NET INTEREST MARGIN¹

(2.13% FY22)
(2.06% HY22)



63.4% COST TO INCOME²

(70.6% FY22)
(70.8% HY22)

- Improved operating income was driven by growth in customer lending along with higher NIM
- Improvement in CTI resulted from higher operating income noted above while exercising cost discipline
- Investment in technology remains a strategic priority to improve scalability for future growth

¹ Net Interest Margin (NIM) = Net interest income divided by average total interest earning and discount bearing assets

² Cost to Income (CTI) = Operating expenses divided by total operating income

'FY' means the full-year to 30 June; 'HY' and 'half year' means the half-year from 30 June to 31 December of the prior year

Profit driven by higher revenue



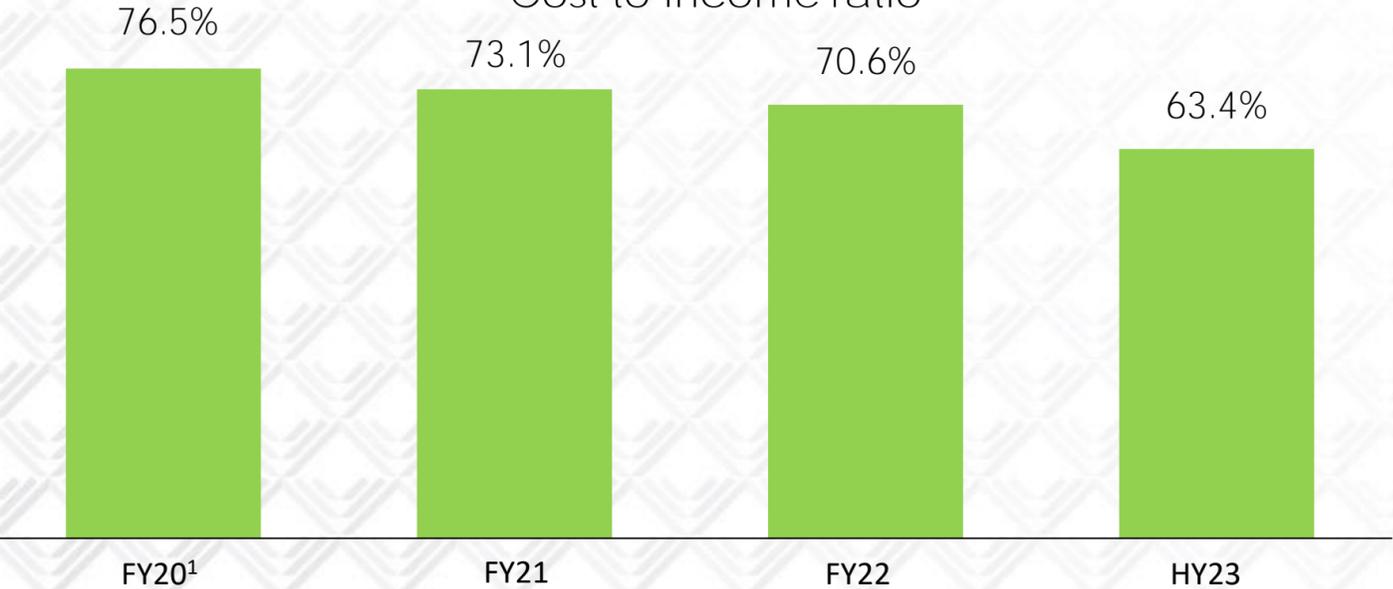
Reported profit after tax (\$m)



Highlights for half year 2023

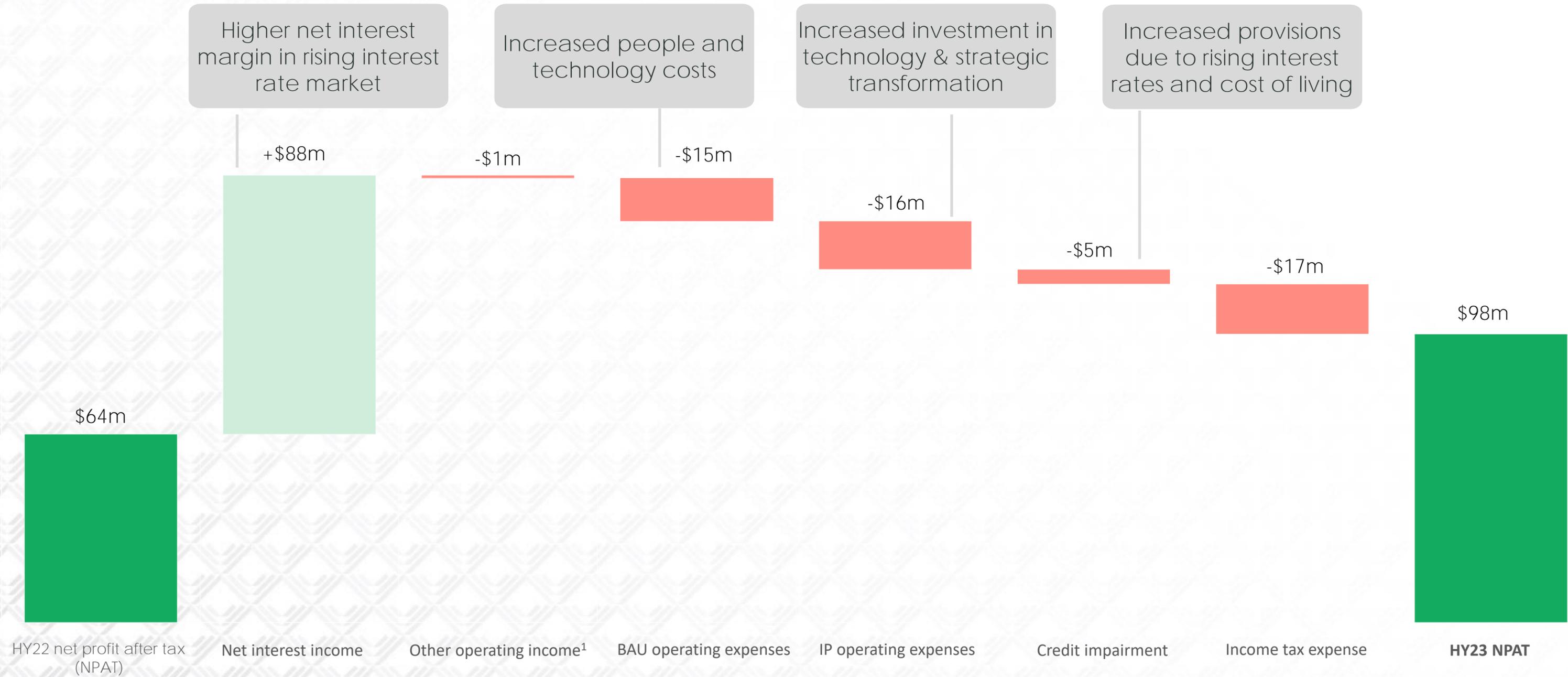
- Profit after tax increased on prior period due to higher revenue
- Higher revenue is driven by net interest income being 29.5% above prior period, a result of the rising interest rate environment
- Despite continuing to invest heavily in building a better bank for the future, CTI has improved compared to prior period supported by continued cost discipline

Cost to Income ratio



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

Change in reported net profit between half year 2022 and half year 2023



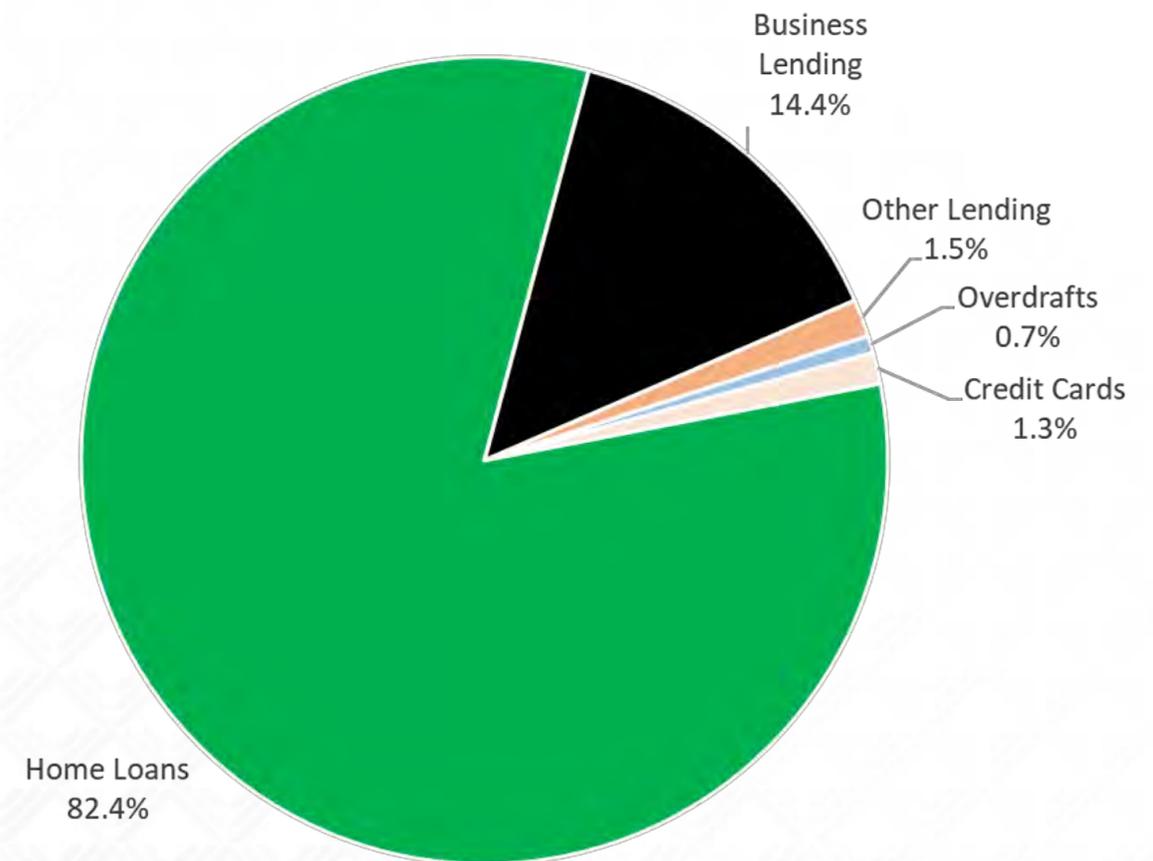
¹ Other operating income includes net gains on financial instruments

Lending portfolio

- Kiwibank is primarily a retail mortgage bank
- 7.1% share of NZ mortgage market¹

Lending Category	31 December 2022 (NZ\$b)
Home Loans	\$23.8
Credit Cards	\$0.4
Overdrafts	\$0.2
Business Lending	\$4.2
Other Lending	\$0.4
Net Loans and Advances	\$29.0

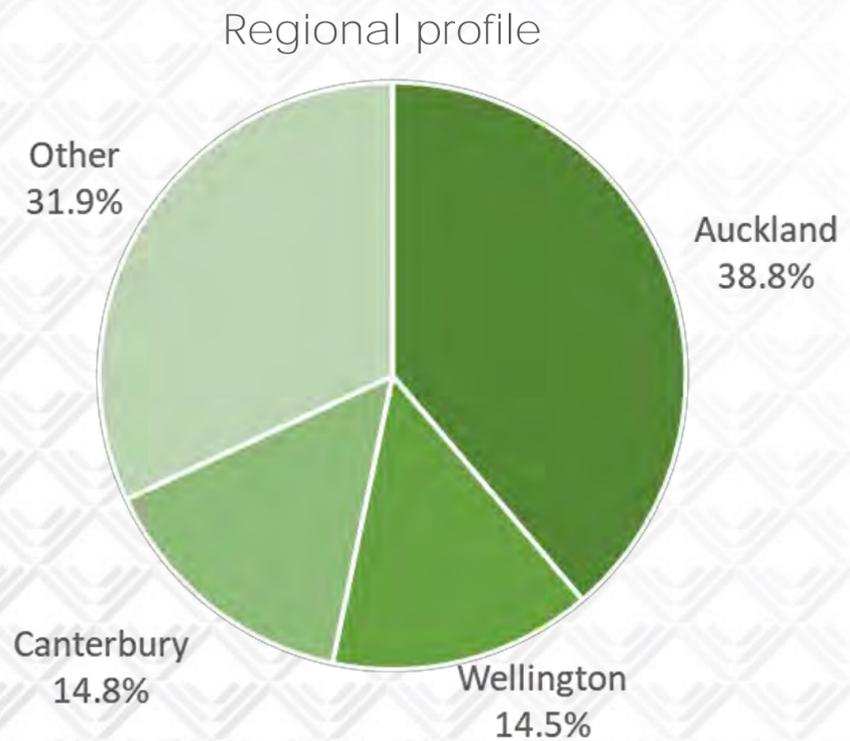
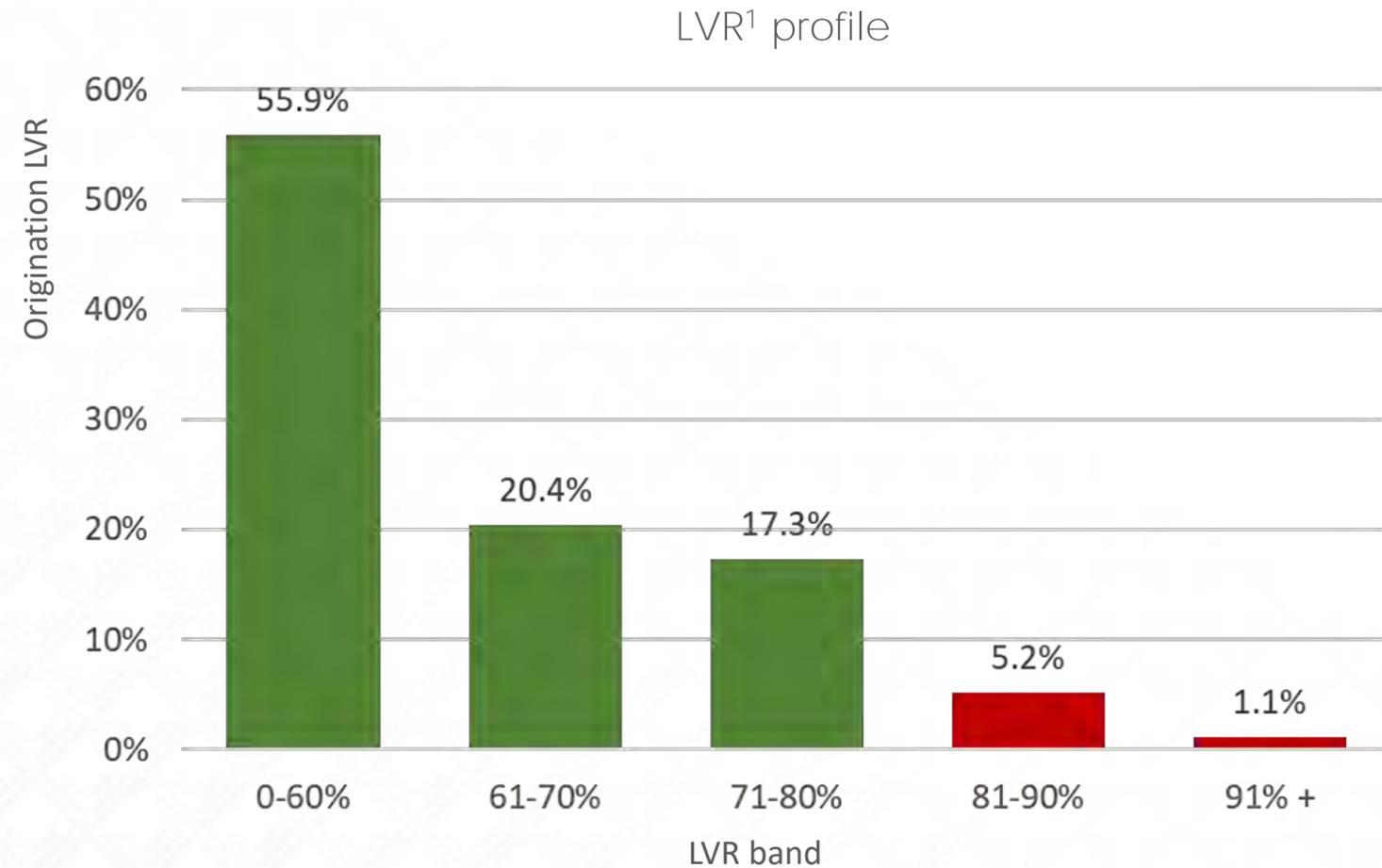
Net Loans and Advances²



Source: Kiwibank; Kiwibank Disclosure Statement 31 December 2022
¹ as at 31 December 2022
² may not add to 100% due to rounding

Mortgage portfolio

Total home loan portfolio	\$23.8b
Fixed/Floating	91%/9%
Average home loan balance	\$373k
Interest only (by value)	16.2%
LVR ¹ >80%	6.3%



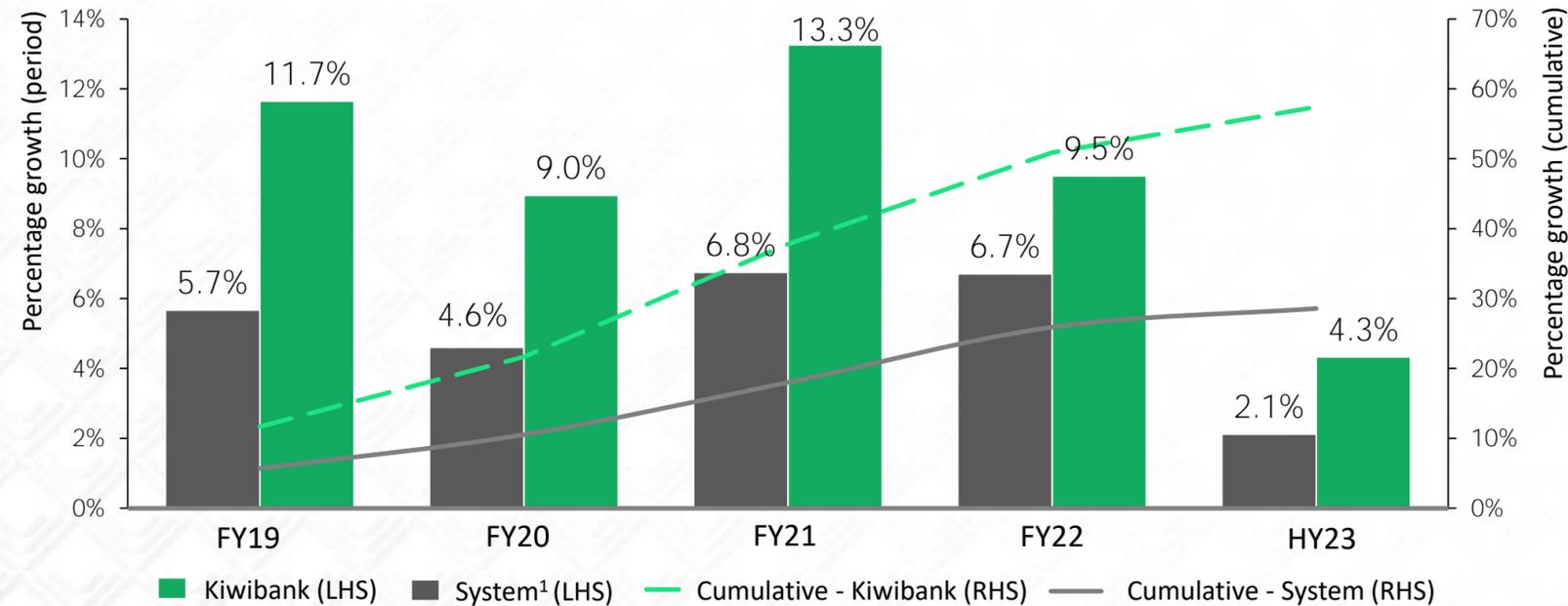
- The devastation caused by the recent Cyclone Gabrielle is not expected to have a material impact on Kiwibank's credit impairment provisions

¹ Origination loan-to-value ratio (LVR)
Source: Kiwibank as at 31 December 2022

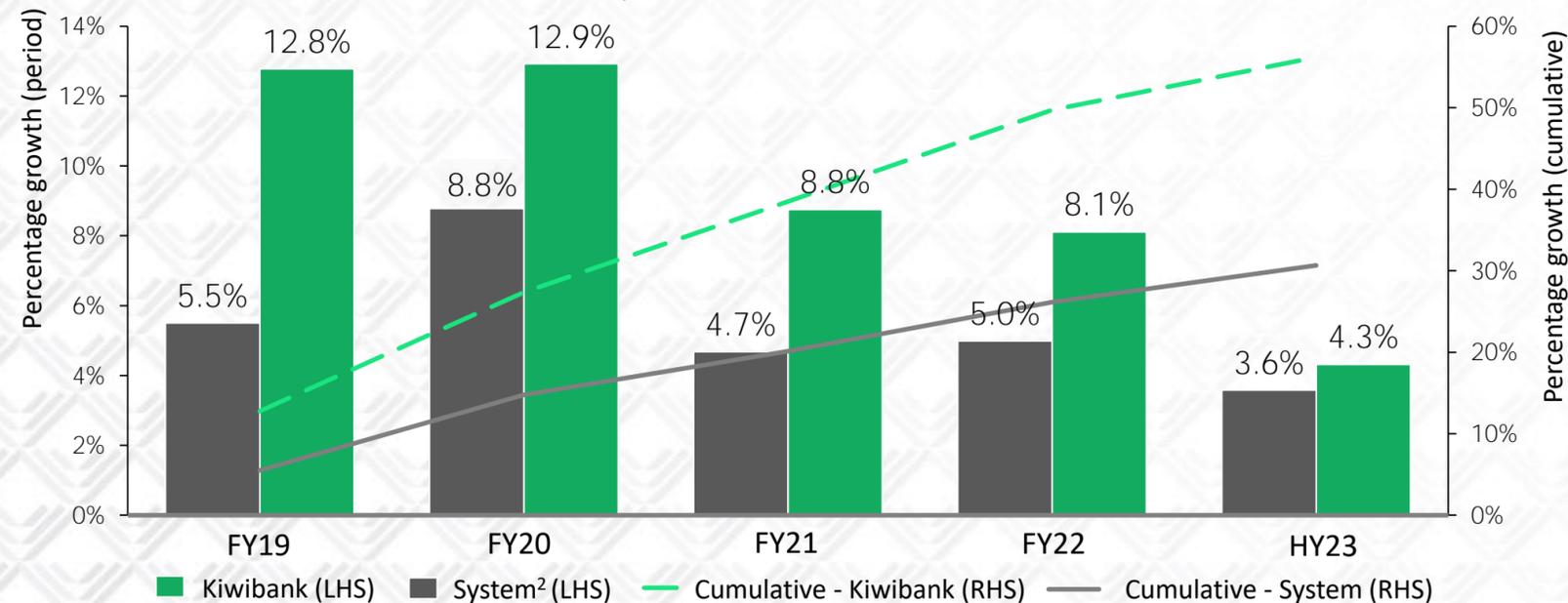
More kiwi backing Kiwibank



Lending Growth



Deposit Growth



Key Focus Areas

- Kiwibank continues to outperform the system (banking sector) in lending and deposit growth
- Kiwibank business lending continues to be a standout with lending growth of \$0.5b during half year 2023
- Residential mortgage lending has grown by 3% during half year 2023, an increase of \$0.6b. Kiwibank continued to deepen its relationship with advisers and grow the expertise of its home loan specialist team

Source: Kiwibank

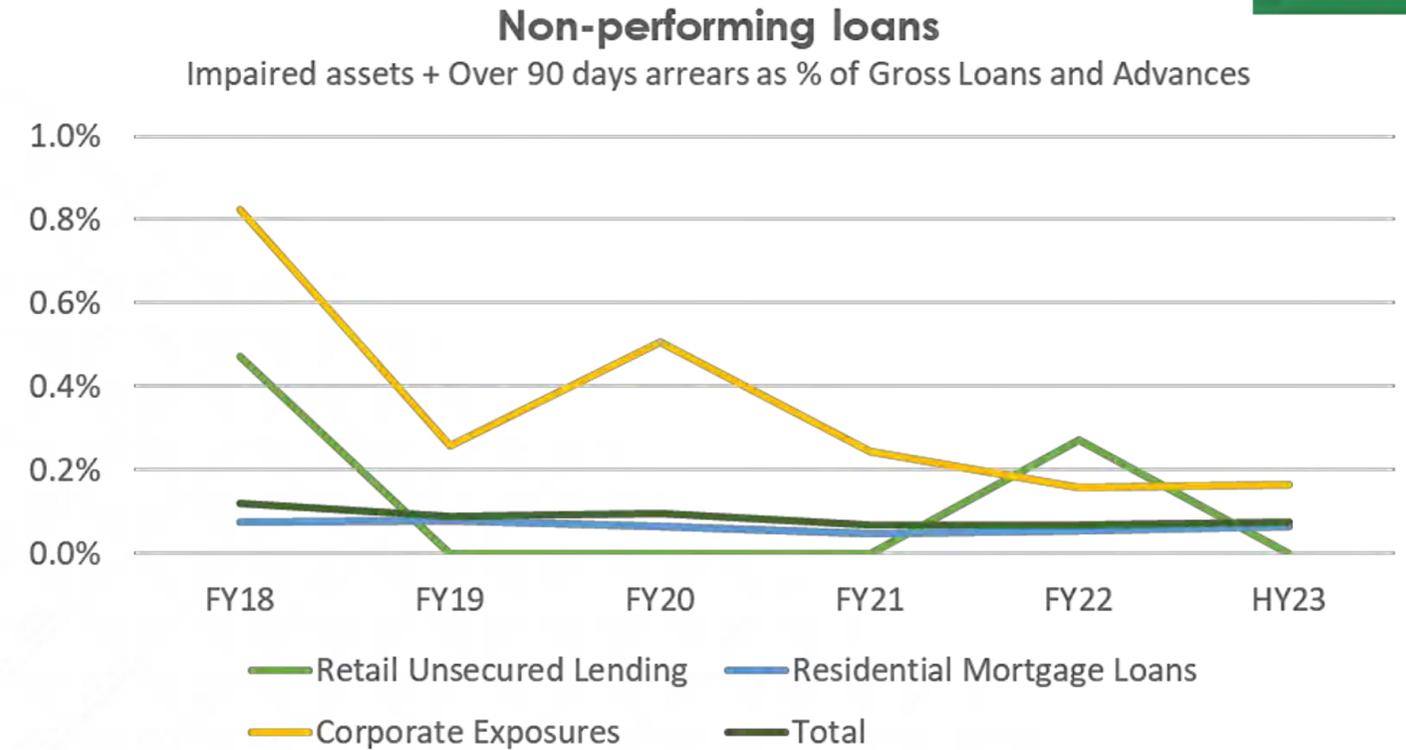
1 Source: <https://www.rbnz.govt.nz/statistics/c5> Housing & Personal consumer C1 + Business D1

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

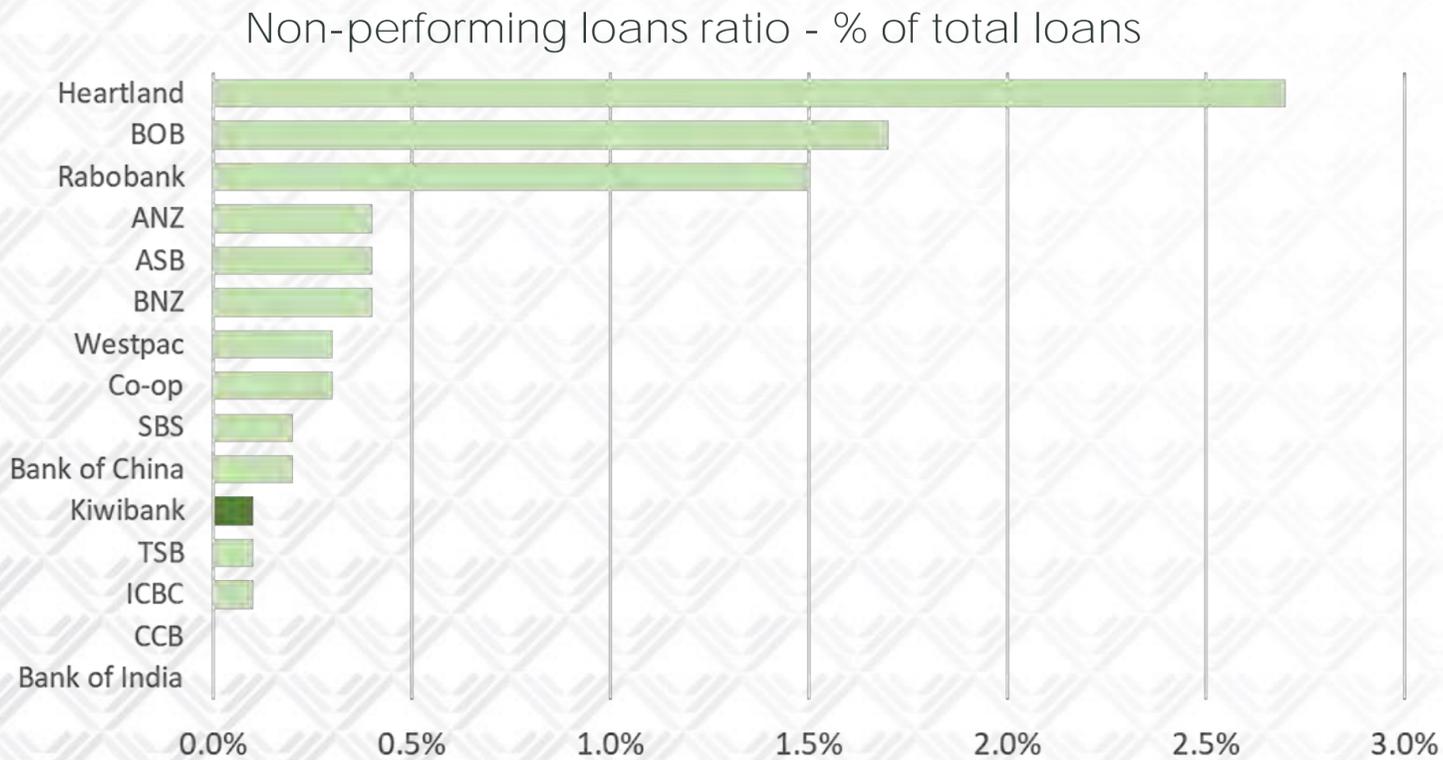
Asset quality



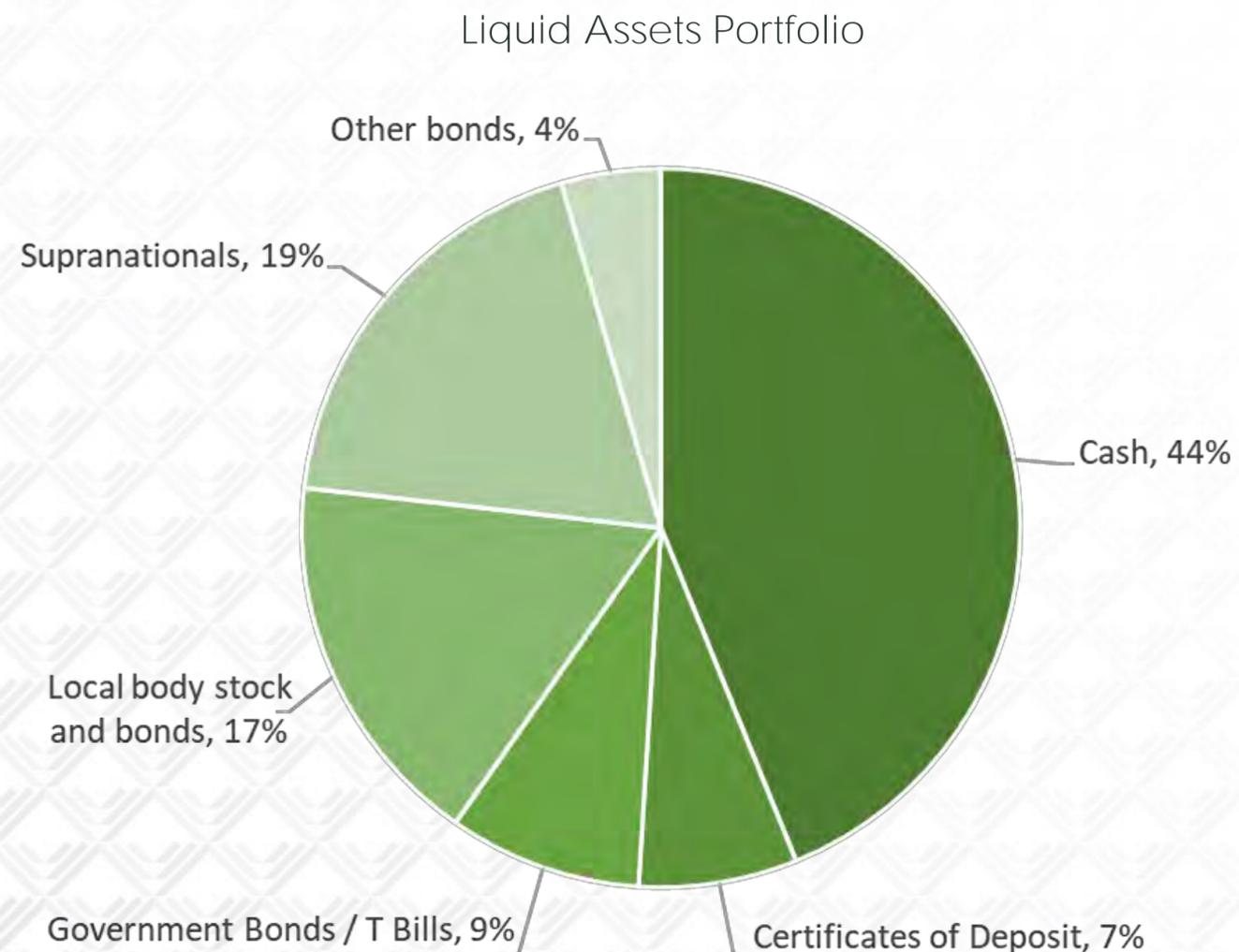
Total credit exposure by industry	Dec-22	Dec-21
Households	73%	75%
Property and business services	7%	7%
Government and local authorities	6%	6%
Finance, investment & insurance	6%	5%
Construction	3%	3%
Other	5%	4%



- 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



High quality liquid assets

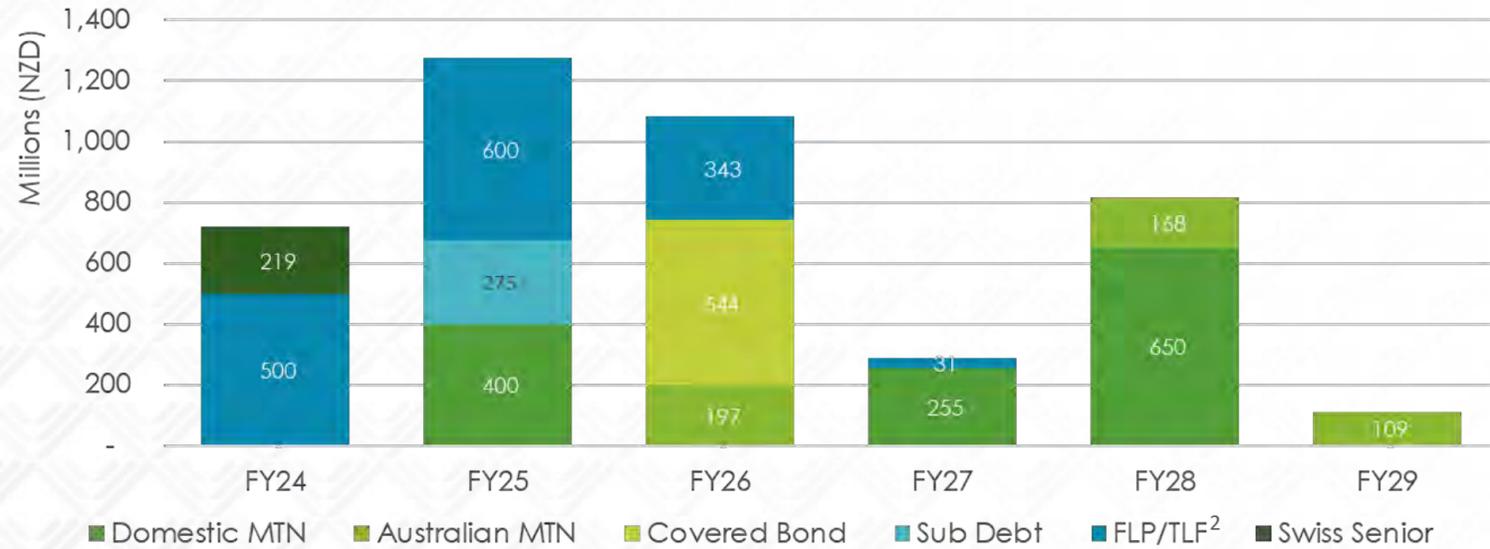


- Kiwibank has a diversified portfolio of liquid assets, which can quickly be converted into cash
- Liquid Assets portfolio was \$3.15b, as at 31 December
- In addition Kiwibank held unencumbered internal residential mortgage-backed securities available to provide additional liquid assets, with a value of \$1.8b, as at 31 December 2022
- Kiwibank actively manages its interest rate risk within an appropriate limit. The limit is set by the Kiwibank board and is closely monitored

Funding mix

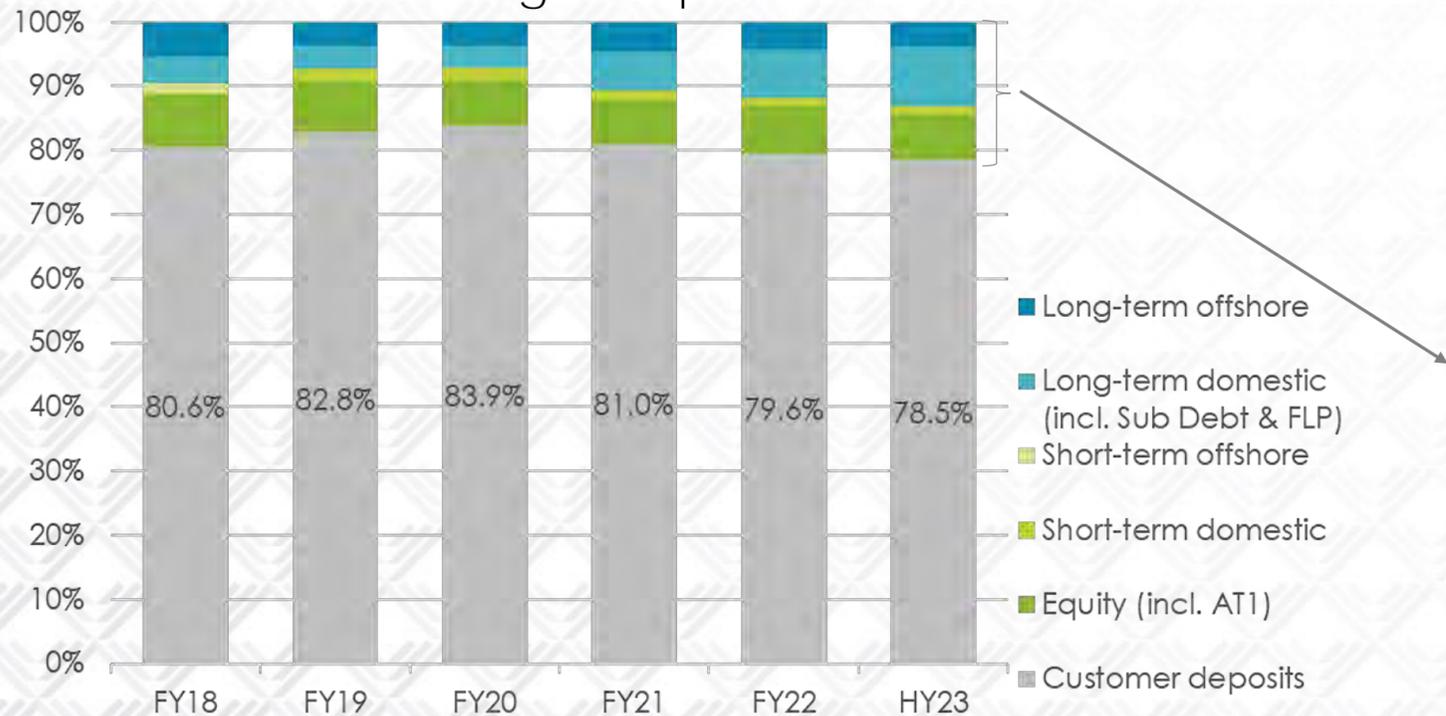


Term funding maturity profile by type¹

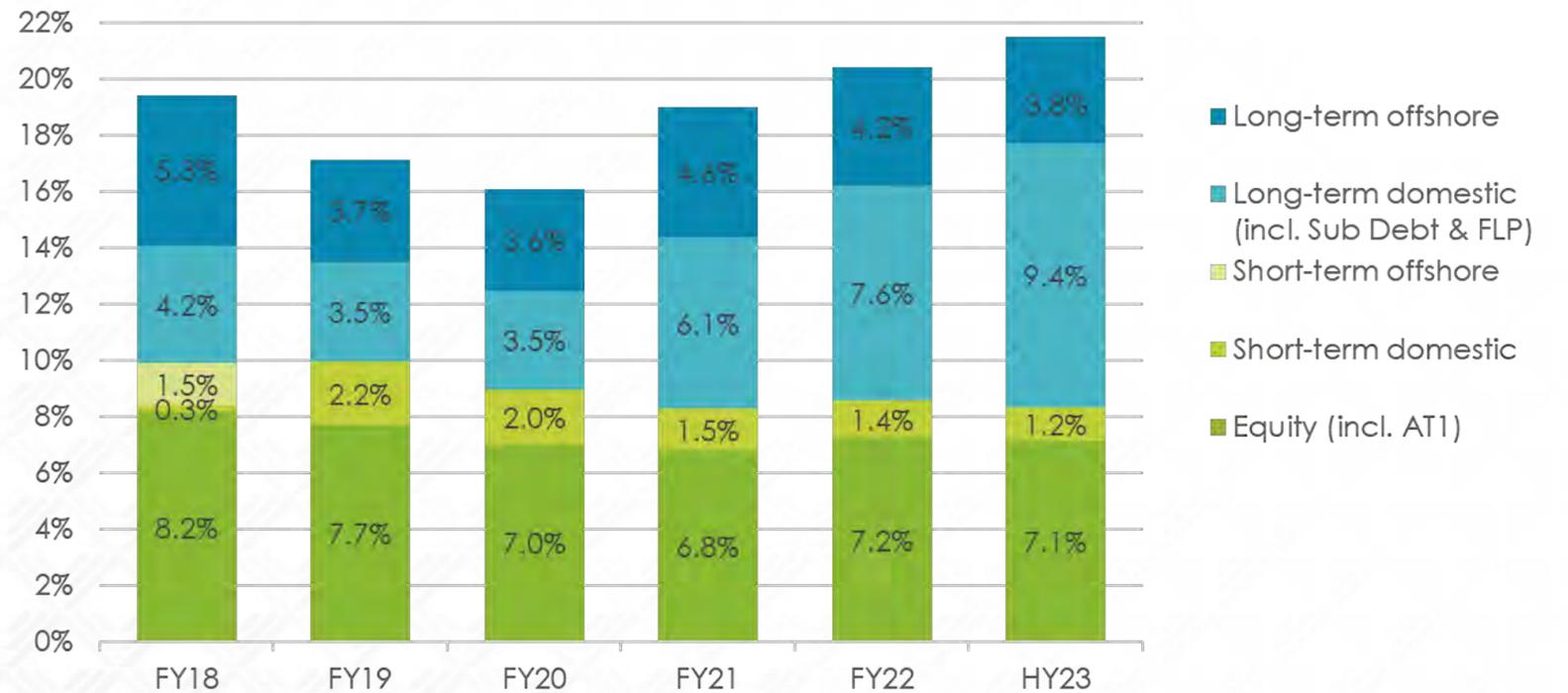


- Kiwibank maintains a diversified range of funding sources, both domestic and offshore covering short and long-term
- Weighted average remaining term to maturity 2.7yrs¹

Funding composition



Funding composition: non-customer deposits



Source: Kiwibank as at 31 December 2022

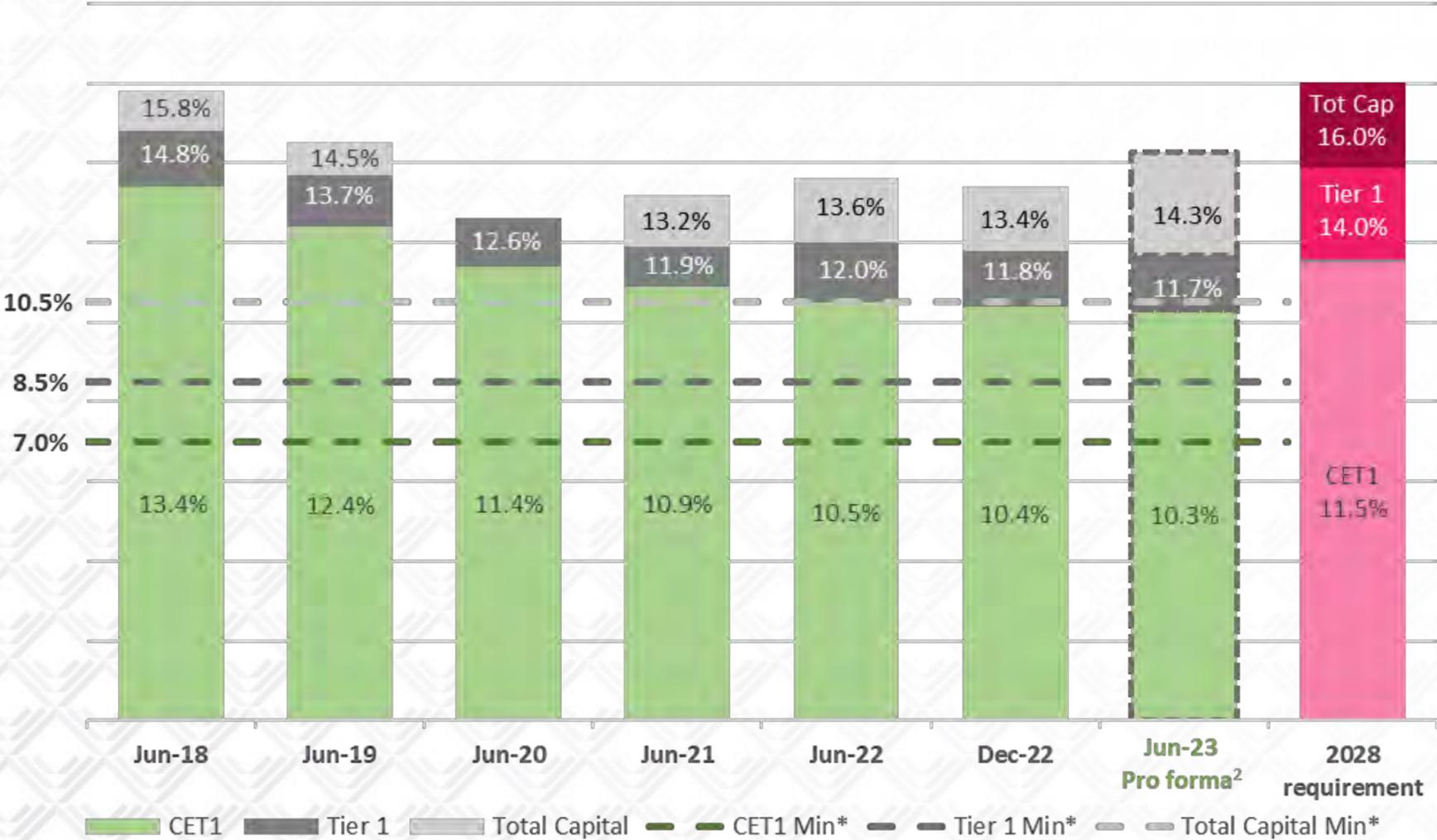
¹ Long-term funding only, excludes Additional Tier 1 Capital, Subdebt profile based on next available call date

² RBNZ Funding for Lending Programme (FLP) RBNZ Term Lending Facility (TLF)

Capital ratios



Regulatory Capital Ratios¹



Key focus areas

- Capital as at 31 December 2022 remains more than sufficient to meet current regulatory minimum requirements
- Subordinated Notes issue will increase Kiwibank's Total Capital ratio
- The RBNZ is increasing the total capital requirements for registered banks, such as Kiwibank, from 10.5% to 16% of RWA. That increase will be progressively applied until 1 July 2028

Source: Kiwibank

* includes 2.5% prudential capital buffer

¹ as a percentage of Risk-Weighted Assets (RWA); CET1 means common equity tier 1 capital (CET1)

² Pro-forma based on projected capital position as at 30 June 2023 assuming \$200m Notes issued



2. Subordinated Notes Overview

Key terms of the Notes



Issuer	Kiwibank Limited
Description	Unsecured subordinated notes (Notes)
Ranking	In a liquidation of Kiwibank the Notes will rank behind depositors and other unsubordinated creditors of Kiwibank, but ahead of Kiwibank's shareholders (including holders of perpetual preference shares)
Term	10 years, ending on the Maturity Date (12 May 2033) if not repaid earlier
Interest rate	The interest rate for the first five years will be a fixed rate equal to the sum of the Swap Rate on the Rate Set Date plus the Margin. It will then be reset to be a fixed rate equal to the Swap Rate on the Rate Reset Date plus the same Margin. The interest rate will not be less than 0% per annum.
Margin	Set on the Rate Set Date, announced by Kiwibank and will not change
Interest payments	Interest payments are scheduled to be paid quarterly in arrear and are subject to Kiwibank satisfying the solvency condition. If interest is not paid on a Scheduled Interest Payment Date it will remain owing and will itself bear interest.
Early repayment	Kiwibank has the option to repay on 12 May 2028 or on any Scheduled Interest Payment Date after that date ¹ . Holders have no right to require the Notes be repaid early.
No guarantee	The Notes are not guaranteed by any member of the Kiwibank Banking Group, the Government or by any other person

¹ Kiwibank may also repay all of the Notes on any earlier Scheduled Interest Payment Date if a Tax Event or Regulatory Event has occurred

Repayment of the Notes



- Kiwibank must repay your Notes on the Maturity Date (12 May 2033) if not repaid earlier
- Kiwibank may, subject to the conditions described below, choose to repay all (but not some) of the Notes early:
 - a) on the First Optional Redemption Date (12 May 2028), or on any Scheduled Interest Payment Date after that date; or
 - b) on any earlier Scheduled Interest Payment Date following a Tax Event or a Regulatory Event
- Kiwibank may only choose to repay the Notes early if:
 - a) the Reserve Bank has approved the repayment of the Notes; and
 - b) the Solvency Condition is satisfied immediately after repayment of the Notes
- If the Notes are repaid on the First Optional Redemption Date or on a Scheduled Interest Payment Date after that date, or the Maturity Date, holders will receive the Face Value of the Notes plus all accrued but unpaid interest
- If the Notes are repaid on another date due to a Tax Event or Regulatory Event, holders will receive the greater of the Face Value and the Market Value plus all accrued but unpaid interest

Credit rating



- Kiwibank has an issuer credit rating of A1 from Moody's Investors Service (Moody's)
- The Notes have been rated Baa2 by Moody's

Explaining the Baa2 credit rating of the Notes	
Kiwibank issuer credit rating	A1
- Deduction for removing shareholder support	3 Notches
- Deduction for subordination	1 Notch
Notes credit rating	Baa2

Moody's Rating ¹	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

¹ 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.

Risks of investing



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

- Risks related to Kiwibank's information technology systems
- External events may adversely impact Kiwibank's operations
- A material decline in property market valuations may result in higher losses on defaulting loans
- Increased credit risk arising from deteriorating economic conditions
- Climate change and extreme climate patterns may lead to increased credit risk
- Geological and biological hazards may result in losses across Kiwibank's lending portfolio
- Risks relating to Kiwibank's ability to access funding and its ability to meet liquidity needs
- Risks relating to the extensive regulation of Kiwibank
- Strategic delivery risk

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 Notes; and/or
- result in Kiwibank not making a payment on the Notes

This summary does not cover all of the risks of investing in the Notes. Further information on risks is available in Sections 5 and 6 of the Limited Disclosure Document.



3. The Offer

Key terms of the offer



Purpose	The Offer will raise Tier 2 capital to help Kiwibank meet its regulatory capital requirements and manage its capital position
Use of proceeds	The proceeds of the Offer will be used for Kiwibank's general corporate purposes
Offer amount	Up to \$200 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 Notes to be quoted on the NZX Debt Market under the ticker code KWB1T2
Joint Lead Managers	Bank of New Zealand, Craigs Investment Partners and Forsyth Barr

Important dates



Important dates for the Offer	
LDD Lodgement Date	26 April 2023
Opening Date	2 May 2023
Closing Time	11:00 a.m. on 5 May 2023
Rate Set Date	5 May 2023
Issue Date / Allotment Date	12 May 2023
Expected date of initial quotation	15 May 2023
Important dates for the Notes	
Scheduled Interest Payment Dates	12 February, 12 May, 12 August and 12 November
First Scheduled Interest Payment Date	12 August 2023 ¹
Rate Reset Date and First Optional Redemption Date	12 May 2028
Maturity Date	12 May 2033

¹ which is not a Business Day meaning the first interest payment will be made on 14 August 2023



4. Questions



Contact

Geoff Martin
Head of Funding
geoff.martin@kiwibank.co.nz
+64 4 439 6932

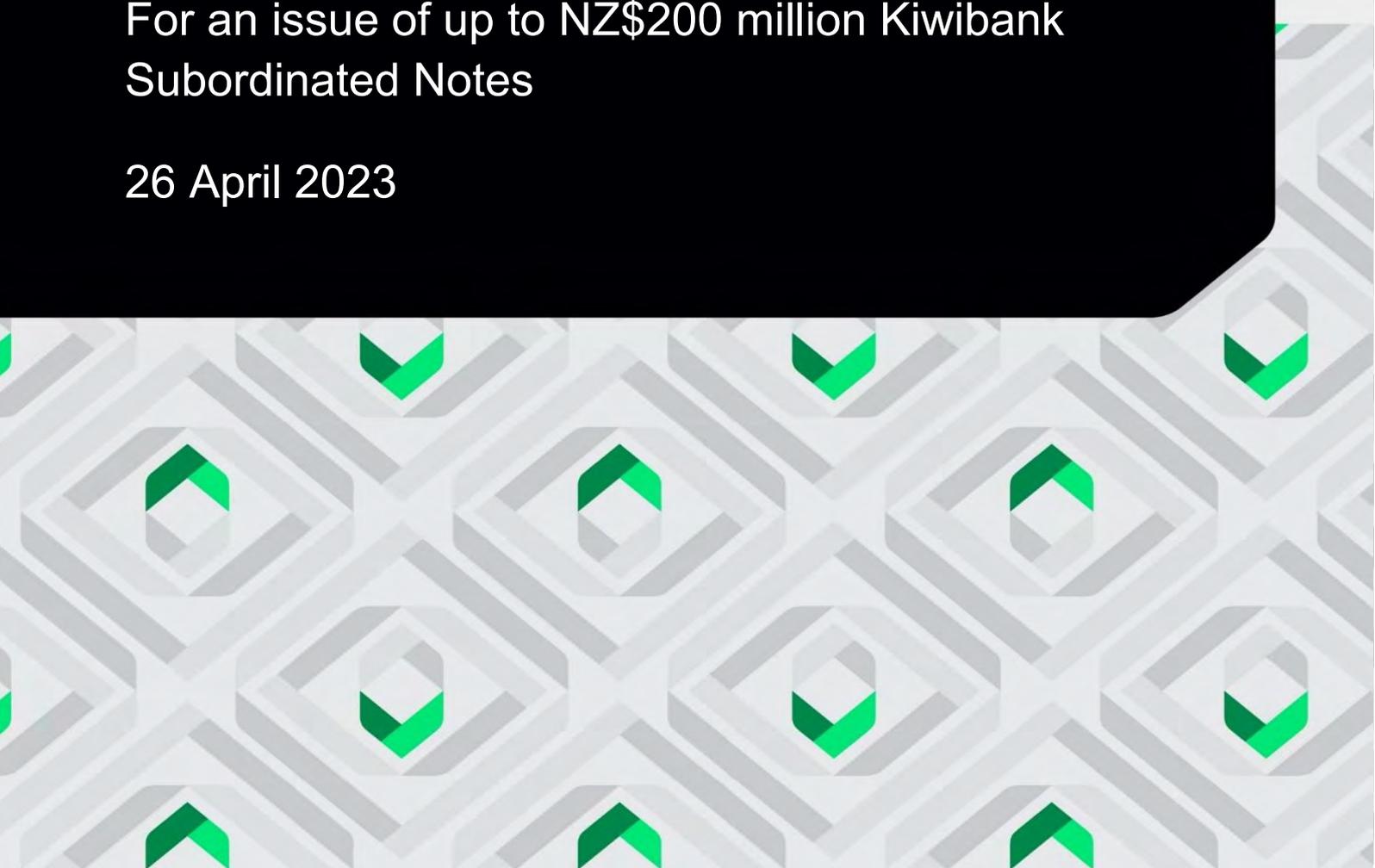


Tier 2 Subordinated Notes

Indicative Terms Sheet

For an issue of up to NZ\$200 million Kiwibank
Subordinated Notes

26 April 2023



This is a summary only. Full details are contained in the Limited Disclosure Document for the Offer dated 26 April 2023 (**LDD**).

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

The LDD is available free of charge on the online Disclose Register maintained by the Companies Office at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13513) or can be obtained from the Joint Lead Managers or your usual financial advice provider.

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

Notes			
Issuer	Kiwibank Limited (Kiwibank).		
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.		
Description of the debt securities	Unsecured subordinated notes (Notes).		
Purpose	The Offer will raise Tier 2 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.		
Credit ratings		Kiwibank Senior Credit Rating	Notes Credit Rating
	Moody's Investors Service	A1	Baa2
	A credit rating is not a recommendation to buy, sell or hold the Notes or any securities issued by Kiwibank. Ratings are subject to suspension, revision or withdrawal at any time.		
Arranger	Forsyth Barr Limited.		
Joint Lead Managers	Bank of New Zealand, Craigs Investment Partners Limited and Forsyth Barr Limited.		
Issue amount	Up to NZ\$200 million.		
No public pool	There is no public pool for the Notes. All Notes will be reserved for subscription by clients of the Joint Lead Managers and Primary Market Participants and other persons invited to participate in the Bookbuild.		
Legal form	Debt.		
Regulatory treatment	Tier 2 Capital.		

Accounting treatment	Liability.
Ranking in a liquidation	<p>In a liquidation of Kiwibank the claims of Holders will rank:</p> <ul style="list-style-type: none"> • behind the claims of all depositors, holders of unsubordinated debt securities and other creditors of Kiwibank, except for the claims described below; • equally with the claims of other Holders and holders of any other Tier 2 Capital instruments or other securities and obligations of Kiwibank that rank equally with the Notes; and • ahead of the rights of Kiwibank's shareholders (including holders of perpetual preference shares) and holders of any other securities and obligations of Kiwibank that rank behind the Notes.
No set-off	A Holder will not have any right to set-off any amounts owing to it by Kiwibank in connection with the Notes against any amount owing by it to Kiwibank (whether in connection with the Notes or otherwise).
No guarantee	The Notes are not guaranteed by any member of the Kiwibank Banking Group, the Government or by any other person.
Face Value and Issue Price	NZ\$1.00 per Note.
Term	10 years, ending on the Maturity Date (12 May 2033) if not repaid earlier.
Minimum subscription amount	NZ\$5,000 and in multiples of NZ\$1,000 thereafter.
Issue Date	12 May 2023.
Rate Reset Date	12 May 2028.
Maturity Date	12 May 2033.
Repayment	<p>The Notes must be repaid by Kiwibank on the Maturity Date (12 May 2033). However, Kiwibank may repay all (but not some) of the Notes earlier on the First Optional Redemption Date (12 May 2028) or on any Scheduled Interest Payment Date after that date. Kiwibank may also repay all of the Notes on any earlier Scheduled Interest Payment Date if a Tax Event or Regulatory Event has occurred.</p> <p>Early repayment is subject to certain conditions being met (including Kiwibank satisfying the Solvency Condition and obtaining the Reserve Bank's prior approval).</p> <p>Holders have no right to require that the Notes be repaid early.</p>
Amount that is payable to Holders if the Notes are repaid	<p>Holders will receive the Face Value of the Notes plus all accrued but unpaid interest on the Notes when the Notes are repaid on the Maturity Date or if the Notes are repaid early on the First Optional Redemption Date or on any Scheduled Interest Payment Date after that date.</p> <p>Holders will receive:</p> <ul style="list-style-type: none"> • the greater of the Face Value and Market Value, plus

	<ul style="list-style-type: none"> all accrued but unpaid interest on the Notes, <p>if the Notes are repaid early following the occurrence of a Tax Event or a Regulatory Event.</p>
Market Value	The Market Value of the Notes will be determined by an independent valuer appointed by Kiwibank who will assess the value of the Notes in accordance with the process set out in the Deed Poll.
Interest Payment Dates	<p>Interest on the Notes is scheduled to be paid quarterly in arrear on:</p> <ul style="list-style-type: none"> each Scheduled Interest Payment Date, being 12 February, 12 May, 12 August and 12 November during the Term, commencing on 12 August 2023; and the Maturity Date.
Interest rate	<p>The interest rate for the first 5 years of the Term will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 5 year period) on the Rate Set Date (5 May 2023) plus the Margin.</p> <p>The interest rate for the second 5 years of the Term will be reset on the Rate Reset Date (12 May 2028) to be a fixed rate equal to the Swap Rate on the Rate Reset Date plus the same Margin.</p> <p>If the sum of the Swap Rate plus the Margin is less than 0% per annum, the interest rate will be 0% per annum.</p> <p>The Margin and the initial interest 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>
Swap Rate	<p>The mid-market swap rate for an interest rate swap with a term of 5 years commencing on the Issue Date (in the case of the first 5 year period) or the Rate Reset Date (in the case of the second 5 year period), as calculated by Kiwibank on the relevant date 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> <p>For the purposes of this definition, the relevant date means the Rate Set Date or at or about 11am on the Rate Reset Date (as applicable).</p>
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 Notes will not change.</p>
Indicative Margin range	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.
Solvency Condition	A condition to the payment of interest or principal in respect of a Note prior to the Maturity Date (12 May 2033) or the liquidation of Kiwibank, requiring the following:

	<ul style="list-style-type: none"> • Kiwibank must be Solvent at the time the payment is due; and • Kiwibank must be able to pay the amount and still be Solvent immediately after paying that amount.
No event of default for failure to satisfy the Solvency Condition	No event of default arises if Kiwibank fails to pay an amount on the Notes because the Solvency Condition is not satisfied, other than on the Maturity Date.
Solvent	Solvent means satisfying the solvency test contained in section 4 of the Companies Act 1993.
Unpaid interest accumulates	If interest is not paid on the Notes on a Scheduled Interest Payment Date because the Solvency Condition is not satisfied, the unpaid interest will remain owing, will itself bear interest (at the same rate as the Notes), and will be payable on the earlier of the next date on which the Solvency Condition is satisfied and the date of repayment of the Notes.
Events of default	<p>The Notes have very limited events of default and a Holder's rights are limited if an event of default occurs, as described below:</p> <ul style="list-style-type: none"> • Payment default: an event of default will occur if Kiwibank does not pay any Face Value due in respect of the Notes within 7 days of its due date, or Kiwibank does not pay any interest due in respect of the Notes within 15 days of its due date. • Commencement of liquidation: an event of default will occur on the commencement of liquidation of Kiwibank. <p>To the extent that a payment on the Notes is not required to be made because the Solvency Condition is not satisfied, the amount is not due and payable and a payment default cannot occur.</p>
Limited enforcement rights	<p>If a payment default occurs, a Holder may only bring proceedings:</p> <ul style="list-style-type: none"> • to recover any amount then due and payable but unpaid on the Notes (subject to satisfaction of the Solvency Condition if the payment of the unpaid amount was subject to the Solvency Condition); • to obtain an order for specific performance of any other obligation in respect of the Holder's Notes; or • for the liquidation of Kiwibank. <p>If Kiwibank is placed in liquidation, in addition to taking the actions above, the Holder is entitled to claim in the liquidation for the Face Value of each Note and any accrued but unpaid interest.</p>
No restrictions on other securities or liabilities	<p>There are no restrictions on Kiwibank issuing further securities or creating further liabilities after the Notes have been issued that rank equally with, or in priority to, the Notes in a liquidation of 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 Notes.</p>
No other rights	<p>A Holder of the Notes has no right to:</p> <ul style="list-style-type: none"> • subscribe for new securities of Kiwibank; or

	<ul style="list-style-type: none"> otherwise participate in the profits or property of Kiwibank, except by receiving payments on the Notes.
Conversion or exchange	Not applicable.
Business Days	A day (other than a Saturday or Sunday) on which banks are open for business in Wellington and Auckland.
Record Date (for interest payment purposes)	<p>10 calendar days before the relevant Interest 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>
Brokerage	0.50% on firm allocations plus 0.50% retail brokerage, payable by Kiwibank.
No underwriting	The Offer is not underwritten.
Registrar	<p>Link Market Services Limited.</p> <p>The Notes will be accepted for settlement within the NZClear System.</p>
ISIN	NZKIWD1T2L2.
NZX quotation	<p>Kiwibank intends to quote the Notes on the NZX Debt Market. NZX ticker code KWB1T2 has been reserved for the Notes.</p> <p>NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.</p>
Documents	<p>LDD relating to the offer of Notes dated 26 April 2023.</p> <p>Deed Poll dated 26 April 2023.</p> <p>Other documents and information are available on the online Disclose Register maintained by the Companies Office at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13513).</p>
Governing law	New Zealand.
Selling Restrictions	<p>The LDD does not constitute an offer of Notes in any jurisdiction other than New Zealand.</p> <p>The Notes may only be offered for sale or sold in New Zealand.</p> <p>Kiwibank has not taken and will not take any action which would permit a public offering of Notes, or possession or distribution of any offering material in respect of the Notes, in any country or jurisdiction where action for that purpose is required (other than New Zealand).</p>

Important dates

Important dates for the Offer	
Opening Date	Tuesday, 2 May 2023
Closing Time	11:00am on Friday, 5 May 2023
Rate Set Date	Friday, 5 May 2023
Issue Date/allotment date	Friday, 12 May 2023
Important dates for the Notes	
Expected quotation on NZX Debt Market	Monday, 15 May 2023
Scheduled Interest Payment Dates	12 February, 12 May, 12 August and 12 November during the Term
First Scheduled Interest Payment Date	12 August 2023, which is not a Business Day meaning the first interest payment is to be made on 14 August 2023
Rate Reset Date and First Optional Redemption Date	12 May 2028
Maturity Date	12 May 2033

Dates may change

The Opening Date and the Closing Time may change. Kiwibank has the right in its absolute discretion to change the Opening Date and/or the Closing Time to be earlier or later. If Kiwibank changes the Opening Date and/or the Closing Time, all subsequent dates may also be changed. 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 Notes.

Key Risks

The LDD should be read in full before deciding whether to invest in the Notes.

The LDD includes:

- Section 1 “*Key Information Summary*”;
- Section 5 “*Key features of the Notes*”; and
- Section 6 “*Risks of investing*”.

The key features of the Notes 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 Notes.



Limited Disclosure Document

For an offer of unsecured subordinated notes by
Kiwibank Limited

Dated 26 April 2023

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 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.



FORSYTH BARR

1. Key information summary

What is this?

This is an offer of unsecured subordinated notes ("**Notes**"). The Notes are debt securities issued by Kiwibank Limited ("**Kiwibank**"). You give Kiwibank money, and in return Kiwibank promises to pay you interest and repay the money at the end of the term. If Kiwibank runs into financial trouble, you might lose some or all of the money you invested.

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 Banking (Prudential Supervision) Act 1989 ("**BPS Act**").

Information about Kiwibank, including Kiwibank's financial statements (consolidated for the Kiwibank Banking Group) is published half-yearly in disclosure statements Kiwibank prepares under the BPS 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 Tier 2 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

Issuer	Kiwibank Limited.
Description of the debt securities	Unsecured subordinated notes.
Term	10 years, ending on the Maturity Date (12 May 2033) if not repaid earlier.
Offer amount	Up to \$200 million.
Face Value and Issue Price	\$1.00 per Note.
Minimum subscription amount	\$5,000, and in multiples of \$1,000 thereafter.

Opening Date	2 May 2023.
Closing Time	11:00 a.m. on 5 May 2023.
Interest rate	<p>The interest rate for the first 5 years of the Term will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 5 year period) on the Rate Set Date (5 May 2023) plus the Margin.</p> <p>The interest rate for the second 5 years of the Term will be reset on the Rate Reset Date (12 May 2028) to be a fixed rate equal to the Swap Rate on the Rate Reset Date plus the same Margin.</p> <p>If the sum of the Swap Rate plus the Margin is less than 0% per annum, the interest rate will be deemed to be 0% per annum.</p> <p>The Margin and the initial interest 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>See Section 5.2 of this LDD (Interest).</p>
Interest Payment Dates	Interest on your Notes is scheduled to be paid quarterly in arrear on each Scheduled Interest Payment Date and on the Maturity Date.
Interest payments are conditional	The payment of interest on each Scheduled Interest Payment Date is conditional on Kiwibank satisfying the Solvency Condition. See Section 5.2 of this LDD (Interest).
Unpaid interest accumulates	If interest is not paid on your Notes on a Scheduled Interest Payment Date because the Solvency Condition is not satisfied, the unpaid interest will remain owing and will itself bear interest. See Section 5.2 of this LDD (Interest).
Fees and charges	Kiwibank will not charge you brokerage or any other fees to apply or subscribe for Notes. However, you may have to pay brokerage or other fees to the firm that gives you an allocation of Notes.

No guarantee

Your Notes are not guaranteed by any member of the Kiwibank Banking Group, the Government or by any other person. Kiwibank is solely responsible for repayment of your Notes.

How you can get your money out early

Repayment of your Notes

Your Notes are a long term investment with a Term of 10 years. Your Notes must be repaid by Kiwibank on the Maturity Date (12 May 2033). However, Kiwibank may repay all of your Notes early on the First Optional Redemption Date (12 May 2028) or on any Scheduled Interest Payment Date after that date, or on an earlier Scheduled Interest Payment Date if a Tax Event or Regulatory Event has occurred.

Early repayment is subject to certain conditions being met (including the Solvency Condition being satisfied and Kiwibank obtaining the Reserve Bank's prior approval).

See Section 5.3 of this LDD (Repayment of the Notes).

You do not have a right to require that your Notes be repaid early for any reason.

Sale on NZX

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

How the Notes rank for repayment

In a liquidation of Kiwibank, each Note gives you the right to payment of an amount equal to the Face Value plus all accrued but unpaid interest. 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 Notes.

Your right to payment of this amount will rank:

- behind the claims of all depositors, holders of unsubordinated debt securities and other creditors of Kiwibank, except for the claims described below;
- equally with the claims of other Holders and holders of any other Tier 2 Capital instruments

or other securities and obligations of Kiwibank that rank equally with your Notes; and

- ahead of the rights of Kiwibank's shareholders (including holders of perpetual preference shares) and holders of any other securities and obligations of Kiwibank that rank behind the Notes.

Section 5.7 of this LDD (Ranking) explains how the Notes rank in a liquidation of Kiwibank.

No security

The Notes are not secured against any asset of any member of the Kiwibank Banking Group, the Government or any other person.

Key risks affecting this investment

Investments in debt securities have risks. A key risk is that Kiwibank does not meet its commitments to repay you or pay you interest (credit risk). 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 debt securities is suitable for you.

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

Kiwibank considers that the most significant risk factors are:

- *Risks relating to Kiwibank's information technology systems*

Kiwibank's information technology systems and infrastructure could be disrupted for reasons including 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.

- *Increased credit risk arising from deteriorating economic conditions*

Deteriorating economic conditions could increase 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 repay their loans, potentially resulting in an increase in losses and higher capital requirements through an increase in credit provisions.

- *Risks relating to Kiwibank's ability to access funding and its ability to meet liquidity needs*
Disruptions, uncertainty and volatility in domestic and global debt capital 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 also be adversely affected if its credit ratings deteriorate.

If one or more of these risks eventuate, either individually or in combination, the financial position and performance of Kiwibank may be adversely affected which may in turn:

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

This summary does not cover all of the risks of investing in the Notes. You should also read Section 5 (Key features of the Notes) and Section 6 (Risks of investing) of this LDD for further details about the significant risks of investing in the Notes.

What is the Notes' credit rating?

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

The Notes 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 LDD, the Notes have a credit rating of Baa2 from Moody's.

Credit ratings for Moody's	Likelihood that the issuer may not meet its financial obligations when due
Aaa	Lowest
Aa	Very Low
A	Low
Baa The Notes Baa2	Moderate
Ba	Substantial
B	High
Caa	Very high
Ca	Likely in, or very near, default

Table of Contents

1.	Key information summary.....	1
2.	Key dates and Offer process	5
3.	Terms of the Offer.....	6
4.	Purpose of the Offer	8
5.	Key features of the Notes.....	9
6.	Risks of investing	17
7.	Tax	21
8.	Tax consequences for overseas Holders.....	21
9.	Information about Kiwibank.....	22
10.	Other information relating to the Offer.....	24
11.	How to complain	24
12.	Where you can find more information.....	25
13.	How to apply	25
14.	Contact information.....	26
15.	Glossary	27

2. Key dates and Offer process

Opening Date	2 May 2023
Closing Time	11:00 a.m. on 5 May 2023
Rate Set Date	5 May 2023
Issue Date/allotment date	12 May 2023
Expected date of initial quotation and trading of the Notes on the NZX Debt Market	15 May 2023
First Scheduled Interest Payment Date	12 August 2023
Scheduled Interest Payment Dates	12 February, 12 May, 12 August and 12 November during the Term
Rate Reset Date and First Optional Redemption Date	12 May 2028
Maturity Date	12 May 2033

The Opening Date and the Closing Time may change. Kiwibank has the right in its absolute discretion to change the Opening Date and/or the Closing Time to be earlier or later. If Kiwibank changes the Opening Date and/or the Closing Time, the changes will be announced as soon as reasonably practicable by Kiwibank via NZX and available 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 your Notes on the

NZX Debt Market, the Scheduled Interest Payment Dates, the First Optional Redemption Date, the Rate Reset Date and the Maturity Date may be changed accordingly. Any such changes will not affect the validity of any applications received. The Interest Payment Dates are subject to the Business Day convention described in Section 5.5 of this LDD (Payments). 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 Notes.

3. Terms of the Offer

3.1 Description of the Notes

The Notes	
Issuer	Kiwibank Limited.
Description	Unsecured subordinated notes.
Term	10 years, ending on the Maturity Date (12 May 2033) if not repaid earlier.
Interest rate	<p>The interest rate for the first 5 years of the Term will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 5 year period) on the Rate Set Date (5 May 2023) plus the Margin.</p> <p>The interest rate for the second 5 years of the Term will be reset on the Rate Reset Date (12 May 2028) to be a fixed rate equal to the Swap Rate on the Rate Reset Date plus the same Margin.</p> <p>If the sum of the Swap Rate plus the Margin is less than 0% per annum, the interest rate will be 0% per annum.</p> <p>See Section 5.2 of this LDD (Interest).</p>
Interest Payment Dates	<p>Interest on your Notes is scheduled to be paid quarterly in arrear on:</p> <ul style="list-style-type: none"> ▪ each Scheduled Interest Payment Date, being 12 February, 12 May, 12 August and 12 November during the Term, commencing on 12 August 2023; and ▪ the Maturity Date.
Interest payments are conditional	<p>Prior to the Maturity Date or the liquidation of Kiwibank, the payment of interest on each Scheduled Interest Payment Date is conditional on Kiwibank satisfying the Solvency Condition.</p> <p>See Section 5.2 of this LDD (Interest).</p>
Unpaid interest accumulates	<p>If interest is not paid on a Scheduled Interest Payment Date because the Solvency Condition is not satisfied, the unpaid interest will remain owing and will itself bear interest.</p> <p>See Section 5.2 of this LDD (Interest).</p>
Repayment	<p>Your Notes must be repaid by Kiwibank on the Maturity Date (12 May 2033).</p> <p>However, Kiwibank may repay all (but not some) of your Notes earlier on the First Optional Redemption Date (12 May 2028) or on any Scheduled Interest Payment Date after that date. Kiwibank may also repay all of your Notes on any earlier Scheduled Interest Payment Date if a Tax Event or Regulatory Event has occurred.</p> <p>Early repayment is subject to certain conditions being met (including Kiwibank satisfying the Solvency Condition and obtaining the Reserve Bank's prior approval).</p> <p>See Section 5.3 of this LDD (Repayment of the Notes).</p> <p>You have no right to require that your Notes be repaid early.</p>

Ranking of the Notes	<p>In a liquidation of Kiwibank the Notes rank as unsecured subordinated debt of Kiwibank, and your claim will rank behind depositors and other unsubordinated creditors of Kiwibank, but ahead of Kiwibank's shareholders and holders of any other securities and obligations of Kiwibank that rank behind the Notes.</p> <p>See Section 5.7 of this LDD (Ranking).</p>
-----------------------------	--

3.2 Description of the Offer

The Offer	
Offer amount	Up to \$200 million.
Opening Date, Closing Time and Issue Date	See Section 2 of this LDD (Key dates and Offer process).
Face Value and Issue Price	\$1.00.
Minimum subscription amount	\$5,000 and in multiples of \$1,000 thereafter.
How to apply	There is no public pool for the Notes. All Notes will be reserved for subscription by clients of the Joint Lead Managers and Primary Market Participants and other persons invited to join the Bookbuild. Application instructions are set out in Section 13 of this LDD (How to apply).
Fees and charges	Kiwibank will not charge you brokerage or any other fees to apply or subscribe for Notes. However, you may have to pay brokerage or other fees to the firm that gives you an allocation of Notes.
Allocation of Notes	Following the Bookbuild, Kiwibank will allocate Notes to each of the successful Bookbuild participants. Those participants will in turn be solely responsible for allocating the Notes to individual investors. This means that Kiwibank has no direct role in determining the allocation that you receive from your financial adviser.
Selling Restrictions	<p>The Offer is subject to the Selling Restrictions contained in Section 10.1 of this LDD (Selling Restrictions).</p> <p>By subscribing for Notes, you agree to comply with the Selling Restrictions and to indemnify Kiwibank, the Registrar, the Arranger and each Joint Lead Manager (and their respective directors, officers, employees and agents) in respect of any loss, cost, liability or expense sustained or incurred as a result of you breaching the selling restrictions contained in Section 10.1 of this LDD (Selling Restrictions).</p>
Governing law	The Notes, the Deed Poll and the Offer are governed by New Zealand law.

3.3 Trading your Notes on the NZX Debt Market

Kiwibank intends to have the Notes quoted on the NZX Debt Market. NZX ticker code KWB1T2 has been reserved for the Notes. NZX takes no responsibility for the content of this LDD. 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 Notes 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. 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 Notes. 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 Notes, 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 Notes in aggregate Face Value multiples of \$1,000, and after any transfer each of you and the transferee must hold either Notes with an aggregate Face Value of no less than \$5,000, or no Notes.

You will likely have to pay brokerage or other fees on any transfer of Notes you make through a Primary Market Participant.

3.4 Deed Poll

The conditions of the Notes are set out in the Deed Poll. Holders are bound by, and are deemed to have notice of, the Deed Poll, including the conditions of the Notes. You may obtain a copy of the Deed Poll from the Disclose Register at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13513) or at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments/.

4. Purpose of the Offer

As a registered bank, Kiwibank is subject to conditions imposed by the Reserve Bank. These conditions require Kiwibank to comply with prudential requirements, including to maintain an adequate level of regulatory capital to provide a buffer to absorb losses from its activities. The Offer will raise Tier 2 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.

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 LDD (Information about Kiwibank) for more information about Kiwibank's regulatory capital requirements and capital management.

5. Key features of the Notes

5.1 General

A number of the key features of the Notes are described in Section 3 of this LDD (Terms of the Offer). Other key features of the Notes and further detail about some of the key features described earlier in Section 3 of this LDD (Terms of the Offer) are described below.

5.2 Interest

This Section 5.2 contains further detail on when interest is payable, the interest rate and how interest payments are calculated.

Interest Payment Dates	Interest on your Notes is scheduled to be paid quarterly in arrear on each Scheduled Interest Payment Date and the Maturity Date (see Section 5.3 of this LDD (Repayment of the Notes)). The Scheduled Interest Payment Dates are subject to the Business Day convention described in Section 5.5 of this LDD (Payments).
Interest payments are conditional	<p>The payment of interest on each Scheduled Interest Payment Date is conditional on Kiwibank satisfying the Solvency Condition.</p> <p>The Solvency Condition will be satisfied if Kiwibank is Solvent at the time the payment is due and Kiwibank is able to pay the amount and still be Solvent immediately after paying the amount.</p> <p>The Solvency Condition does not apply to payments that are required to be made on the Maturity Date or if Kiwibank is in liquidation.</p>
Unpaid interest accumulates	If interest is not paid on a Scheduled Interest Payment Date because the Solvency Condition is not satisfied, the unpaid interest will remain owing, will itself bear interest (at the same rate as the Notes), and will be payable on the earlier of the next day on which the Solvency Condition is satisfied and the date of repayment of your Notes.
Interest rate	<p>The interest rate will be fixed for the first 5 years of the Term, after which, if the Notes are not repaid early on or before the First Optional Redemption Date, it will be reset and fixed for the remaining 5 years of the Term.</p> <p>The interest rate for the period from (and including) the Issue Date to (but excluding) the First Optional Redemption Date (12 May 2028) will be set on the Rate Set Date (5 May 2023) and will be a fixed rate equal to the sum of the Swap Rate on the Rate Set Date plus the Margin.</p> <p>The interest rate for the period from (and including) the First Optional Redemption Date (12 May 2028) to (but excluding) the Maturity Date (12 May 2033) will be reset on the Rate Reset Date (12 May 2028) to be a fixed rate equal to the sum of the Swap Rate on the Rate Reset Date plus the same Margin.</p> <p>If the sum of the Swap Rate plus the Margin is less than 0% per annum, the interest rate will be deemed to be 0% per annum.</p> <p>The initial interest rate and the Margin will be determined by Kiwibank 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>

	When the interest rate is reset, the new interest rate will be announced by Kiwibank via NZX and available at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments/ .
Swap Rate	<p>A swap rate is a reference rate commonly used in New Zealand by major financial institutions. The Swap Rate is a reference rate for a 5 year period.</p> <p>Swap rates change to reflect market conditions over time, so the Swap Rate on the Rate Set Date (5 May 2023) will likely be different to the Swap Rate on the Rate Reset Date (12 May 2028).</p>
Margin	<p>The Margin is the percentage rate per annum determined by Kiwibank in consultation with the Joint Lead Managers following the Bookbuild. The Margin 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 indicative Margin range will be determined and announced by Kiwibank on or about the Opening Date. The Margin may be above or below the indicative Margin range.</p> <p>The Margin for the Notes will not change.</p>
Calculation of interest payments	The amount of interest payable on each Scheduled Interest Payment Date and the Maturity Date will be calculated on an annual basis and paid in equal quarterly instalments.

5.3 Repayment of the Notes

Your Notes are a long term investment with a Term of 10 years. However, Kiwibank may repay your Notes early in certain circumstances.

This Section 5.3 contains further detail on when Kiwibank may repay your Notes.

Maturity Date	Your Notes must be repaid by Kiwibank on the Maturity Date (12 May 2033) if not repaid earlier. The repayment of your Notes on the Maturity Date is not subject to the Solvency Condition.
When Kiwibank may choose to repay your Notes early	<p>Kiwibank may, subject to the conditions described below, choose to repay all (but not some) of your Notes early:</p> <ul style="list-style-type: none"> ▪ on the First Optional Redemption Date or on any Scheduled Interest Payment Date after that date; or ▪ on any earlier Scheduled Interest Payment Date if a Tax Event or a Regulatory Event has occurred.
First Optional Redemption Date	The First Optional Redemption Date is 12 May 2028.
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

	<p>Zealand Inland Revenue Department) that applies, or is to apply, after the Issue Date; or</p> <ul style="list-style-type: none"> ▪ Kiwibank is or will be required to comply with any change in New Zealand law, regulation or directive or changed interpretation or administration, that directly or indirectly affects the taxation treatment in relation to the Notes and that would result in more than a minimal increase in Kiwibank's costs in respect of the Notes, provided such event is not minor and could not reasonably have been anticipated by Kiwibank when the Notes were issued.
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, that adversely affects, or will adversely affect, Kiwibank in relation to its regulatory capital treatment of the Notes, provided such event is not minor and could not reasonably have been anticipated when the Notes were issued; or ▪ 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 Notes are not or will not be Tier 2 Capital instruments.
Conditions to Kiwibank repaying your Notes early	<p>Kiwibank may only choose to repay your Notes early if the Reserve Bank has given its prior written approval to the repayment of the Notes. Early repayment is also conditional on the Solvency Condition being satisfied.</p> <p>The Solvency Condition will be satisfied if Kiwibank is Solvent at the time the payment is due and Kiwibank is able to pay the amount and still be Solvent immediately after paying that amount.</p> <p>The Solvency Condition does not apply to the repayment of your Notes on the Maturity Date or if Kiwibank is in liquidation.</p>
When repayment following a Tax Event or Regulatory Event can occur	<p>In addition to the conditions described above, Kiwibank may only repay your Notes early following the occurrence of a Tax Event or a Regulatory Event if:</p> <ul style="list-style-type: none"> ▪ Kiwibank gives at least 30 days' (and no more than 60 days') notice to you; and ▪ the Notes are repaid on a Scheduled Interest Payment Date that is no more than 6 months after the date on which Kiwibank determines that the Tax Event or Regulatory Event (as applicable) has occurred.
Amount that is payable to you if your Notes are repaid	<p>You will receive the Face Value of the Notes plus all accrued but unpaid interest on the Notes when your Notes are repaid on the Maturity Date or if your Notes are repaid early on the First Optional Redemption Date or on any Scheduled Interest Payment Date after that date.</p>

	<p>You will receive:</p> <ul style="list-style-type: none"> the greater of the Face Value and Market Value of the Notes, plus all accrued but unpaid interest on the Notes, <p>if your Notes are repaid early following the occurrence of a Tax Event or a Regulatory Event.</p>
Market Value	The Market Value of your Notes will be determined by an independent valuer appointed by Kiwibank who will assess the value of the Notes in accordance with the process set out in the Deed Poll.
No certainty that Kiwibank will choose to repay the Notes early or be able to satisfy the early repayment conditions	<p>Kiwibank is under no obligation to repay the Notes early. There is no certainty that Kiwibank will choose to repay the Notes:</p> <ul style="list-style-type: none"> on the First Optional Redemption Date or any Scheduled Interest Payment Date after that date; or if a Tax Event or Regulatory Event has occurred, <p>or that Kiwibank will be able to satisfy the conditions that apply to early repayment. In particular, there is no certainty that the Reserve Bank would give its approval to an early repayment.</p>
Holders cannot choose to have the Notes repaid early	You do not have a right to require that your Notes be repaid early for any reason.

5.4 Events of default

The Notes have very limited events of default and your rights are limited if an event of default occurs, as described below.

Events of default	Consequences
<p>Payment default</p> <p>An event of default will occur if:</p> <ul style="list-style-type: none"> Kiwibank does not pay any Face Value due in respect of the Notes within 7 days of its due date; or Kiwibank does not pay any interest due in respect of the Notes within 15 days of its due date. <p>To the extent that a payment on the Notes is not required to be made because the Solvency Condition is not satisfied, the amount is not due and payable and a payment default cannot occur.</p>	<p>If a payment default occurs, you may only bring proceedings:</p> <ul style="list-style-type: none"> to recover any amount then due and payable but unpaid on your Notes (subject to satisfaction of the Solvency Condition if the payment of the unpaid amount was subject to the Solvency Condition); to obtain an order for specific performance of any other obligation in respect of your Notes; or for the liquidation of Kiwibank. <p>The outcome of any proceedings brought before a court may be uncertain, and a court may decide not to grant the remedies sought.</p>

Commencement of liquidation

An event of default will occur on the commencement of liquidation of Kiwibank.

In addition to the consequences listed above, in the case of the commencement of liquidation of Kiwibank, the Face Value of each Note and any accrued but unpaid interest on the Notes will immediately become due and payable, and you may claim in the liquidation for that amount.

In this circumstance, your claim will be subordinated as described in Section 5.7 of this LDD (Ranking), and it is unlikely that you will receive payment of any amount owing on your Notes.

5.5 Payments

The following provisions will apply to payments on the Notes.

Business Day convention	If an Interest Payment Date is not a Business Day, Kiwibank will make payment on the next Business Day, and no adjustment will be made to the amount of interest payable as a result of the delay in payment.
Entitlement to payments / Record Date	<p>Interest payments on the Notes will be made to the persons who are the Holders as at the close of business on the 10th day before the relevant Interest Payment Date or, if that day is not a Business Day, the immediately preceding Business Day or such other date as may be required by NZX.</p> <p>Any other payments on the Notes will be made to the persons who are the Holders as at the close of business on the date determined by Kiwibank and notified to Holders or as may be required by NZX.</p>
No set-off	You do not have any right to set-off any amounts that Kiwibank owes to you in connection with the Notes against any amounts that you owe to Kiwibank (whether in connection with the Notes or otherwise).
Tax indemnity	If tax is not correctly deducted from a payment to you or if Kiwibank is required to pay an amount of tax on your behalf (for example, because you did not correctly notify details about your tax residence), then you indemnify Kiwibank in respect of that tax liability, which may be recovered from you or withheld from future payments to you.

5.6 Amendment to the Deed Poll

The conditions of the Notes (as set out in the Deed Poll) may be amended in certain circumstances, as described below.

Amendments without Holders' consent	<p>The conditions of the Notes may be amended without your consent if, in Kiwibank's opinion, the amendment:</p> <ul style="list-style-type: none">▪ is of a formal, minor or technical nature;▪ is made to cure an ambiguity or correct a manifest error;▪ is necessary or expedient for the purpose of enabling the Notes to be quoted or to remain quoted on a securities 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 any law, the provisions of any statute, the 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 Notes; or▪ will not materially adversely affect the interests of Holders as a whole.
Amendments with approval of special resolution	<p>The conditions of the Notes may also be amended with the approval of a special resolution of Holders. A "special resolution" means a resolution passed at a meeting of Holders, properly convened and held in accordance with the Deed Poll, at which not less than 75% of the votes given on a poll voted in favour of the resolution or a resolution in writing signed by Holders holding or representing (in aggregate) not less than 75% in Face Value of the Notes.</p>
Requirement to notify the Reserve Bank	<p>No amendment can be made to the conditions of the Notes unless, at least 5 Business Days prior to the amendment being made, notification of the amendment has been made to the Reserve Bank by Kiwibank, accompanied by any supporting documentation required by the Reserve Bank's prudential regulatory requirements.</p>
Amendments are binding on all Holders	<p>Amendments made in accordance with the conditions of the Notes are binding on you even if you did not agree to them.</p>

5.7 Ranking

Ranking of your Notes

Your Notes are unsecured subordinated debt securities issued by Kiwibank. In a liquidation of Kiwibank, each Note gives you the right to payment of an amount equal to the Face Value plus accrued but unpaid interest. 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 Notes. Your right to payment of this amount will rank:

- behind the claims of all depositors, holders of unsubordinated debt securities and other creditors of Kiwibank, except for the claims described below;
- equally with the claims of other Holders and holders of any other Tier 2 Capital instruments

or other securities and obligations of Kiwibank that rank equally with your Notes; and

- ahead of the rights of Kiwibank's shareholders (including holders of perpetual preference shares) and holders of any other securities and obligations of Kiwibank that rank behind the Notes.

The following diagram shows how Kiwibank's liabilities (including the Notes) and equity rank in a liquidation of Kiwibank. The diagram does not describe every type of liability or security that Kiwibank may have while the Notes 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 Notes	Secured debt and creditors preferred by law	Kiwibank covered bonds Liabilities given preference by law including employee entitlements and certain taxes	35,755.2
		Unsubordinated unsecured debt	Depositors and other unsubordinated creditors	
	Liabilities that rank equally with the Notes (including the Notes)	Subordinated debt	The Notes Kiwibank subordinated notes issued in December 2020	475
	Liabilities that rank below the Notes and preferred equity	Perpetual subordinated debt, preference shares and other equally ranked instruments	Kiwibank perpetual preference shares issued in October 2021	245.9
Lower Ranking ↓	Equity	Equity (other than preferred equity)	Ordinary shares, reserves and retained earnings	2,034.5

Basis of preparation of table

Amounts in the table above (except for the estimated amount of the Notes) are indicative amounts derived from Kiwibank's unaudited management accounts prepared as at 31 December 2022. The actual amounts of liabilities and equity of Kiwibank at the point of its liquidation would be different to the indicative amounts set out in the diagram above.

The table has been adjusted to include the issue of the Notes, based on an estimated issue size of \$200 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 liabilities include \$535 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 Banking Group.

No restrictions on issuing further securities or creating further liabilities

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

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 Notes.



6. Risks of investing

6.1 Introduction

This Section 6 describes the following potential risks associated with an investment in the Notes:

- general risks of investing in the Notes;
- significant specific risks relating to Kiwibank's creditworthiness; and
- other specific risks associated with the Notes.

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 LDD the significance of different risks will not change or that other risks will not arise over time.

You should carefully consider these risk factors (together with the other information in this LDD) before deciding to invest in the Notes.

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

The statement of risks in this Section 6 does not take account of your personal circumstances, financial position or investment requirements. Before making any investment decision, you should consider the suitability of an investment in the Notes in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues) and consult your financial adviser.

6.2 General risks

An investment in the Notes 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 Notes; and/or
- result in Kiwibank not making a payment on your Notes.

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

Market risks associated with the Notes

The market price of the Notes may fluctuate up or down and the Notes may trade below their Face Value

The market price of the Notes on the NZX Debt Market may fluctuate due to various factors. The Notes may trade at a market price below their Face Value, and the market price of the Notes 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 Notes at a time when the market price of the Notes was lower than the Face Value.

The liquidity of the Notes may be low

The market for the Notes 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 Notes, you may not be able to do so at an acceptable price, or at all.

6.3 Specific risks relating to Kiwibank's creditworthiness

Kiwibank is exposed to risks that may affect its business and, as a result, its financial performance and creditworthiness over time.

Described below are the circumstances that Kiwibank is aware of that exist or could arise that significantly increase the risk that payments will not be made on the Notes. The assessment of these circumstances is based on Kiwibank's business as at the date of this LDD. If the nature or scope of this business changes, other circumstances or events could give rise to this risk.

Kiwibank expects some of these risks 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 enterprise 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, unplanned-for circumstances can also arise, such as unexpected events affecting the economy, widespread defaults in a particular sector, if markets cease functioning properly, or if major projects at Kiwibank are significantly delayed or not completed. The occurrence of any

such circumstance may make the risks more difficult to manage and the impact on Kiwibank can be more severe.

In more severe circumstances, a failure to manage these risks over a sustained period could mean that Kiwibank is not able to make payments on the Notes. In addition, a deterioration in the financial performance and creditworthiness of Kiwibank may adversely affect its credit ratings and/or the market price of the Notes.

Operational risk

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

Risks relating to Kiwibank's information technology systems

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 risk being disrupted for reasons including technical failure and human error. Kiwibank also faces external threats, such as cyber-attacks or other criminal activity, 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 has systems and processes in place to manage these risks. However, any disruption to Kiwibank's information technology systems may be wholly or partially beyond Kiwibank's control. Also, threats to information security are constantly evolving and becoming increasingly sophisticated and it may not always be possible to anticipate a security threat. Accordingly, Kiwibank may not be able to implement effective policies, procedures and controls to prevent or minimise the resulting damage.

Any disruption to Kiwibank's information technology systems 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, communicable disease outbreaks, pandemics and biological hazards may cause property damage and business disruption for

Kiwibank, 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 earthquakes. Alternative sites have been developed in Auckland and Hastings to improve regional diversity, although they too face the possibility of natural disasters. At times 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.

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.

A material 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. A material decline in residential property prices, including as a result of a deterioration in economic conditions or policy changes, presents a risk for Kiwibank.

Any reduction in the value of residential property used as security by borrowers may give rise to greater losses to Kiwibank in the event of customer defaults, which may impact Kiwibank's financial performance and position.

Increased credit risk arising from deteriorating economic conditions

Deteriorating economic conditions could increase credit risk across Kiwibank's lending portfolio. New Zealand is a small and open economy that is affected by the impacts of global economic and financial events. Examples of these events include lower commodity prices, supply chain disruptions, currency fluctuations and weakening export demand. These types of events can lead to outcomes such as higher inflation, higher interest rates and higher unemployment and result in a reduction in disposable income for Kiwibank's customers.

A potential impact for Kiwibank is an increase in the risk that customers will fail to meet their obligations to repay their loans, potentially resulting in an increase in losses and higher

capital requirements through an increase in credit provisions.

Climate change and extreme climate patterns may lead to increased credit risk

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

- extreme weather and climate change-related events (such as rising sea levels, storm surges, flooding, fires and droughts) affecting the value of property provided as security and causing losses to Kiwibank customers in affected regions through damage to property as well as loss of employment and incomes;
- 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-intensive economy.

In addition, increased insurance costs or the 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.

Any of these events can cause increased credit risk and result in both higher provision requirements, and an increase in Kiwibank's losses should customers default on their loan obligations and have an adverse effect on Kiwibank's financial performance, financial position and prospects.

Geological and biological hazards may result in losses across Kiwibank's lending portfolio

New Zealand is a geologically active country in which seismic and volcanic events occur. Those events, which may occur in major metropolitan areas, could result in the loss of property provided as security or reductions in the value of that property, as well as loss of employment and incomes for Kiwibank customers in affected regions.

In addition, plant or animal diseases or other extrinsic events, such as a communicable disease outbreak or pandemic, could have a negative effect on the New Zealand economy and on Kiwibank's customers' income and employment and their ability to repay their loans.

If customers become unable to make their repayments then Kiwibank may suffer losses which could have an adverse effect on its financial condition.

Balance sheet and liquidity risk

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

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.

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 an Enterprise Risk Management Framework in place to guide management of these risks, alongside compliance and legal functions that support the framework.

Strategic delivery risk

Strategic delivery risk is the risk associated with the delivery of Kiwibank's strategic objectives, including the risk that Kiwibank fails to make required changes effectively or in a timely manner.

Kiwibank is making significant changes to the way it carries on business to reduce risks, improve customer experience and make the bank more resilient and adaptable. Making these changes over the short-to-medium term depends on the successful management and implementation of a significant amount of work. This includes enhancing Kiwibank's information systems and technology and transforming customer service delivery. The required changes are ongoing and complex, and are being implemented progressively. Carrying out these changes may take longer or cost more than planned. Failure to successfully carry out 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 its strategy and work plan.

6.4 Risks associated with your Notes specifically

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

The Notes are subordinated. In a liquidation of Kiwibank, your right to payment of an amount equal to the Face Value plus all accrued but unpaid interest will rank behind depositors and other unsubordinated 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 Notes. See Section 5.7 of this LDD (Ranking).

You have no rights against Kiwibank if interest is not paid because the Solvency Condition is not satisfied on the payment date

Kiwibank's obligation to pay interest on your Notes on a Scheduled Interest Payment Date is conditional on Kiwibank satisfying the Solvency Condition. If Kiwibank does not pay interest on a Scheduled Interest Payment Date because the Solvency Condition is not satisfied, it will not constitute a default by Kiwibank and you will have

no right to take action against Kiwibank or any other person in respect of that non-payment. See Section 5.2 of this LDD (Interest).

The interest rate may fall and could go down to 0% per annum

The interest rate is fixed for the first 5 years of the Term, after which it will be reset and fixed for the remaining 5 years of the Term to be equal to the applicable Swap Rate plus the Margin. The Swap Rate may go down, including below 0% per annum. If the sum of the Swap Rate plus the Margin at the Rate Reset Date (12 May 2028) is less than 0% per annum, the interest rate will be deemed to be 0% per annum.

There is a risk that when the interest rate is reset it will be lower than the rate that applied for the prior period, with the minimum possible interest rate being 0% per annum. See Section 5.2 of this LDD (Interest).

You have no right to require early repayment of your Notes and Kiwibank might not repay your Notes early

The Notes are a long term investment with a Term of 10 years. You have no right to require that your Notes be repaid early. Kiwibank is under no obligation to repay the Notes early. There is no certainty that Kiwibank will choose to repay the Notes:

- on the First Optional Redemption Date (12 May 2028) or any Scheduled Interest Payment Date after that date; or
- if a Tax Event or Regulatory Event has occurred,

or that Kiwibank will be able to satisfy the conditions that apply to early repayment. In particular, there is no certainty that the Reserve Bank would give its approval to an early repayment.

Unless your Notes are repaid early by Kiwibank, to realise your investment before the Maturity Date you would need to sell your Notes on the NZX Debt Market at the prevailing market price. You may not be able to sell your Notes, and even if you can, the price may be less than what you paid for your Notes. See Section 5.3 of this LDD (Repayment of the Notes).

Kiwibank may repay your Notes early in certain circumstances

In certain circumstances, Kiwibank can repay your Notes early (see Section 5.3 of this LDD (Repayment of the Notes)). You may be

disadvantaged if the Notes are repaid early. For instance, if the Notes are repaid early you may not be able to reinvest the proceeds at a comparable return. See Section 5.3 of this LDD (Repayment of the Notes).

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 Notes) for a period during the COVID-19 pandemic.

7. Tax

The returns on the Notes will be affected by taxes. The information set out in this Section 7 and in Section 8 of this LDD is based on New Zealand law in force at the date of this LDD, 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, or are non-residents that are engaged in business in New Zealand through a fixed establishment in New Zealand and either (1) hold the Notes for the purpose of that business or (2) are a registered bank in New Zealand and are not associated with Kiwibank ("**New Zealand Holders**"), will have resident withholding tax ("**RWT**") deducted from the interest (including amounts deemed to be interest for New Zealand withholding tax purposes) that is payable under the Notes, unless the Holder has provided the Registrar with appropriate evidence that the Holder has RWT-exempt status no later than 5 Business Days before the relevant payment date.

If a Holder is subject to the deduction of RWT, that Holder should provide the Registrar with the Holder's IRD number and applicable RWT rate. If the Holder does not provide the Holder's IRD number, RWT will be deducted at the non-declaration rate of 45%. If a Holder provides the Holder's IRD number, but not the Holder's applicable RWT rate, RWT will be deducted at the default rate of 33% (or 28% if the Holder is a company that is not a Māori authority).

There may be other tax consequences from acquiring or disposing of the Notes, and from the redemption or maturity of the Notes.

If you have any questions regarding the tax consequences of investing in the Notes you should seek advice from a tax adviser.

8. Tax consequences for overseas Holders

The information in this Section 8 is based on New Zealand law in force at the date of this LDD.

If a Holder is not a New Zealand Holder, approved issuer levy ("**AIL**") will be deducted from interest (including amounts deemed to be interest for New Zealand withholding tax purposes) paid to the Holder in lieu of deducting non-resident withholding tax ("**NRWT**") (unless the Holder elects for NRWT to be deducted or the payment of AIL is not effective to reduce the applicable rate of NRWT to 0%). If NRWT is deducted, Kiwibank will not pay any additional amount in respect thereof.

If Kiwibank applies the AIL regime as described above, Kiwibank will apply a zero rate of AIL, if possible. Otherwise, an amount on account of AIL will be deducted at the standard rate of 2% from the interest payment and Kiwibank will not pay any additional amount in respect thereof.

Where a Holder who is not a New Zealand Holder holds the Notes jointly with a person who is a New Zealand tax resident, NRWT must be deducted from interest paid to the non-resident at the applicable rate of RWT. Payment of AIL does not allow a zero per cent rate of NRWT in this case. Further, if a non-resident Holder is entitled to relief from New Zealand tax on the non-resident's interest income under a double tax agreement, the non-resident must separately apply to Inland Revenue for that relief by filing a return, as double tax agreement relief does not apply at source in this scenario.

Overseas Holders may have other tax implications in New Zealand or in their own jurisdiction and should seek independent 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 BPS 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 OFR13513).

9.2 Kiwibank's regulatory capital requirements

The Notes will count as Tier 2 Capital for Kiwibank under the Reserve Bank's banking prudential requirements. Those requirements include capital adequacy requirements that banks must comply with under their conditions of registration as a bank. These requirements are intended to ensure

that a bank maintains an adequate level of capital that is available to absorb losses from the bank's activities before depositors and other senior creditors are affected. The Reserve Bank's approach to assessing capital adequacy focuses on the 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 different categories. These are referred to as Tier 1 Capital (consisting of Common Equity Tier 1 Capital and Additional Tier 1 Capital) and Tier 2 Capital.

In 2019, the Reserve Bank completed a comprehensive review of the capital framework applying to New Zealand banks. An outcome of the review was that the regulatory capital requirements for New Zealand banks are being increased significantly.

The following table sets out the regulatory capital ratios that Kiwibank must maintain as at the date of this LDD and the regulatory capital ratios Kiwibank will be required to maintain once the Reserve Bank's capital reforms are fully implemented in July 2028. The regulatory capital ratios will increase progressively over this period.

Capital type	Description	Reserve Bank's required ratio of capital to risk weighted assets ¹	
		The date of this LDD ²	July 2028 ³
Common Equity Tier 1 Capital	Includes ordinary share capital, retained earnings, and certain accounting reserves. Some amounts (eg the value of intangible assets) must be deducted to determine the final value of Common Equity Tier 1 Capital.	More than 7%, including a prudential capital buffer of 2.5%	More than 11.5%, including a prudential capital buffer of 7%
Additional Tier 1 Capital	Additional Tier 1 Capital is a lower quality form of capital than Common Equity Tier 1 Capital, but is still freely available to absorb losses. Additional Tier 1 Capital includes perpetual preference shares.	Up to 1.5%	Up to 2.5%
Tier 1 Capital	The sum of Common Equity Tier 1 Capital and Additional Tier 1 Capital.	More than 8.5%, including a prudential capital buffer of 2.5%	More than 14%, including a prudential capital buffer of 7%
Tier 2 Capital	Tier 2 Capital is a lower quality form of capital than Tier 1 Capital, but is still available to absorb losses and strengthens a bank's overall capital position. Tier 2 Capital includes subordinated instruments like the Notes.	Up to 2%	Up to 2%
Total Capital	The sum of Tier 1 Capital and Tier 2 Capital.	More than 10.5%, including a prudential capital buffer of 2.5%	More than 16%, including a prudential capital buffer of 7%

¹ These ratios include the minimum capital ratios that banks must maintain and the prudential capital buffer above the minimum capital ratios that banks must maintain to avoid restrictions on distributions (among other things).

² These are the ratios that apply to non-systemically important New Zealand banks, including Kiwibank, as at the date of this LDD.

³ These are the ratios that will apply to non-systemically important New Zealand banks, including Kiwibank, from 1 July 2028.

9.2.2 Loss absorbing features of the Notes

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 demand that payments are made on the instrument.

The Notes will count as Tier 2 Capital, and the conditions of the Notes include loss absorbing features. For example:

- prior to the Maturity Date (12 May 2033) or the liquidation of Kiwibank, the payment of interest on your Notes is conditional on Kiwibank satisfying the Solvency Condition;
- you have no right to require early repayment of your Notes;
- any early repayment of your Notes is at Kiwibank's option and is subject to certain conditions being met (including the Solvency Condition being satisfied and Kiwibank obtaining the Reserve Bank's prior approval); and
- the Notes are subordinated and your claim to payment in a liquidation of Kiwibank will rank behind the claims of unsubordinated creditors of Kiwibank (including depositors).

9.3 Kiwibank's capital management

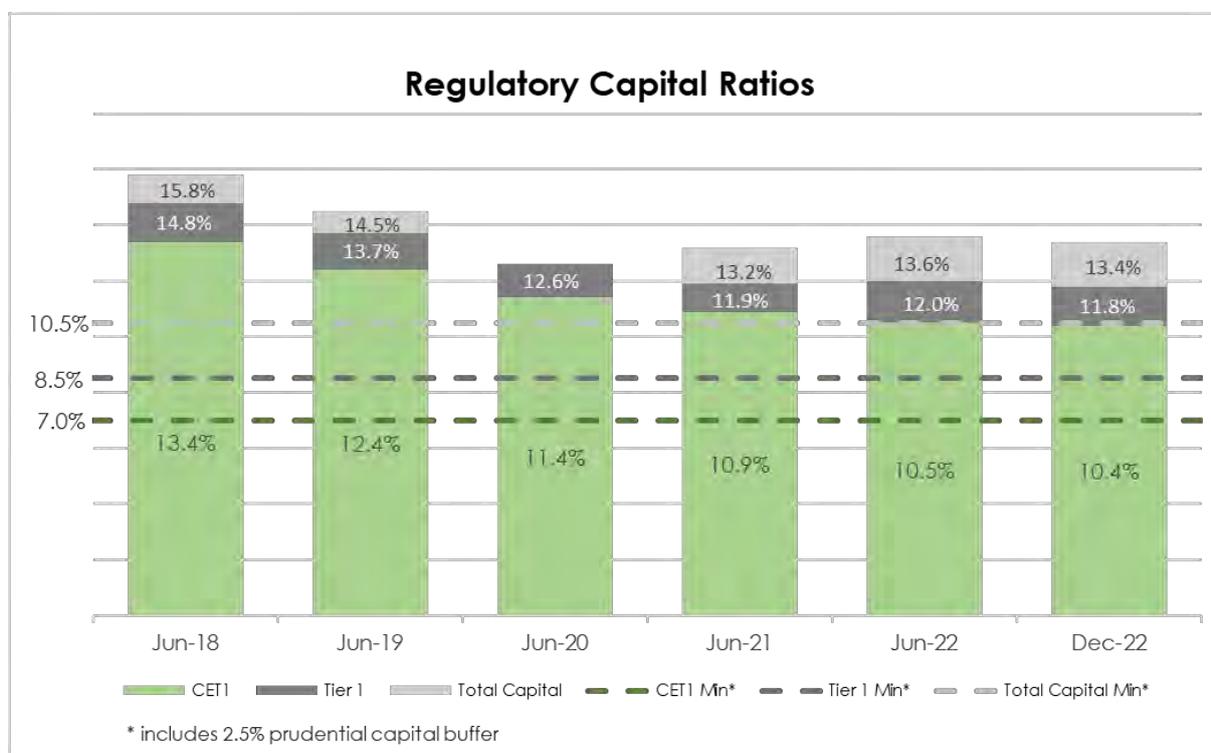
9.3.1 The Kiwibank Banking Group's capital management strategy

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

As at 31 December 2022, the Kiwibank Banking Group had Common Equity Tier 1 Capital of \$1,788 million and a Common Equity Tier 1 Ratio of 10.4%, which is in excess of the Reserve Bank's current minimum regulatory capital requirements.

The graph below shows the Kiwibank Banking Group's historical regulatory capital position under the applicable Reserve Bank rules since 30 June 2018.



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.

10. Other information relating to the Offer

10.1 Selling Restrictions

The Notes may only be offered for sale or sold in accordance with the selling restrictions contained in this Section 10.1 ("**Selling Restrictions**").

This LDD does not constitute an offer of Notes in any jurisdiction other than New Zealand. No action has been or will be taken by Kiwibank which would permit a public offering of Notes, 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 Notes 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 Notes 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 Deed Poll you indemnify Kiwibank, the Registrar, the Arranger and the Joint Lead Managers (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 Arranger and Joint Lead Managers

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

The role of the Arranger in relation to the Offer is solely to provide assistance with arranging the Offer and organising the Bookbuild. The Joint Lead Managers will conduct the Bookbuild and assist with the marketing and distribution of the Notes but are not otherwise involved in the Offer.

Each recipient of this LDD 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 Notes.

11. How to complain

You can direct any complaints about your Notes to:

The Issuer

Chief Executive
Kiwibank Limited
Level 9
20 Customhouse Quay
Wellington 6011
Tel: (04) 462 7991

Banking Ombudsman

If you are not satisfied with the response you receive, you may direct your complaint to the Banking Ombudsman Scheme, which is an approved dispute resolution scheme, at the following address:

Freepost 218002
PO Box 25327
Featherston Street
Wellington 6146

Email: help@bankomb.org.nz

or by phoning: 0800 805 950 or (04) 915 0400.

The Banking Ombudsman Scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Financial Markets Authority

Complaints may also be directed to the Financial Markets Authority through its website at www.fma.govt.nz.

12. Where you can find more information

12.1 Disclose Register

Further information relating to Kiwibank and the Notes 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 OFR13513). 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 financial information relating to Kiwibank, a copy of the Deed Poll, the investor presentation for the Offer, a credit rating report from Moody's in relation to the Notes, and other material information.

12.2 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.

12.3 Disclosure statements

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

13. How to apply

13.1 How to apply

All of the Notes offered under the Offer have been reserved for subscription by clients of the Joint

Lead Managers and other approved financial intermediaries invited to participate in the Bookbuild.

There is no public pool for the Notes. This means you can only apply for the Notes through a Primary Market Participant 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.

The Primary Market Participant or approved financial intermediary will:

- provide you with a copy of this LDD (if you have not already received a copy);
- explain what you need to do to apply for the Notes; 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 Notes (including obtaining a CSN, an authorisation code and opening an account with a Primary Market Participant) as well as the costs and timeframes for putting such arrangements in place.

13.2 Personal Information Rights

Personal information provided by you will be held by Kiwibank and the Registrar in accordance with their privacy policies, 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 authorisation code.

14. Contact information

Issuer:

Kiwibank Limited

Level 9
20 Customhouse Quay
Wellington 6011
Tel: (04) 473 6932

Registrar:

Link Market Services Limited

Level 30, PwC Tower
15 Customs Street West
Auckland 1010
PO Box 91976
Auckland 1142
Tel: (09) 375 5998
Email: enquiries@linkmarketservices.co.nz

Arranger and Joint Lead Manager:

Forsyth Barr Limited

Level 22, NTT Tower
157 Lambton Quay
Wellington 6011
New Zealand

Joint Lead Managers:

Bank of New Zealand

Level 6, Deloitte Centre
80 Queen Street
Auckland 1010
New Zealand

Craigs Investment Partners Limited

Level 36, Vero Centre
48 Shortland Street
Auckland 1010
New Zealand

15. Glossary

Additional Tier 1 Capital	is described in Section 9.2 of this LDD (Kiwibank's regulatory capital requirements).
Arranger	Forsyth Barr Limited.
Bookbuild	the process conducted after the Offer opens where invited parties bid for Notes and, on the basis of those bids, Kiwibank, in consultation with the Joint Lead Managers, determines the Margin and Kiwibank sets the initial interest rate.
BPS Act	Banking (Prudential Supervision) Act 1989.
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 2 of this LDD (Key dates and Offer process).
Common Equity Tier 1 Capital	is described in Section 9.2 of this LDD (Kiwibank's regulatory capital requirements).
Deed Poll	the deed poll made by Kiwibank and under which the Notes will be issued.
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/ .
Face Value and Issue Price	\$1.00 per Note.
First Optional Redemption Date	the "First Optional Redemption Date" specified in Section 2 of this LDD (Key dates and Offer process).
Holder	a person whose name is entered in the Register as a holder of Notes.
Interest Payment Date	each "Scheduled Interest Payment Date" and the "Maturity Date" (see Section 5.2 of this LDD (Interest)), subject to the Business Day convention described in Section 5.5 of this LDD (Payments).
Issue Date	the "Issue Date" specified in Section 2 of this LDD (Key dates and Offer process).
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.
LDD	this Limited Disclosure Document.
Margin	means the margin 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.
Market Value	has the meaning given in Section 5.3 of this LDD (Repayment of your Notes).
Maturity Date	the "Maturity Date" specified in Section 2 of this LDD (Key dates and Offer process).
Moody's	Moody's Investors Service.

Notes	the unsecured subordinated notes offered by Kiwibank under this LDD.
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 Notes made in this LDD.
Opening Date	the "Opening Date" specified in Section 2 of this LDD (Key dates and Offer process).
Primary Market Participant	has the meaning given in the NZX Participant Rules, as amended from time to time.
Rate Reset Date	the "Rate Reset Date" specified in Section 2 of this LDD (Key dates and Offer process).
Rate Set Date	the "Rate Set Date" specified in Section 2 of this LDD (Key dates and Offer process).
Record Date	has the meaning given in Section 5.5 of this LDD (Payments).
Register	the register of Holders of Notes established and maintained by or on behalf of Kiwibank.
Registrar	Link Market Services Limited.
Regulatory Event	has the meaning given in Section 5.3 of this LDD (Repayment of the Notes).
Reserve Bank	the Reserve Bank of New Zealand.
Scheduled Interest Payment Dates	12 February, 12 May, 12 August and 12 November in each year during the Term.
Selling Restrictions	has the meaning given in Section 10.1 of this LDD (Selling Restrictions).
Solvency Condition	means a condition to the payment of interest or principal in respect of a Note prior to the Maturity Date (12 May 2033) or the liquidation of Kiwibank, requiring the following: <ul style="list-style-type: none"> • Kiwibank must be Solvent at the time the payment is due; and • Kiwibank must be able to pay the amount and still be Solvent immediately after paying the amount.
Solvent	satisfying the solvency test contained in section 4 of the Companies Act 1993.
Swap Rate	means: <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 Issue Date (in the case of the first 5 year period) or the Rate Reset Date (in the case of the second 5 year period), as calculated by Kiwibank on the Rate Set Date (in the case of the first 5 year period) or the Rate Reset Date (in the case of the second 5 year period) (such date being the "relevant date") 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 relevant date for an interest rate swap with a term of 5 years commencing on the Issue Date (in the

	<p>case of the first 5 year period) or the Rate Reset Date (in the case of the second 5 year period),</p> <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>In the case of the Rate Reset Date, the rate will be determined at or about 11am on that date.</p>
Tax Event	has the meaning given in Section 5.3 of this LDD (Repayment of the Notes).
Term	the term of the Notes, being 10 years ending on the Maturity Date (12 May 2033).
Tier 1 Capital	is described in Section 9.2 of this LDD (Kiwibank's regulatory capital requirements).
Tier 2 Capital	is described in Section 9.2 of this LDD (Kiwibank's regulatory capital requirements).