



Bank of New Zealand

Perpetual Preference Share Investor Presentation

Joint Lead Managers



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26 May 2023

Important notice

This presentation has been prepared by Bank of New Zealand (BNZ) in relation to its offer (Offer) of perpetual preference shares (PPS).

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 at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13514) or can be obtained from the Joint Lead Managers or your usual financial advice provider.

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 believed to be reliable and accurate at the date of preparation, but its accuracy, correctness, reasonableness and completeness cannot be guaranteed.

The information in this presentation is general in nature and does not take account of your individual circumstances. It does not constitute financial, investment, legal, tax or other advice or a recommendation to purchase PPS. You must make your own independent assessment of the financial condition and affairs of BNZ before deciding whether or not to invest in the PPS.

You should carefully read and consider the LDD, consider the suitability of an investment in the PPS in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues) and consult your financial, legal, tax and other professional advisers before deciding to invest in the PPS.

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

The LDD only constitutes an offer of PPS to investors in New Zealand.

BNZ has not taken and will not take any action that would permit a public or regulated offering of the PPS, or possession or distribution of any offering material in respect of the PPS, including this presentation, in any country or jurisdiction other than New Zealand. The PPS may only be offered for sale or sold in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

The LDD and any disclosure statement, information memorandum, prospectus, circular, advertisement or other offering material in respect of the PPS may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

To the maximum extent permitted by law, none of BNZ as Issuer, BNZ as Arranger, or BNZ, Craigs Investment Partners Limited, Forsyth Barr Limited, Hobson Wealth Partners Limited or Jarden Securities Limited as Joint Lead Managers, or their respective directors, officers, employees or agents, makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained in this presentation, or in any further information that may at any time be supplied in connection with the Offer, or accepts any responsibility or liability for any direct or indirect loss or damage howsoever occurring from the use of or reliance on this presentation by any person.

BNZ is a subsidiary of National Australia Bank Limited (NAB). The PPS are not deposit liabilities or protected accounts of BNZ or NAB for the purposes of the Banking Act 1959 of Australia. The PPS are not guaranteed by any person and NAB does not guarantee the obligations of BNZ. NAB is not a registered bank in New Zealand.

Capitalised terms used in this presentation have the same meaning as set out in the LDD, unless the context otherwise requires.

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Offer highlights

Feature	Description
Issuer	Bank of New Zealand (BNZ)
Description	Perpetual preference shares (PPS)
Legal form	Equity
Offer amount	Up to NZ\$250 million plus unlimited oversubscriptions at BNZ's discretion.
Purpose	The Offer will raise Additional Tier 1 Capital to help BNZ meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for BNZ's general banking purposes.
Term	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by BNZ.
Optional Redemption Dates	14 June 2029 (First Optional Redemption Date) and each quarterly Scheduled Distribution Payment Date after that date. Any redemption of your PPS is at the option of BNZ, subject to conditions and may not occur.
Distribution Rate and distributions	<p>The Distribution Rate will be a fixed rate until the First Optional Redemption Date, after which it will change to a floating rate that resets at quarterly intervals.</p> <p>The Distribution Rate until the First Optional Redemption Date will be the sum of the Swap Rate plus the Margin.</p> <p>The Distribution Rate after the First Optional Redemption Date will be reset quarterly to be the sum of the 3 Month Bank Bill Rate plus the Margin.</p> <p>Distributions are expected to comprise a cash amount and imputation credits.</p> <p>Distributions are discretionary, subject to conditions and non-cumulative.</p>
Conversion, exchange or non-viability triggers	The PPS have no conversion or exchange options and no non-viability triggers.
Issue Rating	The PPS have been rated BBB by S&P Global Ratings Australia Pty Limited.
Joint Lead Managers	Bank of New Zealand, Craigs Investment Partners Limited, Forsyth Barr Limited, Hobson Wealth Partners Limited and Jarden Securities Limited.

Overview of BNZ

About BNZ

Our business

- BNZ is one of New Zealand's largest banking organisations and the largest business bank in the country.¹
- BNZ provides a broad range of banking and financial products and services to retail, business, agribusiness, corporate and institutional clients.
- Today BNZ employs over 5,000 people in New Zealand and has around 130 branches and Partners Centres across New Zealand.



¹ As at 31 December 2022, RBNZ Bank Financial Strength Dashboard.

Our values

BNZ is a values-driven organisation with a strong culture in which people are encouraged to be themselves and where clear standards of conduct and behaviour are expected from each other. Our focus is to build open trusted partnerships with customers which are aligned to our values.

BNZ Credit ratings	Senior credit ratings of BNZ Long Term/Outlook/Short Term	Credit rating of the PPS
Standard & Poor's	AA-/Stable/A-1+	BBB
Fitch Ratings	A+/Stable/F1	Not rated
Moody's Investors Service	A1/Stable/Prime-1	Not rated



Financial information

Unaudited summary of financial information

Summary

As at 31 March 2023 compared to the six months ended March 2022, unless otherwise stated.

- Statutory net profit of \$805 million increased by \$96 million (or 13.5%).
- Loans and advances to customers (total lending) increased by \$3.2 billion supported by home loan and business lending growth.
- Customer deposits increased by \$1 billion.
- KiwiSaver funds under management increased by \$351 million, up 8%.
- Total Capital Ratio 15.7% – more than \$11 billion total capital invested in New Zealand.

Profit by Segment (\$m)

Six months ended March 2023



805

Six months ended March 2022



709

Partnership Banking Corporate and Institutional Banking Other

Financial Profile For the six months ended	Mar 23	Sept 22	Mar 22
Net Profit ¹	\$805m	\$705m	\$709m
Loans and Advances	\$101.0b	\$99.3b	\$97.8b
Total Assets	\$126.5b	\$131.4b	\$124.1b
Deposits and Other Borrowings ²	\$78.9b	\$78.2b	\$79.9b
Total Liabilities	\$115.1b	\$120.4b	\$113.6b
Total Equity	\$11.3b	\$11.1b	\$10.5b
Net Interest Margin	2.45%	2.25%	2.04%
Cash Earnings on Average Assets	0.63%	0.55%	0.55%
Cost to Income Ratio	32.5%	35.9%	32.6%

Source: BNZ Disclosure Statements

¹ Net profit has been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). It complies with New Zealand equivalents to International Financial Reporting Standards ("NZIFRS") and other applicable Financial Reporting Standards.

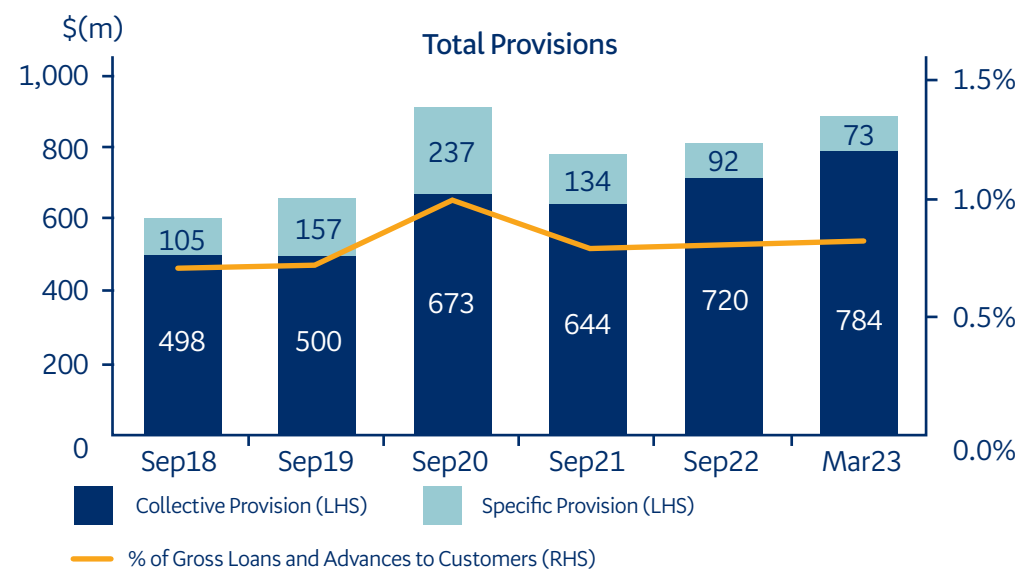
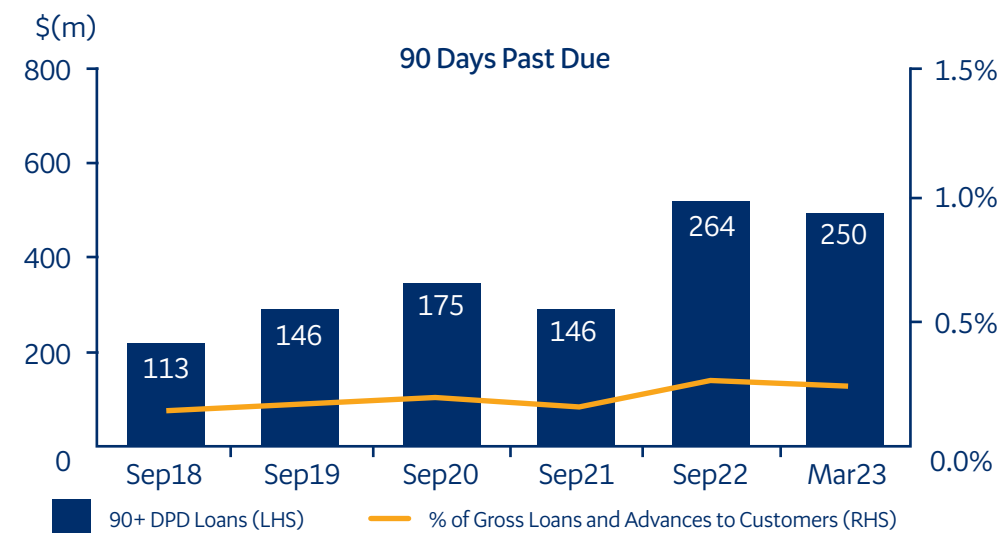
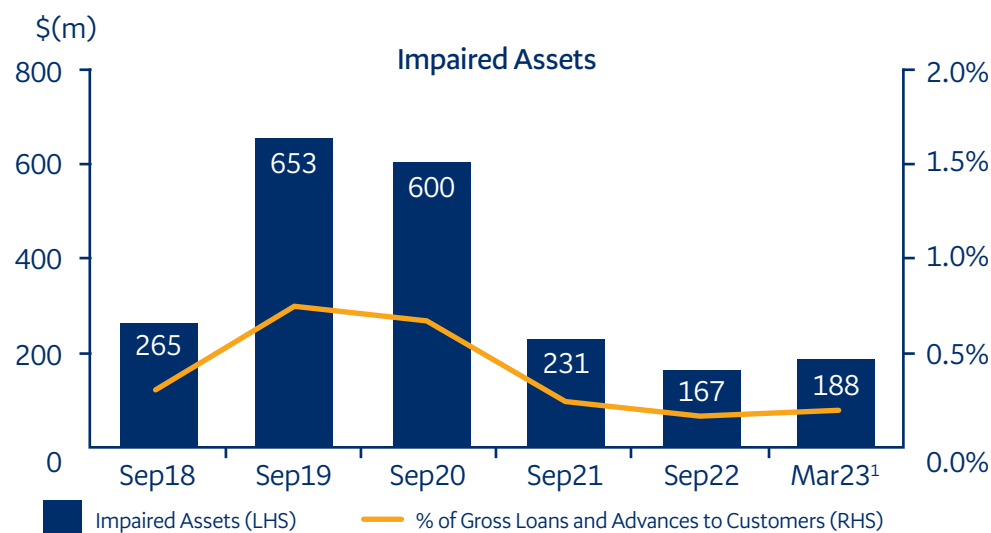
² Other borrowings include short term debt securities.

Asset quality

Summary

As at 31 March 2023

- BNZ's impaired assets as a percentage of gross loans and advances was 0.19%, remaining near multi-year lows.
- BNZ continues to maintain high levels of provisioning, with total provisions as a percentage of gross loans and advances being 0.84%.



Source: BNZ Disclosure Statements

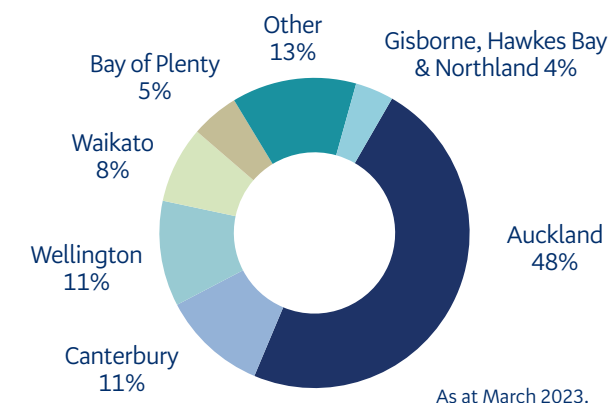
¹ This chart shows individually impaired assets as at 31 March 2023 of \$188 million which comprise loans and advances to customers subject to individually assessed allowance, as disclosed in Note 7 Allowance for Expected Credit Losses of BNZ's Disclosure Statement for the six months ended 31 March 2023, and individual financial assets designated at fair value through profit or loss subject to credit risk adjustments, as disclosed in Note 8 Asset Quality of BNZ's Disclosure Statement for the six months ended 31 March 2023.

Residential mortgage portfolio

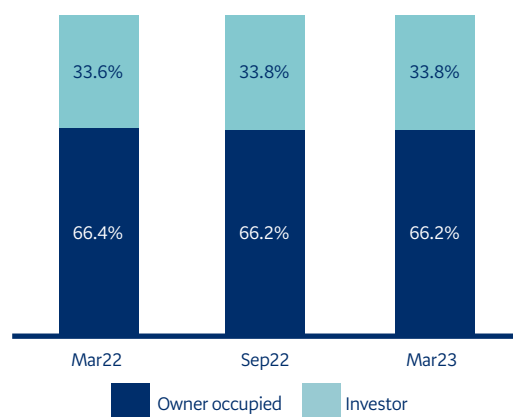
Key Metrics	Mar22	Sep22	Mar23
Total Balances (spot) (\$b)	54.5	54.8	56.4
By product			
Variable Rate	10.6%	9.7%	8.9%
Fixed Rate	88.0%	88.8%	89.6%
Line of Credit	1.4%	1.5%	1.5%
Interest Only	18.4%	17.5%	17.5%
90+ Days Past Due	0.09%	0.11%	0.16%
Impaired Loans	0.00%	0.01%	0.01%

Note: % of total balances.

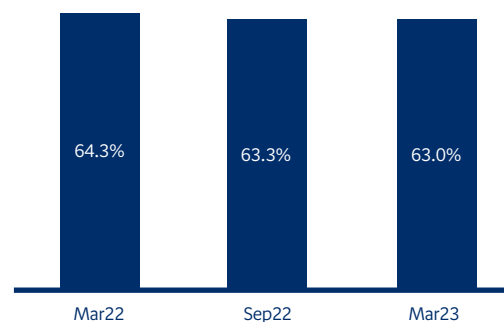
Mortgage Portfolio Breakdown by Geography



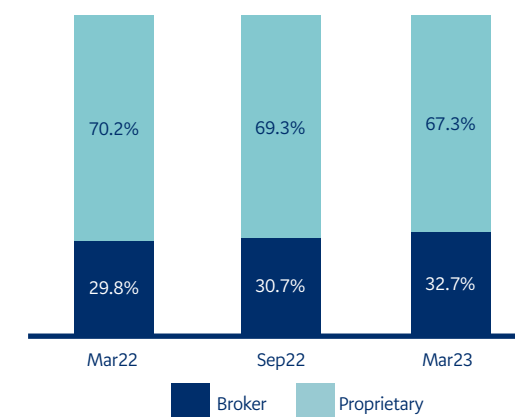
By Borrower Type
% of total balances



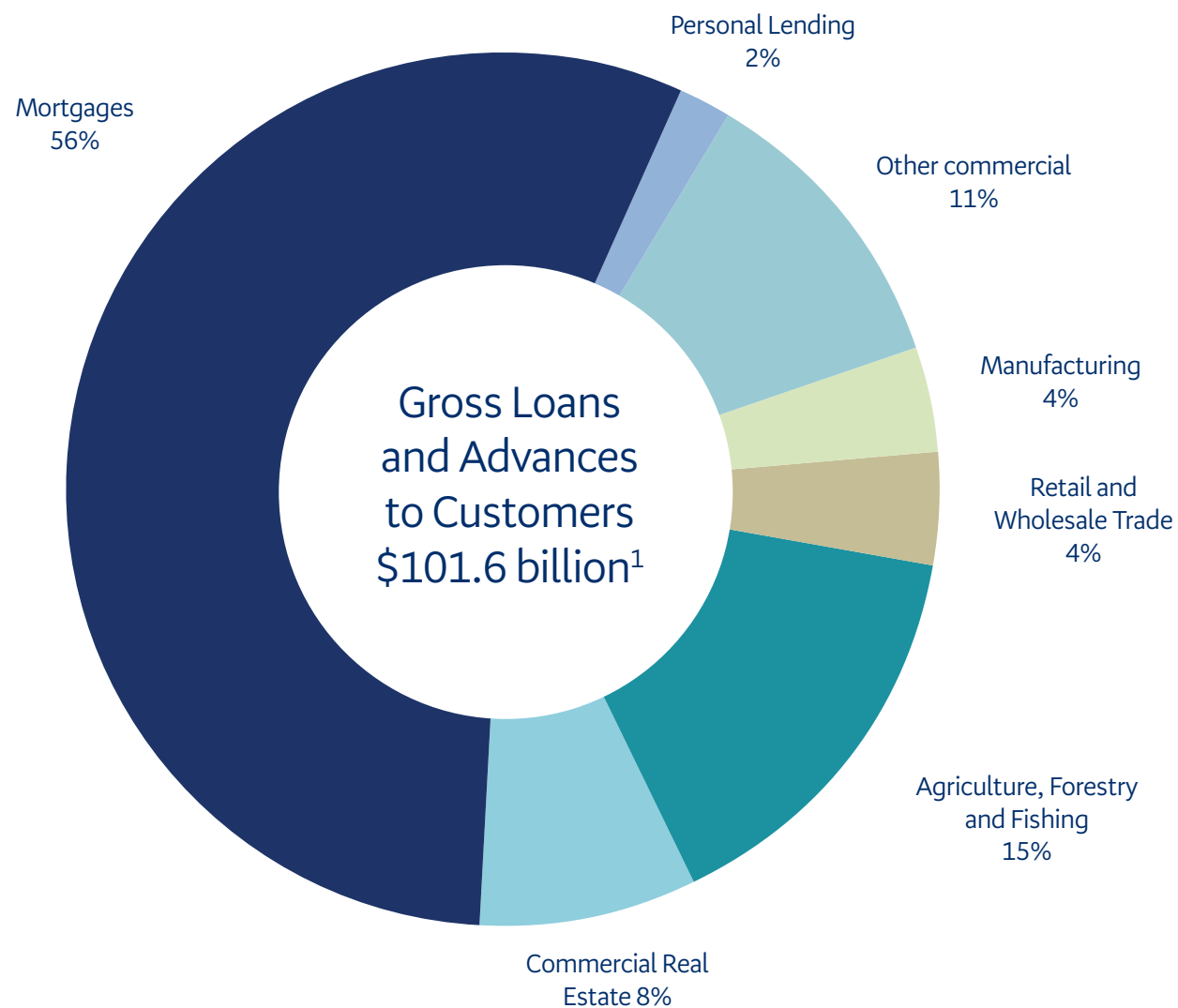
Loan-to-value at Origination %



By Channel
% of total balances



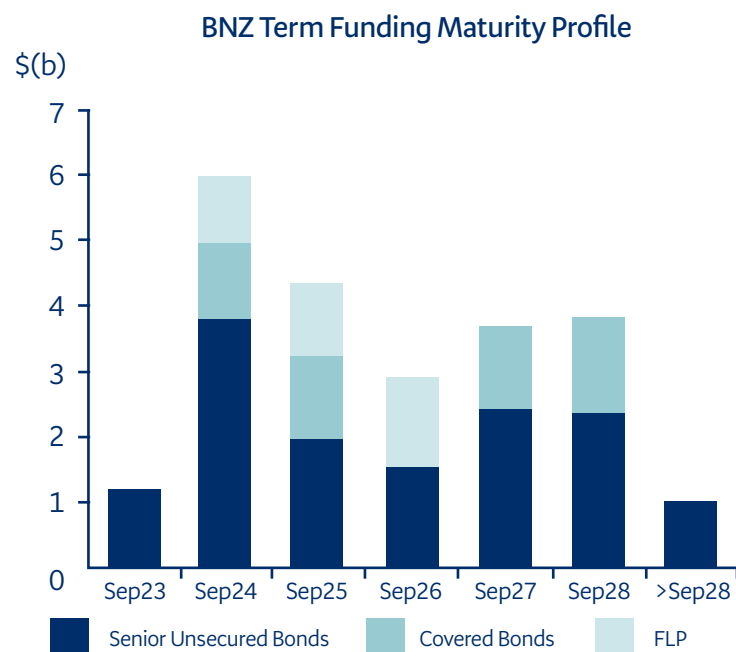
Lending mix



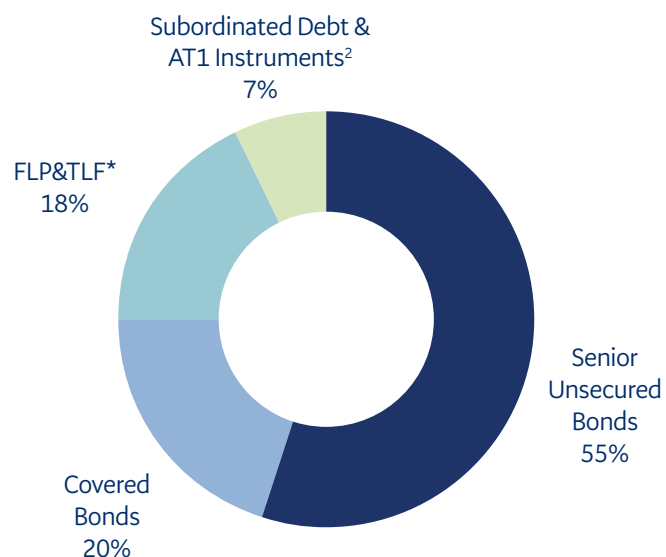
Funding overview

Summary

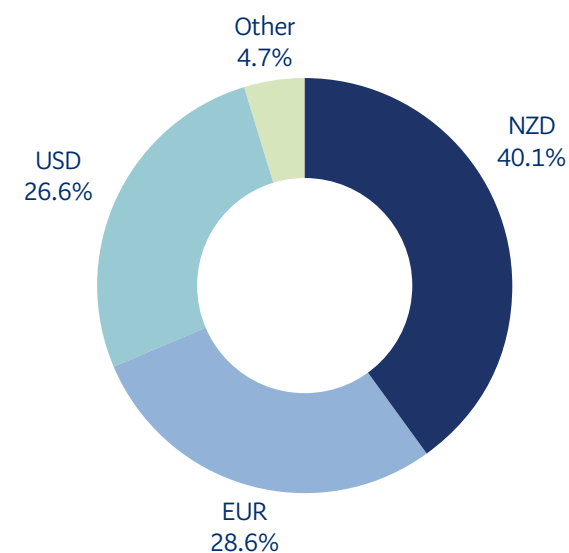
- BNZ has well established term wholesale funding programmes – both domestic and offshore.
- Our drawing of the RBNZ Funding for Lending Programme (FLP) and Term Lending Facility (TLF) supported customer lending during the Covid-19 pandemic.



Term Wholesale Funding Mix by Funding Programme¹



Term Wholesale Funding Mix by Currency¹



Source: BNZ

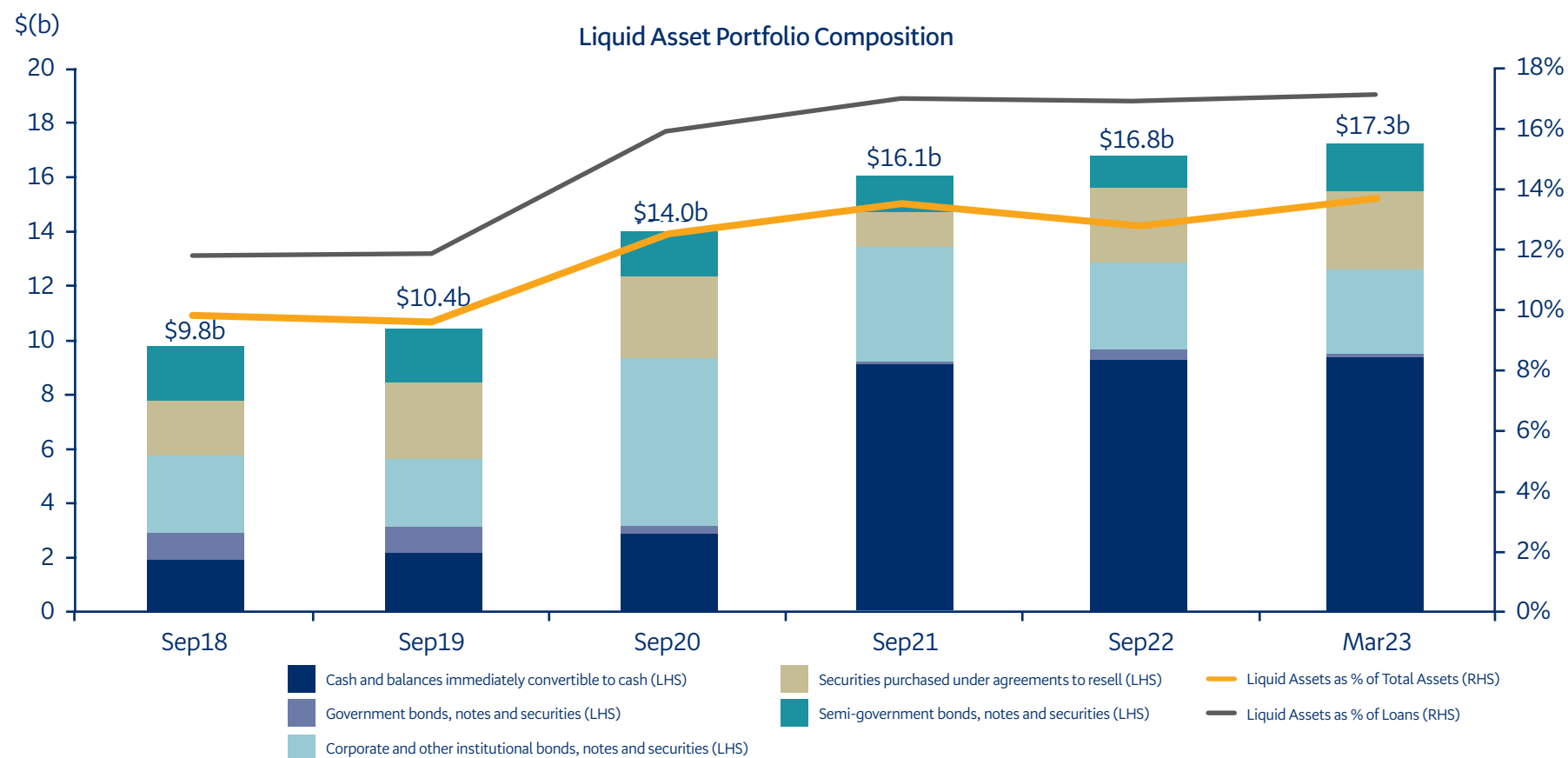
¹ As at 31 March 2023.

² Additional Tier 1 Capital (AT1) instruments are perpetual rather than term but are included in term for the purposes of this graph.

Liquidity overview

Summary

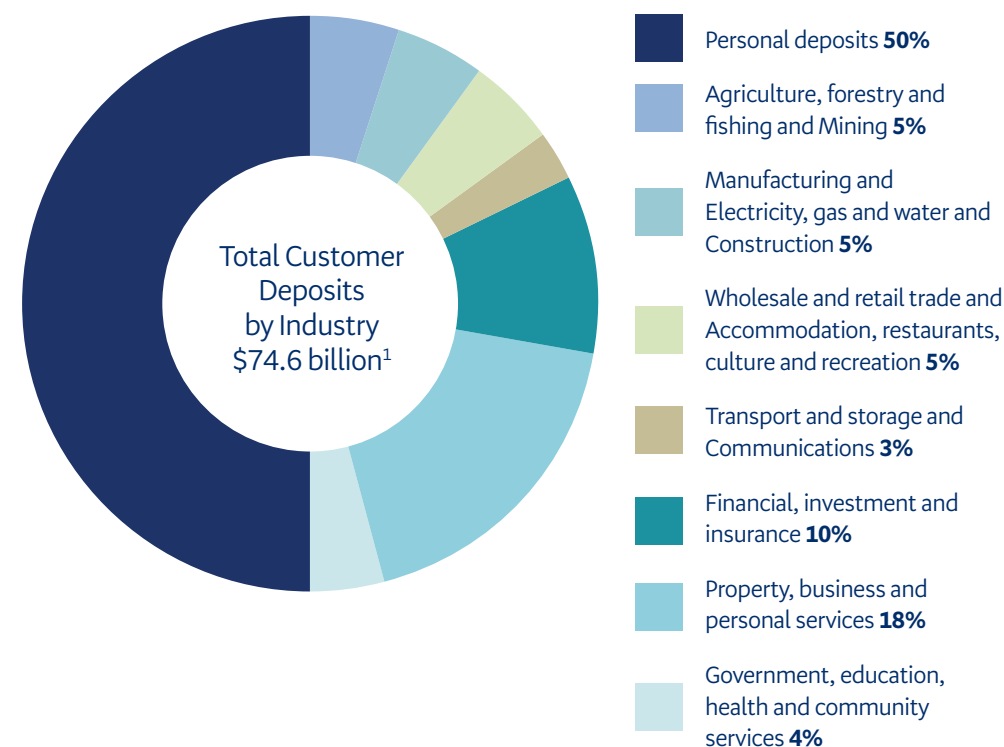
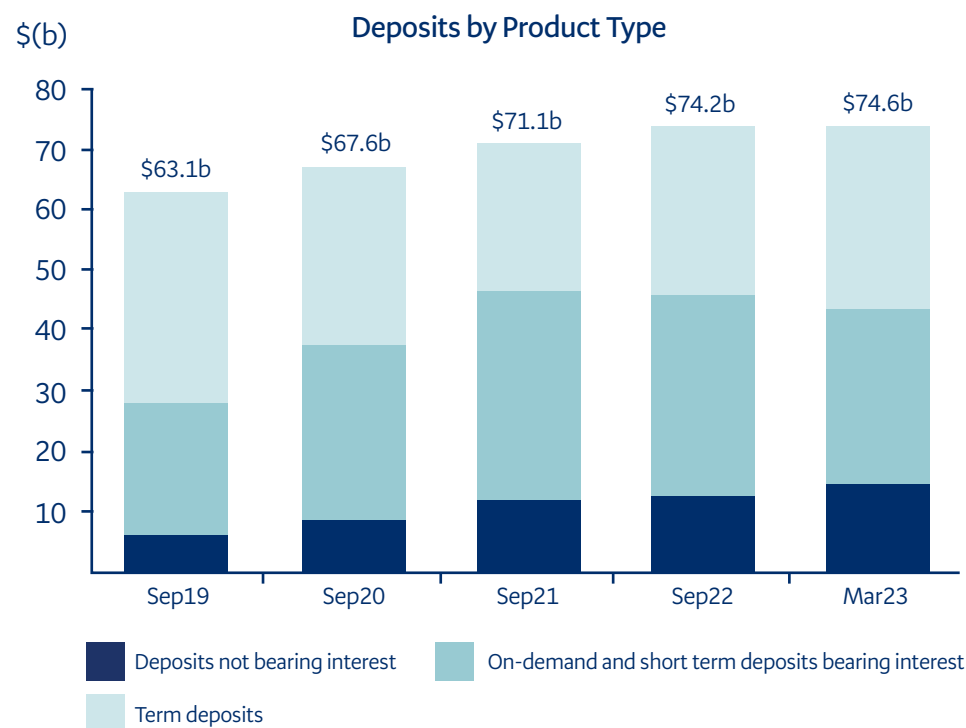
- BNZ has a diversified liquid asset portfolio to support balance sheet strength.
- As of 31 March 2023, BNZ held \$6.4b repo-eligible internal residential mortgage-backed securities to provide additional liquidity.



Deposit mix

Summary

- BNZ has a strong presence in the deposit market. We offer digital solutions and have simplified our deposit offerings.
- BNZ has a diversified deposit base, by industry and product.



Source: BNZ Disclosure Statements

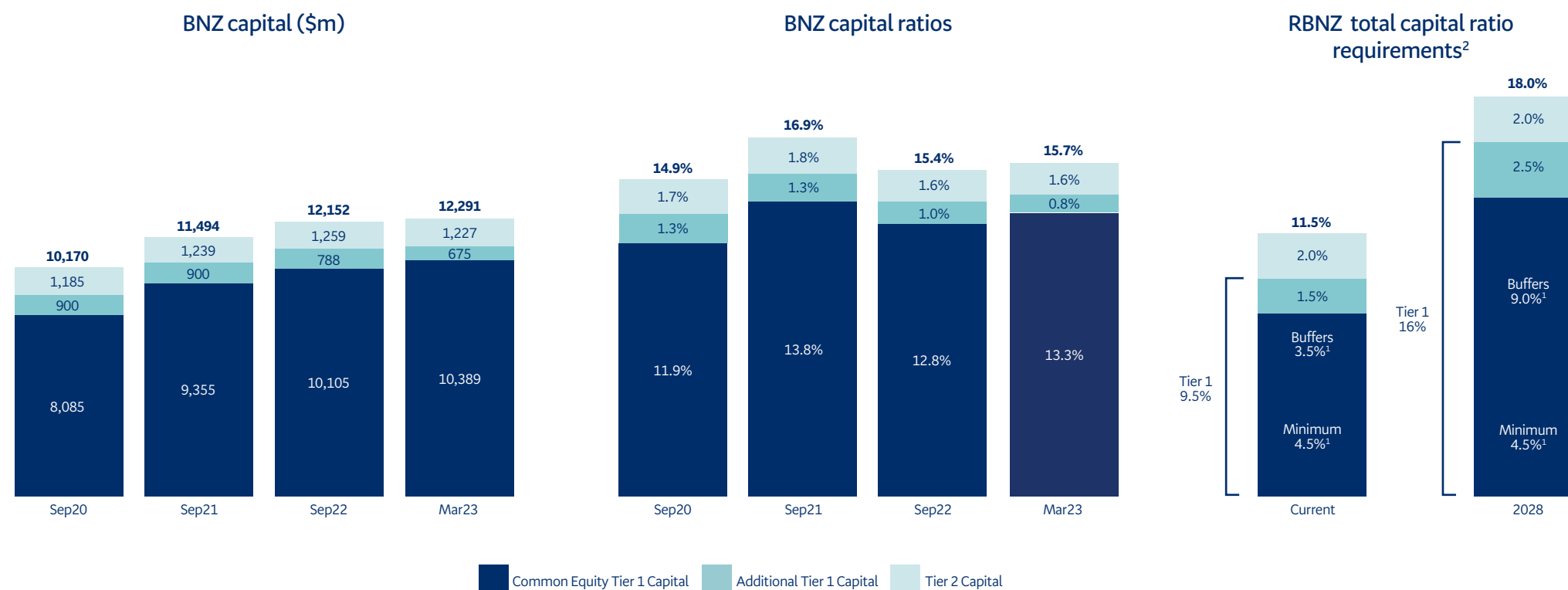
¹ As at 31 March 2023.

Capital management

Capital management

Summary

As at 31 March 2023 BNZ's Common Equity Tier 1 (CET1), Tier 1, and Total capital ratios were well above the current minimum ratios set by the RBNZ.



Source: BNZ Disclosure Statements

¹ Registered banks must have a prudential capital buffer (PCB) completely made up of Common Equity Tier 1 (CET1) capital, over and above the minimum requirements, to avoid restrictions on distributions (among other things). For Domestic-Systemically Important Banks (D-SIBs) this PCB must be 3.5%, from 1 July 2022 onwards, and will increase to 9% by the end of the transition period in 2028.

² The Total Capital Ratio can include up to the percentages shown of Additional Tier 1 Capital and Tier 2 Capital, or can be comprised of entirely Common Equity Tier 1 Capital.

Summary terms

Feature	Description
Type of instrument	Perpetual preference shares
Regulatory treatment	Additional Tier 1 Capital
Ranking	<p>In a liquidation of BNZ, Holders' rights to payment of a maximum amount equal to the Issue Price will rank:</p> <ul style="list-style-type: none"> • behind the claims of all depositors and other creditors of BNZ (including holders of Tier 2 Capital instruments of BNZ), except for the claims and rights described below; • equally with the rights of other Holders and the rights and claims of holders of any other preference shares, securities or other obligations of BNZ that rank equally with the PPS; and • ahead of the rights of BNZ's ordinary shareholders. <p>In a liquidation of BNZ, it is highly unlikely that there will be surplus assets available for the liquidator to pay any amount to PPS Holders.</p>
Redemption	<p>BNZ may redeem all of the PPS:</p> <ul style="list-style-type: none"> • on an Optional Redemption Date; or • at any time if a Tax Event or Regulatory Event occurs. <p>BNZ may only redeem the PPS if certain conditions are met, including:</p> <ol style="list-style-type: none"> 1. the RBNZ having given its approval to the redemption. Approval is at the absolute discretion of the RBNZ; and 2. BNZ remaining Solvent immediately after the redemption. <p>Any redemption of the PPS is at the option of BNZ, subject to conditions and may not occur. Holders should not expect that the PPS will be redeemed and have no right to require that the PPS be redeemed for any reason.</p>
Solvency Condition	<p>The payment of distributions and any redemption of the PPS is conditional on BNZ satisfying the Solvency Condition. The Solvency Condition will be satisfied if BNZ:</p> <ul style="list-style-type: none"> • is Solvent on the applicable payment date; and • is able to pay the amount and remain Solvent immediately after paying the amount. <p>"Solvent" means satisfying the solvency test contained in section 4 of the Companies Act 1993, as modified by section 52 of that Act.</p>
Term	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by BNZ.
Limited Enforcement Rights	The PPS do not include events of default or any other provisions entitling Holders to require that the PPS be redeemed.

Summary terms (cont.)

Feature	Description
Distribution payments	Distributions on the PPS are scheduled to be paid quarterly in arrear on each Scheduled Distribution Payment Date and, if the PPS are redeemed, on the date on which the PPS are redeemed.
Distributions	Distributions on the PPS are expected to comprise a cash amount and imputation credits. The cash amount and imputation credits together will be equal to the Distribution Rate.
Distribution Rate	<p>The Distribution Rate until the First Optional Redemption Date will be a fixed rate calculated as the sum of the Swap Rate plus the Margin.</p> <p>Announced via NZX on or about the Rate Set Date.</p> <p>The Distribution Rate after the First Optional Redemption Date will be a floating rate calculated as the sum of the applicable 3 Month Bank Bill Rate plus the Margin.</p> <p>If the sum of the 3 Month Bank Bill Rate plus the Margin is less than 0% per annum, the floating rate will be deemed to be 0% per annum.</p> <p>Announced via NZX on or about the date it is reset.</p>
Margin	The Margin will be announced by BNZ via NZX on or about the Rate Set Date. The Margin for the PPS will not change.
Distributions are discretionary and subject to conditions	<p>There is no guarantee that distributions will be paid on the PPS. BNZ has full discretion at all times to cancel distributions on the PPS. In addition, the payment of any distribution on any Distribution Payment Date is subject to:</p> <ul style="list-style-type: none"> • BNZ satisfying the Solvency Condition; and • the payment of the distribution being permitted by BNZ's conditions of registration as at the time of the payment.
Distributions are non- cumulative	Distributions are non-cumulative. If a distribution is not paid when scheduled, BNZ is under no obligation to pay that distribution at a later date.
Distribution Stopper	<p>If a distribution is not paid in full on the PPS within 3 Business Days of a Distribution Payment Date, BNZ must not pay a dividend on its ordinary shares, acquire its ordinary shares or otherwise undertake a capital reduction in respect of its ordinary shares, until:</p> <ul style="list-style-type: none"> • BNZ pays a distribution on the PPS in full on a subsequent Scheduled Distribution Payment Date; or • there are no PPS outstanding.
NZX Quotation	BNZ intends to have the PPS quoted on the NZX Debt Market. NZX ticker code BNZHA has been reserved for the PPS. NZX takes no responsibility for the content of this Investor Presentation. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.

Key dates

Key dates for the Offer	
LDD lodgement	Friday, 26 May 2023
Opening Date	Monday, 29 May 2023
Closing Time	12.00pm on Friday, 2 June 2023
Rate Set Date	Friday, 2 June 2023
Issue Date	Wednesday, 14 June 2023
Expected NZX Quotation Date	Thursday, 15 June 2023

Key dates for the PPS	
Optional Redemption Dates	14 June 2029 (First Optional Redemption Date) and each quarterly Scheduled Distribution Payment Date after that date. Any redemption of your PPS is at the option of BNZ, subject to conditions and may not occur.
First Scheduled Distribution Payment Date	14 September 2023
Distribution Payment Dates	<ul style="list-style-type: none"> • Quarterly on 14 March, 14 June, 14 September and 14 December in each year (Scheduled Distribution Payment Dates); and • If the PPS are redeemed, on the date on which the PPS are redeemed. Distributions are discretionary and subject to conditions.
Term	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by BNZ.

The “Key dates for the Offer” (listed above) are indicative only and subject to change. BNZ may, in its absolute discretion and without notice, vary such dates (including by closing the Offer early and extending the Closing Time). If the Closing Time is extended, all subsequent dates may also change. Any such changes will not affect the validity of any applications received. BNZ reserves the right to cancel the Offer and the issue of the PPS.



Thank you

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