



Limited Disclosure Document

For an offer of perpetual preference shares by
Kiwibank Limited

Dated 11 October 2024

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.disclose-register.companiesoffice.govt.nz. Kiwibank Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you to make an investment decision.



FORSYTH BARR

1. Key information summary

What is this?

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

Warning

These PPS do not have the same rights (including voting rights) or privileges, or the same opportunity to increase in value, as ordinary shares. Scheduled distributions may be cancelled and the issuer 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.

About Kiwibank

The Kiwibank Group offers a range of personal banking services, including home lending, and business banking services. Kiwibank is the main operating company in the Kiwibank Group and is a registered bank under the Banking (Prudential Supervision) Act 1989 ("**BPS Act**").

The PPS are not protected deposits of Kiwibank for the purposes of the Deposit Takers Act 2023. The PPS are not guaranteed by any member of the Kiwibank Group, the Government or by any other person.

Information about Kiwibank, including Kiwibank's financial statements (consolidated for the Kiwibank 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 Additional Tier 1 Capital to help Kiwibank meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for Kiwibank's general corporate purposes.

Key terms of the Offer

Issuer	Kiwibank Limited.
Description of the equity securities	Perpetual preference shares.
No fixed maturity date	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by Kiwibank.

Redemption	<p>You have no right to redeem your PPS for any reason. Kiwibank can redeem the PPS in certain circumstances.</p> <p>See "How you can get your money out" below.</p>
Offer amount	Up to \$100 million. Kiwibank reserves the right to accept oversubscriptions at its discretion.
Issue Price	\$1.00 per PPS.
Minimum subscription amount	\$5,000, and in multiples of \$1,000 after that.
Opening Date	14 October 2024.
Closing Time	11.00 a.m. on 17 October 2024.
Distributions	<p>Distributions on the PPS are expected to be fully imputed. This means the return you receive when a distribution is paid is expected to comprise a cash amount and imputation credits.</p> <p>See Section 5.2 of this LDD (Distributions).</p>
Distribution Rate	<p>The Distribution Rate will be a fixed rate for a period of 5 and a half years, 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 (24 April 2030) will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 5 and a half year period) on the Rate Set Date (17 October 2024) plus the Margin.</p> <p>The Distribution Rate after the First Optional Redemption Date will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate (a benchmark interest rate for a 3 month period) plus the same Margin.</p> <p>See Section 5.2 of this LDD (Distributions).</p>
Distribution Payment Dates	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 are discretionary and subject to conditions	<p>Kiwibank has full discretion at all times to cancel distributions on the PPS and the payment of a distribution on a Distribution Payment Date is subject to conditions.</p> <p>See Section 5.2 of this LDD (Distributions).</p>

Distributions are non-cumulative	<p>If a distribution is not paid when scheduled, Kiwibank is under no obligation to pay that distribution to you at a later date.</p> <p>See Section 5.2 of this LDD (Distributions).</p>
Fees and charges	<p>Kiwibank will not charge you brokerage or any other fees to apply or subscribe for the PPS. However, you may have to pay brokerage or other fees to the firm that gives you an allocation of the PPS.</p>

How you can get your money out

Redemption of the PPS

The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by Kiwibank. Kiwibank may redeem all of the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event has occurred.

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

The First Optional Redemption Date is 24 April 2030 and subsequent Optional Redemption Dates will be on each quarterly Scheduled Distribution Payment Date after that date.

You will receive the Issue Price if the PPS are redeemed for any reason.

See Section 5.3 of this LDD (Optional redemption of the PPS).

Any redemption of the PPS is at the option of Kiwibank, subject to conditions and may not occur. You should not expect that the PPS will be redeemed, and you have no right to require that the PPS be redeemed for any reason.

Sale on the NZX Debt Market

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

How the PPS rank for repayment

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

Your right to payment of this amount will rank:

- behind the claims of all depositors and other creditors of Kiwibank (including holders of Tier 2 Capital instruments of Kiwibank), except for the claims and rights described below;

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

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

Key risks affecting this investment

Investments in equity securities of this nature have risks. A key risk is that you will not be paid a distribution on your investment or that your investment will not be repaid (credit risk). The issuer is under no obligation to pay cancelled distributions at a later date.

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

The distribution rate for these PPS should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with 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:

- *Credit risk*, which is the risk of financial loss where a customer or counterparty fails to meet their contractual payment obligations. This risk may increase as a result of deteriorating economic conditions, external events, or climate change.
- *Liquidity and funding risk*, which is the risk that Kiwibank cannot meet its financial and transactional cash-flow obligations as they fall due and the risk of loss of access to funding channels.
- *Operational risk*, which is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This risk may arise from disruption to Kiwibank's information technology systems and infrastructure, fraud, and external events such as extreme weather, natural disasters, communicable disease outbreaks, pandemics and biological hazards.
- *Compliance risk*, which 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. Any such failure may result in regulatory enforcement, proceedings brought by customers, and harm to Kiwibank's reputation, ability to do business and future prospects.
- *Strategic delivery risk*, which is the risk that Kiwibank fails to execute its chosen business plan or strategy effectively or in a timely manner. This may have an adverse impact on Kiwibank's business, financial results, access to capital and competitive position.

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 the PPS; and/or
- result in Kiwibank not paying distributions on the PPS or not being able to choose to redeem the PPS.

Kiwibank can also redeem the PPS in certain circumstances. See the "How you can get your money out" section for a brief description of those circumstances and the intended redemption price. You have no right to redeem the PPS.

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

What is the PPS' credit rating?

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

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

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

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

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

Table of contents

1.	Key information summary	2
2.	Purpose of the Offer	8
3.	Key dates and Offer process	8
4.	Terms of the Offer	9
5.	Key features of the PPS	12
6.	Risks of investing	23
7.	Tax	29
8.	Tax consequences for overseas Holders	29
9.	Information about Kiwibank	30
10.	Other information relating to the Offer	33
11.	Where you can find more information	34
12.	How to apply	34
13.	Contact information	36
14.	Glossary	37



2. Purpose of the Offer

As a registered bank, Kiwibank is subject to Conditions of Registration imposed by the Reserve Bank. These Conditions of Registration 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 Additional Tier 1 Capital to help Kiwibank meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for Kiwibank's general corporate purposes.

There is no minimum amount that must be raised before the PPS will be issued. The 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.

3. Key dates and Offer process

Opening Date	14 October 2024
Closing Time	11.00 a.m. on 17 October 2024
Rate Set Date	17 October 2024
Issue Date/allotment date	24 October 2024
Expected date of initial quotation and trading of the PPS on the NZX Debt Market	25 October 2024
First Scheduled Distribution Payment Date	24 January 2025
Scheduled Distribution Payment Dates	24 January, 24 April, 24 July and 24 October in each year
First Optional Redemption Date	24 April 2030

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. If the Closing Time is changed, other key dates may be changed accordingly. The Distribution Payment Dates are subject to the Business Day convention described in Section 5.4 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 PPS.

4. Terms of the Offer

4.1 Description of the PPS

The PPS	
Issuer	Kiwibank Limited.
Description of the equity securities	Perpetual preference shares.
No fixed maturity date	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by Kiwibank.
Distributions	Distributions on the PPS are expected to be fully imputed. This means the return you receive when a distribution is paid is expected to comprise a cash amount and imputation credits. See Section 5.2 of this LDD (Distributions).
Distribution Rate	<p>The Distribution Rate will be a fixed rate for a period of 5 and a half years, 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 (24 April 2030) will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 5 and a half year period) on the Rate Set Date (17 October 2024) plus the Margin.</p> <p>The Distribution Rate after the First Optional Redemption Date will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate (a benchmark interest rate for a 3 month period) plus the same Margin.</p> <p>See Section 5.2 of this LDD (Distributions).</p>
Distribution Payment Dates	<p>Distributions on the PPS are scheduled to be paid:</p> <ul style="list-style-type: none"> quarterly in arrear on each Scheduled Distribution Payment Date, being 24 January, 24 April, 24 July and 24 October in each year, commencing on 24 January 2025; and if the PPS are redeemed, on the date on which the PPS are redeemed.
Distributions are discretionary and subject to conditions	<p>Kiwibank has full discretion at all times to cancel distributions on the PPS and the payment of a distribution on a Distribution Payment Date is subject to Kiwibank satisfying the Solvency Condition and the payment being permitted by Kiwibank's Conditions of Registration.</p> <p>See Section 5.2 of this LDD (Distributions).</p>
Distributions are non-cumulative	<p>If a distribution is not paid when scheduled, Kiwibank is under no obligation to pay that distribution at a later date.</p> <p>See Section 5.2 of this LDD (Distributions).</p>

The PPS	
Redemption	<p>Kiwibank may redeem all of the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event has occurred.</p> <p>Redemption 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 (Optional redemption of the PPS).</p> <p>Any redemption of your PPS is at the option of Kiwibank, subject to conditions and may not occur. You should not expect that your PPS will be redeemed, and you have no right to require that your PPS be redeemed for any reason.</p>
Ranking of the PPS	<p>In a liquidation of Kiwibank the PPS rank as preference shares of Kiwibank, and your right to payment of a maximum amount equal to the Issue Price will rank behind the claims of depositors and other creditors of Kiwibank (except for holders of equal ranking instruments), but ahead of the rights of Kiwibank's ordinary shareholders.</p> <p>See Section 5.7 of this LDD (Ranking).</p>

4.2 Description of the Offer

The Offer	
Offer amount	Up to \$100 million. Kiwibank reserves the right to accept oversubscriptions at its discretion.
Opening Date, Closing Time and Issue Date	See Section 3 of this LDD (Key dates and Offer process).
Issue Price	Each PPS is issued for \$1.00.
Minimum subscription amount	\$5,000 and in multiples of \$1,000 after that.
How to apply	There is no public pool for the PPS. All PPS 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 12 of this LDD (How to apply).

The Offer	
Fees and charges	Kiwibank will not charge you brokerage or any other fees to apply or subscribe for the PPS. However, you may have to pay brokerage or other fees to the firm that gives you an allocation of the PPS.
Allocation of PPS	Following the Bookbuild, Kiwibank will allocate the PPS to the successful Bookbuild participants. Those participants will in turn be solely responsible for allocating the PPS to individual investors. This means that Kiwibank has no direct role in determining the allocation that you receive from your financial advice provider.
Offer in New Zealand	<p>This LDD only constitutes an offer of PPS to investors in New Zealand in accordance with the Selling Restrictions contained in Section 10.1 of this LDD (Selling Restrictions and indemnity).</p> <p>By subscribing for the PPS, 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 and indemnity).</p>
Governing law	The PPS, the Terms and the Offer are governed by New Zealand law.

4.3 Trading your PPS on the NZX Debt Market

Kiwibank intends to have the PPS quoted on the NZX Debt Market. NZX ticker code KWBHB has been reserved for the PPS. 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 PPS on the NZX Debt Market, you must have an account with a Primary Market Participant, a common shareholder number ("**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 PPS. If you do not have an authorisation code, it is expected that you will be sent one by the Registrar. If you have an account with a Primary Market Participant and have not received an authorisation code by the date you want to trade your PPS, your Primary Market Participant can arrange to obtain your authorisation code from the Registrar. Your Primary Market Participant will be charged a fee for requesting your authorisation code from the Registrar and may pass this cost on to you.

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

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

4.4 Terms and Constitution

The terms of the PPS are set out in the Terms and the Constitution. Holders are bound by, and are deemed to have notice of, the Terms and the Constitution. You may obtain a copy of the Terms and the Constitution from the Disclose Register at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13831).

5. Key features of the PPS

5.1 General

A number of the key features of the PPS are described in Section 4 of this LDD (Terms of the Offer). Other key features of the PPS and further detail about some of the key features described earlier in Section 4 of this LDD (Terms of the Offer) are described below.

5.2 Distributions

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

Distributions	<p>Distributions on the PPS are expected to be fully imputed. This means the return you receive when a distribution is paid is expected to comprise:</p> <ul style="list-style-type: none">• a cash amount; and• imputation credits. <p>Based on the current corporate income tax rate of 28%, if a distribution is fully imputed you will receive 28 cents of imputation credits for every 72 cents of the cash amount. If a distribution is not fully imputed, the cash amount will be increased by an amount corresponding to the shortfall in imputation credits.</p>
How the cash amount of fully imputed distributions is determined	<p><i>Distributions made on or before the First Optional Redemption Date</i></p> <p>The cash distribution payable on each PPS on each Scheduled Distribution Payment Date that is on or before the First Optional Redemption Date (24 April 2030) and on the date the PPS are redeemed (if they are redeemed on a date on or before the First Optional Redemption Date that is a Scheduled Distribution Payment Date) is calculated according to the following formula:</p> $\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4}$ <p>The cash distribution payable on each PPS on the date the PPS are redeemed (if they are redeemed on a date before the First Optional</p>

	<p>Redemption Date that is not a Scheduled Distribution Payment Date) is calculated according to the following formula:</p> $\text{Cash distribution payable} = \left(\frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4} \right) \times \frac{A}{B}$ <p><i>Distributions made after the First Optional Redemption Date</i></p> <p>The cash distribution payable on each PPS on each Distribution Payment Date after the First Optional Redemption Date and on the date the PPS are redeemed (if they are redeemed on a date after the First Optional Redemption Date) is calculated in accordance with the following formula:</p> $\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price} \times A}{365}$ <p><i>Determining the cash amount</i></p> <p>For the purposes of determining the cash amount, the Distribution Rate will be expressed as a decimal. In addition:</p> <p>"A" means, in respect of a Distribution Payment Date, the number of days from (and including) the preceding Scheduled Distribution Payment Date (or the Issue Date in the case of the first Distribution Payment Date) to (but excluding) the Distribution Payment Date.</p> <p>"B" means, in respect of a Distribution Payment Date, the number of days from (and including) the preceding Scheduled Distribution Payment Date (or the Issue Date in the case of the first Distribution Payment Date) to (but excluding) the date that would have been the next Scheduled Distribution Payment Date had the PPS not been redeemed.</p> <p>"Tax Rate" means the New Zealand corporate income tax rate on the relevant Distribution Payment Date (expressed as a decimal). As at the date of this LDD, the New Zealand corporate income tax rate is 28% (or 0.28 expressed as a decimal).</p>
Example of a distribution payment	<p>Set out below is an example that shows the return on your PPS on a Scheduled Distribution Payment Date if the distribution is paid and is fully imputed. The example below is based on the following assumptions:</p> <ul style="list-style-type: none"> • you hold 10,000 PPS; • the Distribution Rate applicable on the Scheduled Distribution Payment Date is 7% per annum; • the corporate income tax rate applicable on the Scheduled Distribution Payment Date is 28%; and • the Scheduled Distribution Payment Date is on or before the First Optional Redemption Date (24 April 2030).

Gross amount of return

The gross amount of your quarterly return is calculated as follows:

$$\begin{aligned}\text{Gross amount of quarterly return per PPS} &= \frac{0.07 \times \$1.00}{4} \\ &= \text{NZ\$0.0175} \\ \text{Gross amount of quarterly return for 10,000 PPS} &= \text{NZ\$0.0175} \times 10,000 \\ &= \text{NZ\$175.00}\end{aligned}$$

Your gross return is split between the cash amount and imputation credits. This is shown below.

Cash amount

The cash amount is calculated as follows:

$$\begin{aligned}\text{Cash amount per PPS} &= \frac{0.07 \times (1 - 0.28) \times \$1.00}{4} \\ &= \text{NZ\$0.0126} \\ \text{Cash amount for 10,000 PPS} &= \text{NZ\$0.0126} \times 10,000 \\ &= \text{NZ\$126.00}\end{aligned}$$

Imputation credits

You will also receive imputation credits of NZ\$49.00, being the gross amount of your quarterly return (NZ\$175.00) less the cash amount (NZ\$126.00). The imputation credits represent 28% of the gross amount of the quarterly return.

Effective return received

You need to note that:

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

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

If the distribution is not fully imputed then the cash amount will be increased by an amount corresponding to the shortfall in imputation credits, so that the sum of the cash amount and the imputation credits is equal to the gross amount. In the example above, if only NZ\$30.00 of imputation credits were attached to the distribution, you would receive a cash amount of NZ\$145.00 (before the deduction of any withholding tax), so that the gross amount of your return would still be NZ\$175.00.

Use of imputation credits	<p>The value of imputation credits to you will depend on your ability to use them, which is determined by your tax circumstances. If you:</p> <ul style="list-style-type: none"> • cannot use imputation credits, the effective return on your PPS will be less than the Distribution Rate; or • can use imputation credits, the effective return on your PPS will depend on your tax circumstances and will be no more than the Distribution Rate. <p>You should be aware that you may not be able to use your imputation credits at the same time as you receive a cash distribution.</p>
Distribution Payment Dates	<p>Distributions on your PPS are scheduled to be paid quarterly in arrear on each Scheduled Distribution Payment Date and, if your PPS are redeemed, the date of redemption (see Section 5.3 of this LDD (Optional redemption of the PPS)). The Distribution Payment Dates are subject to the Business Day convention described in Section 5.4 of this LDD (Payments).</p>
Distributions are discretionary and subject to conditions	<p>There is no guarantee that distributions will be paid on the PPS. Kiwibank has full discretion at all times to cancel distributions on the PPS. In addition, the payment of a distribution on a Distribution Payment Date is subject to:</p> <ul style="list-style-type: none"> • the payment of the distribution not resulting in a breach of Kiwibank's Conditions of Registration as at the time of the payment; and • Kiwibank satisfying the Solvency Condition. <p>The Solvency Condition will be satisfied if Kiwibank is Solvent on the applicable Distribution Payment Date and is able to pay the distribution and still be Solvent immediately after paying the distribution.</p> <p>Kiwibank's Conditions of Registration limit the amount of distributions Kiwibank can make in certain circumstances. For instance, the amount of earnings able to be distributed by Kiwibank (by way of dividends, share buy-backs or payments on Additional Tier 1 Capital instruments) will become restricted if Kiwibank's prudential capital buffer falls below a certain level. See Section 9.2 of this LDD (Kiwibank's regulatory capital requirements) for a description of the prudential capital buffer and regulatory capital requirements generally.</p>
Distributions are non-cumulative	<p>Distributions are non-cumulative. If a distribution is not paid when scheduled, Kiwibank is under no obligation to pay that distribution at a later date. Non-payment of a distribution on a Distribution Payment Date will not constitute a default by Kiwibank, and you will have no right to take action against Kiwibank in respect of that non-payment.</p>

	<p>No interest accrues on any unpaid distributions and you will have no claim or entitlement in respect of interest on any unpaid distribution.</p>
Restrictions on ordinary shares if distributions are not paid	<p>If for any reason a distribution is not paid in full on the relevant Distribution Payment Date, Kiwibank must not authorise or pay a dividend on its ordinary shares, or undertake any discretionary buy-back or capital reduction in respect of its ordinary shares.</p> <p>These restrictions will apply until:</p> <ul style="list-style-type: none"> • Kiwibank pays a distribution on the PPS in full on a subsequent Scheduled Distribution Payment Date; or • there are no longer any PPS outstanding. <p>In addition, these restrictions do not apply to other instruments issued by Kiwibank, such as debt securities or other Additional Tier 1 Capital instruments. This means Kiwibank could pay a distribution or interest on other preference shares or debt securities issued by Kiwibank, even though a distribution was not paid on the PPS.</p>
Distribution Rate	<p>The Distribution Rate will be a fixed rate for a period of 5 and a half years, 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 (24 April 2030) will be a fixed rate equal to the sum of the Swap Rate on the Rate Set Date (17 October 2024) plus the Margin.</p> <p>The Distribution Rate after the First Optional Redemption Date (24 April 2030) will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate plus the same Margin.</p> <p>If the sum of the 3 Month Bank Bill Rate plus the Margin is less than 0% per annum, the Distribution Rate will be deemed to be 0% per annum.</p> <p>Depending on market conditions, the floating rate could be less than the fixed rate and is likely to vary over time.</p> <p>The initial Distribution Rate and the Margin will be determined by Kiwibank following the Bookbuild and announced by Kiwibank via NZX on or about the Rate Set Date.</p> <p>When the Distribution Rate is reset, the new Distribution Rate will be announced by Kiwibank via NZX on or about the date it is reset.</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 on or about 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>

	The Margin for the PPS will not change.
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 and a half year period.</p> <p>The Swap Rate will be determined by Kiwibank on or about the Rate Set Date (17 October 2024).</p>
3 Month Bank Bill Rate	<p>A bank bill rate is a benchmark interest rate commonly used in New Zealand by major financial institutions. The 3 Month Bank Bill Rate is a benchmark interest rate for a 3 month period. Bank bill rates change to reflect market conditions over time, so the 3 Month Bank Bill Rate will likely vary for each Distribution Payment Date after the First Optional Redemption Date (24 April 2030).</p> <p>The 3 Month Bank Bill Rate that is applicable for a Distribution Payment Date will be the 3 Month Bank Bill Rate as at the preceding Scheduled Distribution Payment Date.</p> <p>Kiwibank is able to replace the 3 Month Bank Bill Rate with an alternative reference rate if the 3 Month Bank Bill Rate becomes unavailable.</p>

5.3 Optional redemption of the PPS

The PPS are perpetual instruments with no fixed redemption date. However, Kiwibank may redeem the PPS in certain circumstances. This Section 5.3 contains further detail on when Kiwibank may redeem the PPS.

When Kiwibank may choose to redeem the PPS	<p>Kiwibank may, subject to the conditions described below, choose to redeem all (but not some) of the PPS:</p> <ul style="list-style-type: none"> • on an Optional Redemption Date; or • on any Business Day if a Tax Event or a Regulatory Event has occurred.
Optional Redemption Dates	The First Optional Redemption Date is 24 April 2030 and subsequent Optional Redemption Dates will be on each quarterly Scheduled Distribution Payment Date after that date.
Tax Event	<p>A Tax Event occurs if Kiwibank determines that:</p> <ul style="list-style-type: none"> • there has been a change in New Zealand law, regulation or directive (including by way of the imposition of any New Zealand law, regulation or directive) that applies, or is to apply, after the Issue Date; • there has been a change in the interpretation or administration of any New Zealand law, regulation or directive by any authority (including the New Zealand Inland Revenue Department) that applies, or is to apply, after the Issue Date; or

	<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, <p>that directly or indirectly affects the taxation treatment in relation to the PPS and that would result in more than a minimal increase in Kiwibank's costs in respect of the PPS, provided such event is not minor and could not reasonably have been anticipated by Kiwibank when the PPS were issued.</p>
Regulatory Event	<p>A Regulatory Event occurs if:</p> <ul style="list-style-type: none"> Kiwibank determines that: <ul style="list-style-type: none"> there has been a change in New Zealand law, regulation or directive (including by way of the imposition of any New Zealand law, regulation or directive) that applies, or is to apply, after the Issue Date; there has been a change in the interpretation or administration of any New Zealand law, regulation or directive by any authority (including the Reserve Bank) that applies, or is to apply, after the Issue Date; or Kiwibank is or will be required to comply with any change in New Zealand law, regulation or directive or changed interpretation or administration, <p>that adversely affects, or will adversely affect, Kiwibank in relation to its regulatory capital treatment of the PPS, provided such event is not minor and could not reasonably have been anticipated when the PPS were issued; or</p> Kiwibank determines that, as a result of the occurrence of an event or circumstance that is not minor and could not reasonably have been anticipated as at the Issue Date, that some or all of the PPS are not or will not be Additional Tier 1 Capital.
Conditions to Kiwibank redeeming the PPS	<p>Kiwibank may only choose to redeem the PPS if certain circumstances are met, including:</p> <ul style="list-style-type: none"> the Reserve Bank having given its prior written approval to the redemption of the PPS; and Kiwibank satisfying the Solvency Condition. <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>
Redemption notice	<p>If Kiwibank elects to redeem the PPS, it must give you at least 15 Business Days' notice.</p>
Amount that is payable to you if the PPS are redeemed	<p>You will receive the Issue Price if the PPS are redeemed for any reason.</p> <p>See also Section 5.7 of this LDD (Ranking) which explains your entitlement in a liquidation of Kiwibank.</p>

No certainty that Kiwibank will choose to redeem the PPS	<p>Kiwibank is under no obligation to redeem the PPS. There is no certainty that:</p> <ul style="list-style-type: none"> • Kiwibank will choose to redeem the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event has occurred; • if requested by Kiwibank, the Reserve Bank would give its approval to redemption of the PPS; or • Kiwibank will be able to satisfy the other conditions that apply to redemption.
Holders cannot choose to have the PPS redeemed	You have no right to require that your PPS be redeemed for any reason.

5.4 Payments

The following provisions will apply to payments on the PPS.

Business Day convention	<p>If a Distribution Payment Date on or before the First Optional Redemption Date is not a Business Day, Kiwibank will make payment on the next Business Day, but no adjustment will be made to the amount of the distribution payable as a result of the delay in payment.</p> <p>If a Distribution Payment Date after the First Optional Redemption Date is not a Business Day, the Distribution Payment Date will be the next Business Day, unless that day falls in the next calendar month, in which case it will be the preceding Business Day, and, in either case, the amount of the distribution paid will be adjusted to reflect the actual payment date.</p>
Entitlement to payments / Record Date	<p>Distributions on the PPS will be made to the persons who are the Holders as at the close of business on the 10th day before the relevant Distribution Payment Date (whether or not the relevant Distribution Payment Date is a Business Day) or, if that day is not a Business Day, the immediately preceding Business Day or such other date as may be required by NZX ("Record Date").</p> <p>Any payment on redemption of the PPS 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 by Holders	<p>Except to the extent required by law, you have no right to set-off any amounts that may be payable to you by Kiwibank in connection with the PPS against any amounts that you owe to Kiwibank (whether in connection with the PPS or otherwise).</p>
Tax indemnity	<p>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</p>

	residence), then you indemnify Kiwibank in respect of that tax liability, which may be recovered from you or withheld and set-off against from future payments to you.
--	--

5.5 Amendment to the Terms

The Terms may be amended in certain circumstances, as described below.

Amendments without Holders' consent	<p>The Terms 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 PPS to be quoted or to remain quoted on a stock exchange or to be lodged or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place; • is necessary or expedient for the purpose of complying with the provisions of any statute, the requirements of any statutory authority, the NZX Listing Rules or the listing or quotation requirements of any securities exchange on which Kiwibank may propose to seek a listing or quotation of the PPS; • is reasonably necessary if the 3 Month Bank Bill Rate is replaced by an alternative reference rate; or • will not materially adversely affect the rights of Holders as a whole.
Amendments with approval of special resolution	The Terms may also be amended with the approval of a special resolution (as defined in section 2(1) of the Companies Act 1993) of Holders. As a Holder of PPS you will be entitled to participate in a vote of Holders to consider a special resolution.
Requirement to notify the Reserve Bank	No amendment can be made to the Terms 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.
Amendments are binding on all Holders	Amendments made in accordance with the Terms are binding on you even if you did not agree to them.



5.6 Other features of the PPS

This Section 5.6 describes other features of the PPS.

Limited enforcement rights	<p>The Terms do not include events of default or any other provisions entitling you to require that the PPS be redeemed.</p> <p>You do not have any right to apply for the liquidation or administration of Kiwibank or any other member of the Kiwibank Group, or to cause a receiver or receiver and manager to be appointed in respect of Kiwibank or any other member of the Kiwibank Group on the grounds of Kiwibank's failure or potential failure to pay distributions on the PPS or for any other reason in connection with Kiwibank's compliance with the terms of the PPS.</p>
No other rights	<p>The PPS confer no rights on a Holder to:</p> <ul style="list-style-type: none">• attend or vote at any meeting of Kiwibank's ordinary shareholders or to participate in any other decision or resolution of Kiwibank's ordinary shareholders or holders of any other class of shares in Kiwibank (other than the PPS);• subscribe for new securities of Kiwibank or to participate in any bonus issues of securities of Kiwibank; or• otherwise participate in the profits or property of Kiwibank, except by receiving payments as described in this LDD. <p>The features of the PPS, as described in this LDD, mean that your PPS do not carry the same opportunity to increase in value as ordinary shares.</p>

5.7 Ranking

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

Your right to payment of an amount equal to the Issue Price will rank:

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

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

	Ranking in a liquidation of Kiwibank	Description	Examples	Indicative amount of existing liabilities and equity of Kiwibank as at 30 June 2024 (\$m)
Higher ranking ↑	Liabilities and equity that rank in priority to the PPS	Secured debt and creditors preferred by law	Secured liabilities	1,566
			Liabilities given preference by law including employee entitlements and certain taxes	65
		Unsubordinated unsecured debt	Depositors and other unsubordinated creditors	36,904
		Subordinated debt	Kiwibank subordinated notes	458
	Liabilities and equity that rank equally with the PPS (including the PPS)	Perpetual subordinated debt, preference shares and other equally ranked instruments	Kiwibank perpetual preference shares issued in October 2021	246
			The PPS	100
Lower ranking ↓	Equity that ranks below the PPS	Equity (other than preferred equity)	Ordinary shares, reserves and retained earnings	2,377

Basis of preparation of table

Amounts in the table above (except for the estimated amount of the PPS) are indicative amounts derived from Kiwibank's unaudited management accounts prepared as at 30 June 2024. 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 PPS, based on an estimated issue size of \$100 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:

- \$547 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. Despite these loans being sold by Kiwibank, they still appear in Kiwibank's financial statements and management accounts but would not be available to creditors of Kiwibank or Holders in a liquidation of Kiwibank.
- \$1,019 million of liabilities to the Reserve Bank under repurchase arrangements relating to the Reserve Bank's Term Lending Facility and Funding for Lending Programme. Under these arrangements Kiwibank has sold residential mortgage-backed securities to the Reserve Bank for cash and has a liability to repurchase them for a repurchase cash amount. The housing loans underlying those residential mortgage-backed securities are still recognised as assets in the financial statements and management accounts of Kiwibank, despite being sold by Kiwibank, but would not be available to creditors of Kiwibank or Holders in a liquidation of Kiwibank.

No restrictions on issuing further securities or incurring further liabilities

There are no restrictions on Kiwibank issuing further securities or incurring further liabilities after the date of this LDD that rank equally with, or in priority to, the PPS in a liquidation of Kiwibank.

Kiwibank could therefore, at any time after the date of this LDD, issue further securities or incur further liabilities that rank equally with or in priority to the PPS.

6. Risks of investing

6.1 Introduction

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

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

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 PPS.

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

The statement of risks in this Section 6 does not take account of your personal circumstances, financial position or investment requirements. Before making any investment decision, you should 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 advice provider.

6.2 General risks

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

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

If Kiwibank encounters financial difficulty, this may in turn:

- adversely affect the market price and liquidity of the PPS; and/or
- result in Kiwibank not paying distributions on the PPS or not being able to choose to redeem the PPS.

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

Market risks associated with the PPS

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

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

The liquidity of the PPS may be low

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

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 PPS. 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 management 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, unexpected circumstances can also arise, such as unexpected events affecting the economy, widespread defaults in a particular sector, financial markets ceasing to function 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.

A failure to manage these risks could mean that Kiwibank does not pay distributions on the PPS when scheduled or is not able to choose to redeem the PPS. In addition, a deterioration in the financial performance and creditworthiness of Kiwibank may adversely affect its credit ratings and/or the market price of your PPS.

Credit risk

Credit risk is the risk of financial loss where a customer or counterparty fails to meet their contractual payment obligations. Kiwibank's credit risks arise from lending to customers and exposures to counterparties arising out of its treasury, financial market, international trade and underwriting activities.

Credit risks can impact Kiwibank through actual credit losses when a customer or counterparty fails to meet their payment obligations. It can also result in increases in credit impairment provisions due to changes in credit quality for the customer or counterparty resulting in changes in the estimates of Kiwibank's expected credit losses.

Increased credit risk arising from external factors

Factors such as deteriorating economic conditions, including higher inflation, interest rates and unemployment and declining property market valuations, and external events like extreme weather, natural disasters and pandemics, can impact the ability of customers and counterparties to meet their payment obligations and the value of property used as security. This may result in an increase in credit losses.

Climate-related credit risk

Credit risk may arise because of climate change where a physical climate-related event (like rising sea levels or a storm surge, flood, fire or drought) or the transition to a low-carbon, climate resilient economy:

- results in our customers or counterparties having reduced income or profitability or increased expenses (including due to repair and recovery costs, increased insurance expenses, managed retreat costs, new regulations and changing market and consumer preferences); or
- affects the value of property provided as security (including through direct damage, infrastructure withdrawal, reduced insurance availability or changing market perceptions).

Liquidity and funding risk

Liquidity risk is the risk that Kiwibank will not have sufficient funds available to meet its financial obligations as they fall due. Funding risk is the risk of loss of access to Kiwibank's funding channels, or a substantial increase in the cost of funding to Kiwibank.

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 fund its business, together with customer deposits. Amounts Kiwibank owes under its borrowing activities will be due at different times to amounts it receives under its lending activities. This mismatch gives rise to liquidity risk.

Disruptions, uncertainty or volatility in any debt capital markets may adversely affect Kiwibank's funding and liquidity position, increase the cost of funding, limit Kiwibank's 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.

Operational risk

Operational risk is the risk of loss due to inadequate or failed internal processes, people and systems or criminal activity. Operational risk can also arise from external events such as extreme weather, natural disasters, cyber-attacks or acts of terrorism.

Operational risk is inherent in Kiwibank's activities due to the range of products and services provided to customers. Inadequate practices to identify and assess operational risk could lead to non-compliance, sanctions, fines/penalties and losses due to errors, compensation, internal and external

fraud. This includes the heightened risk of failure of processes and systems during transformational change to those processes and systems.

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 are essential to the effective operation of its business.

Kiwibank's information technology systems and infrastructure could potentially be disrupted for reasons including technical failure, third party 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.

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.

Risks relating to fraud

Fraud is a complex and increasing risk due to the digitalising of bank services and the proliferation of new technology that creates more opportunities for external fraud to occur. It involves intentional acts or omissions designed to deceive others, causing significant harm to Kiwibank customers, resulting in financial losses, reputational harm and damage to customer trust.

Kiwibank has implemented measures to decrease the risk to Kiwibank and its customers of fraud. This includes investment in technology and operational improvements, engagement in industry wide initiatives, and continued education for both employees and customers. A dedicated team is focused on prevention, detection, and response to any instances of external fraud. However, fraudulent activities are becoming increasingly sophisticated, and remain a risk for Kiwibank.

External events may adversely impact Kiwibank's operations

Kiwibank is exposed to the risk of external events across the country through branch sites and its significant operations in Wellington, Auckland and Hastings. External events such as extreme weather, natural disasters, pandemics and other biological hazards may impact Kiwibank, including through business disruption and property damage. The risks of these events are increased due to climate change risks. This may adversely affect Kiwibank's financial performance and business continuity and may lead to reputational damage if Kiwibank is not able to manage the impacts of an external event.

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 laws, regulations or codes of practice (including in relation to consumer lending, money laundering, terrorist financing and sanctions) could result in 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.

Strategic delivery risk

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. This will impact Kiwibank systems, processes, and people. 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.

6.4 Risks related to investing in bank perpetual preference shares

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

In a liquidation of Kiwibank, your right to payment of a maximum amount equal to the Issue Price for each PPS will rank behind:

- all liabilities of Kiwibank (except for liabilities ranking equally with the PPS); and
- any equity securities that may be issued by Kiwibank in the future that rank ahead of the PPS.

This means that it is highly unlikely that there will be surplus assets available for the liquidator to pay any amount to you in respect of your PPS. See Section 5.7 of this LDD (Ranking).

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

Kiwibank has full discretion at all times to cancel distributions on the PPS. In addition, the payment of a distribution on a Distribution Payment Date is subject to Kiwibank satisfying the Solvency Condition and the payment being permitted by Kiwibank's Conditions of Registration.

If Kiwibank does not pay a distribution on a Distribution Payment Date, it will not constitute a default by Kiwibank. You will have no right to take any action against Kiwibank or any other person if a distribution is not paid when scheduled. There are no restrictions on Kiwibank paying a distribution or interest on other preference shares or debt securities just because a distribution is not paid on the

PPS when scheduled. See Sections 5.2 (Distributions) and 5.6 (Other features of the PPS) of this LDD.

Distribution payments are non-cumulative

Distribution payments on the PPS are non-cumulative. If a distribution is not paid on a Distribution Payment Date, Kiwibank is under no obligation to pay that distribution at a later date. See Section 5.2 of this LDD (Distributions).

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

The Distribution Rate will be a fixed rate for a 5 and a half year period, after which it will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate plus the Margin. The 3 Month Bank Bill Rate changes to reflect market conditions over time, so will likely vary for each Distribution Payment Date.

Depending on market conditions, the floating rate could be less than the fixed rate.

The 3 Month Bank Bill Rate may go down, including below 0% per annum. 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. See Section 5.2 of this LDD (Distributions).

You have no right to redeem your PPS and Kiwibank might not redeem the PPS

The PPS have no fixed redemption date and will remain on issue indefinitely if not redeemed by Kiwibank. You have no right to require that your PPS be redeemed. Kiwibank is under no obligation to redeem the PPS. There is no certainty that:

- Kiwibank will choose to redeem the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event has occurred;
- if requested by Kiwibank, the Reserve Bank would give its approval to redemption of the PPS; or
- Kiwibank will be able to satisfy the other conditions that apply to redemption.

Unless the PPS are redeemed by Kiwibank, to realise your investment you will need to sell your PPS on the NZX Debt Market at the prevailing market price. You may not be able to sell your PPS, and even if you can, you may receive less than the Issue Price. See Section 5.3 of this LDD (Optional redemption of the PPS).

Kiwibank may redeem your PPS in certain circumstances

In certain circumstances, Kiwibank can redeem your PPS (see Section 5.3 of this LDD (Optional redemption of the PPS)). You may be disadvantaged if the PPS are redeemed. For instance, if the PPS are redeemed you may not be able to reinvest the proceeds at a comparable return. See Section 5.3 of this LDD (Optional redemption of the PPS).

Kiwibank's regulatory requirements may change

As a registered bank Kiwibank is subject to regulatory requirements, including Conditions of Registration imposed by the Reserve Bank. The regulatory requirements that apply to Kiwibank may change from time to time and you may be disadvantaged by the changes. For instance, the Reserve

Bank restricted banks from redeeming any capital instruments (such as the PPS) for a period during the COVID-19 pandemic.

7. Tax

The returns on the PPS will be affected by taxes. The information set out in this Section 7 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 ("**New Zealand Holders**"), will have resident withholding tax ("**RWT**") deducted from the distributions that are payable under the PPS, unless the Holder has notified the Registrar that the Holder has RWT-exempt status (as defined in section YA 1 of the Income Tax Act 2007) prior to the applicable Record Date, or, in the case of a distribution that is fully imputed, the Holder is a New Zealand Holder that is a company and Kiwibank elects not to pay RWT. Holders must notify the Registrar of any change in their circumstances prior to any Record Date.

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

If RWT is deducted, the cash amount received by the Holder will be reduced by the amount of RWT deducted.

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

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

8. Tax consequences for overseas Holders

The information in this Section 8 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.

If a Holder is not a New Zealand Holder, non-resident withholding tax ("**NRWT**") will be deducted from the cash component of distributions that are payable under the PPS. Holders must notify the Registrar of any change in their circumstances prior to any Record Date.

Holders that are not New Zealand Holders cannot benefit from imputation credits. This means that the amount of NRWT that will be deducted from a distribution will not be reduced by any imputation credits that are attached to the distribution.

If NRWT is deducted, the cash amount received by the Holder will be reduced by the amount of NRWT deducted.

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

9. Information about Kiwibank

9.1 Kiwibank's business

The Kiwibank Group offers a range of personal banking services, including home lending, and business banking services. Further 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 OFR13831).

9.2 Kiwibank's regulatory capital requirements

The PPS will count as Additional Tier 1 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.

The Reserve Bank released new capital adequacy requirements in 2021 which significantly increase the regulatory capital requirements applying to New Zealand banks.

The following table sets out the different categories of regulatory capital, the minimum capital ratios that Kiwibank must maintain, and the prudential capital buffer above the minimum capital ratios that Kiwibank must maintain to avoid restrictions on distributions (among other things), in each case, as at the date of this LDD and 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
Tier 1 Capital	Tier 1 Capital is made up of CET1 Capital and Additional Tier 1 Capital.	A minimum of 9.5%, including a prudential capital buffer of 2.5%	A minimum of 14%, including a prudential capital buffer of 7%
Common Equity Tier 1 ("CET1") Capital	CET1 Capital is the highest quality form of capital and is freely available to absorb losses. CET1 Capital includes ordinary share capital, retained earnings, and certain accounting reserves. Some amounts (e.g. the value of intangible assets) must be deducted to determine the final value of CET1 Capital.	A minimum of 7%, including a prudential capital buffer of 2.5%	A minimum of 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 CET1 Capital, but is still freely available to absorb losses. Additional Tier 1 Capital includes perpetual preference shares like the PPS.	Up to 2.5%	Up to 2.5%
Tier 2 Capital	Tier 2 Capital is a lower quality form of capital than Tier 1 Capital, but is available to absorb losses in a liquidation. Tier 2 Capital includes subordinated instruments.	Up to 2%	Up to 2%
Total Capital	The sum of Tier 1 Capital and Tier 2 Capital.	A minimum of 11.5%, including a prudential capital buffer of 2.5%	A minimum of 16%, including a prudential capital buffer of 7%

9.2.2 Failure to maintain prudential capital buffer

A failure to maintain the prudential capital buffer will not be a breach of a bank's conditions of registration but will result in a response from the Reserve Bank designed to encourage banks to restore levels of capital.

If the prudential capital buffer is not maintained there is first a "useable band" where distributions are restricted to 100% of that year's earnings and no supervisory response is specified.

The supervisory response then escalates in 3 stages as the capital position deteriorates. At stages 1 and 2 there are further limits on distributions a bank may make on Common Equity Tier 1 Capital. At stage 3, no distributions are allowed on Common Equity Tier 1 Capital and, from 1 July 2028, on Additional Tier 1 Capital (including the PPS). From 1 July 2028, stage 3 will apply if Kiwibank's prudential capital buffer is 2% or less.

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.

9.2.3 Loss absorbing features of the PPS

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

The PPS will count as Additional Tier 1 Capital, and the Terms include loss absorbing features. For example:

- distribution payments on the PPS are:
 - fully discretionary (that is, Kiwibank can choose to cancel a distribution on a Distribution Payment Date without giving a reason);
 - subject to Kiwibank satisfying the Solvency Condition and the payment being permitted by Kiwibank's Conditions of Registration; and
 - non-cumulative (that is, if a distribution is not paid on a Distribution Payment Date, Kiwibank is under no obligation to pay that distribution at a later date – see Section 5.2 of this LDD (Distributions));
- you have no right to require that your PPS be redeemed;
- any redemption of the PPS 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
- in a liquidation of Kiwibank, your right to payment is subordinated, ranking ahead of the rights of Kiwibank's ordinary shareholders only (see Section 5.7 of this LDD (Ranking)).

9.3 Kiwibank's capital management

9.3.1 The Kiwibank Group's capital management strategy

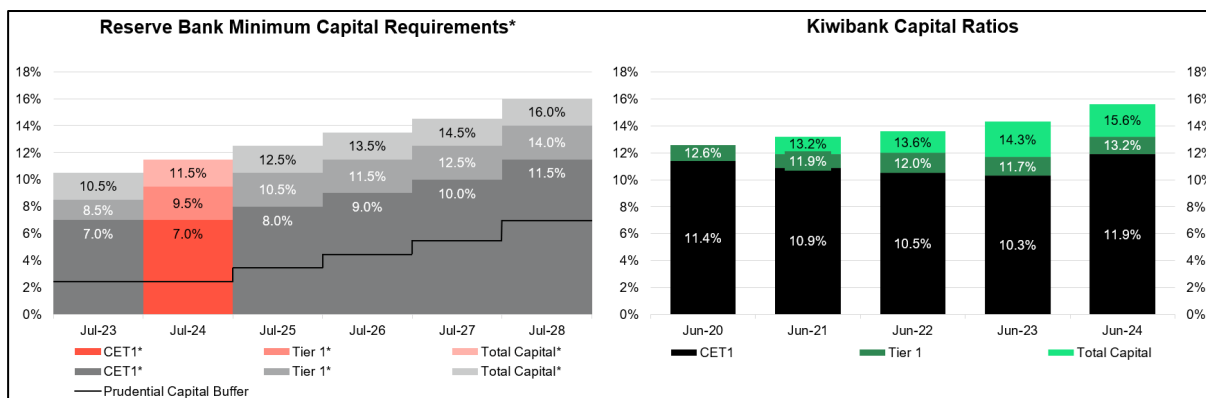
Adequacy, efficiency and flexibility are the core components of the Kiwibank Group's capital management strategy. The Kiwibank Group's capital objective is to maintain at all times capital ratios above the minimum levels set by Kiwibank's board, which are in turn set above the Reserve Bank's regulatory capital requirements. In setting the minimum capital level for the Kiwibank Group, the Kiwibank board considers the regulatory capital requirements, stress testing the risk position of the Kiwibank Group's balance sheet, and reviewing the capital position of Kiwibank's major competitors and market expectations.

9.3.2 The Kiwibank Group's regulatory capital position

As at 30 June 2024, the Kiwibank Group had Common Equity Tier 1 Capital of \$2,278 million and a Common Equity Tier 1 Ratio of 11.9%, which is in excess of the Reserve Bank's current minimum regulatory capital requirements.

The left-hand side graph below shows the ratios that have applied since 1 July 2023, and the ratios that will apply through to 1 July 2028, to non-systemically important New Zealand banks, including Kiwibank.

The right-hand side graph below shows the Kiwibank Group's historical regulatory capital position since 30 June 2020.



* Includes prudential capital buffer.

The information in the right-hand side 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 Group.

10. Other information relating to the Offer

10.1 Selling Restrictions and indemnity

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

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

Under the Terms you indemnify Kiwibank, the Registrar, the 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

The role of the Arranger in relation to the Offer is solely to provide assistance in arranging the Offer and organising the Bookbuild. The Joint Lead Managers assist with the Bookbuild and marketing and distribution of the PPS.

The Joint Lead Managers (including the Arranger) are not otherwise involved in the Offer. None of the Arranger, the Joint Lead Managers or their respective directors, employees, agents or advisers have independently verified the contents of this LDD.

This LDD does not constitute financial advice or a recommendation from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase any PPS.

You must make your own independent investigation and assessment of the financial condition and affairs of Kiwibank before deciding whether or not to invest in the PPS.

11. Where you can find more information

11.1 Disclose Register and Companies Register

Further information relating to Kiwibank and the PPS is available free of charge on the online Disclose Register maintained by the Companies Office. The Disclose Register can be accessed at www.disclose-register.companiesoffice.govt.nz (search offer number OFR13831). A copy of the information on the Disclose Register is also available on request to the Registrar of Financial Service Providers. The information contained on the Disclose Register includes financial information relating to Kiwibank, copies of the Terms, the investor presentation for the Offer, a credit rating report from Moody's in relation to the PPS, and other material information. Further information relating to Kiwibank is available on the New Zealand Companies Register maintained by the Companies Office at companies-register.companiesoffice.govt.nz.

11.2 NZX

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

11.3 Disclosure statements

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

12. How to apply

12.1 How to apply

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

There is no public pool for the PPS. This means you can only apply for the PPS through certain Primary Market Participants or approved financial intermediaries who have obtained an allocation. You can find Primary Market Participants by visiting www.nzx.com/investing/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 PPS; and

- explain what payments need to be made by you (and by when).

The Primary Market Participant or approved financial intermediary can also explain what arrangements will need to be put in place for you to trade the PPS (including obtaining a CSN, 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.

12.2 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 Registrar's website: www.linkmarketservices.co.nz. You will be required to enter your holder number and authorisation code.

13. Contact information

Issuer:

Kiwibank Limited

Level 9
20 Customhouse Quay
Wellington 6011
Tel: (04) 439 6932

Registrar:

MUFG Pension & Market Services (NZ) 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

14. Glossary

3 Month Bank Bill Rate	<p>in relation to a Distribution Payment Date after the First Optional Redemption Date:</p> <ul style="list-style-type: none"> the FRA rate administered by the New Zealand Financial Benchmark Facility ("NZFBF") (or any person that takes over the administration of that rate) for bank bills having a term of, or of about, 3 months as displayed at or about 10.45am or such later time as Kiwibank may determine on the preceding Scheduled Distribution Payment Date on Bloomberg BKBM page 'GDCO 2805' (or any successor page); or if that rate is not displayed by 10.45am or such later time as Kiwibank may determine on that date, the equivalent rate provided by the NZFBF (or any person that takes over the administration of that rate) at or around that time on that date, <p>in each case expressed as a percentage per annum and rounded, if necessary, to the nearest 4 decimal places with 0.00005% being rounded up.</p> <p>Kiwibank is able to replace the 3 Month Bank Bill Rate with an alternative reference rate if the 3 Month Bank Bill Rate becomes unavailable.</p>
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 PPS and, on the basis of those bids, Kiwibank determines the Margin and allocation of the PPS.
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 or Auckland.
Closing Time	the "Closing Time" specified in Section 3 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).
Conditions of Registration	<p>the conditions of registration imposed on Kiwibank by the Reserve Bank, as amended from time to time.</p> <p>Kiwibank's Conditions of Registration are contained in its full year disclosure statements. They are Kiwibank's Conditions of Registration as at the relevant balance date, and may have been amended since that date. Kiwibank's disclosure statements are available at www.kiwibank.co.nz/about-us/governance/legal-documents-and-information/legal-documents/#kiwibank-disclosure-statement.</p>

Constitution	Kiwibank's constitution, available on the Disclose Register.
CSN	common shareholder number.
Disclose Register	the online offer register maintained by the Companies Office and the Registrar of Financial Service Providers known as "Disclose", which can be accessed at www.disclose-register.companiesoffice.govt.nz/ .
Distribution Payment Date	each Scheduled Distribution Payment Date and, if the PPS are redeemed, the date on which the PPS are redeemed (see Section 5.2 of this LDD (Distributions)), subject to the Business Day convention described in Section 5.4 of this LDD (Payments).
Distribution Rate	is described in Section 5.2 of this LDD (Distributions).
First Optional Redemption Date	the "First Optional Redemption Date" specified in Section 3 of this LDD (Key dates and Offer process).
Holder	a person whose name is entered in the Register as a holder of PPS.
Issue Date	the "Issue Date" specified in Section 3 of this LDD (Key dates and Offer process).
Issue Price	\$1.00 per PPS.
Joint Lead Managers	Bank of New Zealand, Craigs Investment Partners Limited and Forsyth Barr Limited.
Kiwibank	Kiwibank Limited.
Kiwibank 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	the margin determined by Kiwibank in consultation with the Joint Lead Managers on the Rate Set Date following the Bookbuild, and announced by Kiwibank via NZX on or about the Rate Set Date.
Moody's	Moody's Investors Service.
NZX	NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited.
NZX Debt Market	the debt market operated by NZX.
NZX Listing Rules	the listing rules of NZX, as amended, varied or waived (whether in respect of Kiwibank or generally) from time to time.
Offer	the offer of PPS made in this LDD.

Opening Date	the "Opening Date" specified in Section 3 of this LDD (Key dates and Offer process).
Optional Redemption Date	the First Optional Redemption Date and each Scheduled Distribution Payment Date after that date.
PPS	the perpetual preference shares offered by Kiwibank under this LDD.
Primary Market Participant	has the meaning given in the NZX Participant Rules, as amended from time to time.
Rate Set Date	the "Rate Set Date" specified in Section 3 of this LDD (Key dates and Offer process).
Record Date	has the meaning given in Section 5.4 of this LDD (Payments).
Register	the register of Holders of PPS established and maintained by or on behalf of Kiwibank.
Registrar	MUFG Pension & Market Services (NZ) Limited.
Regulatory Event	has the meaning given in Section 5.3 of this LDD (Optional redemption of the PPS).
Reserve Bank	the Reserve Bank of New Zealand.
Scheduled Distribution Payment Dates	the "Scheduled Distribution Payment Dates" specified in Section 3 of this LDD (Key dates and Offer process).
Selling Restrictions	has the meaning given in Section 10.1 of this LDD (Selling Restrictions and indemnity).
Solvency Condition	<p>a condition to the payment of distributions and the redemption of the PPS, requiring the following:</p> <ul style="list-style-type: none"> • Kiwibank must be Solvent on the applicable payment date; and • Kiwibank must be able to pay the amount and remain Solvent immediately after paying the amount.
Solvent	satisfying the solvency test contained in section 4 of the Companies Act 1993, as modified by section 52 of that Act.
Swap Rate	the mid-market swap rate for an interest rate swap with a term of 5 and a half years commencing on the Issue Date, as determined by Kiwibank on the Rate Set Date in accordance with market convention, with reference to Bloomberg page 'ICNZ4' (or its successor page) on the Rate Set Date, expressed on a percentage basis, adjusted for quarterly payments and rounded, if necessary, to the nearest 2 decimal places with 0.005% being rounded up.
Tax Event	has the meaning given in Section 5.3 of this LDD (Optional redemption of the PPS).
Terms	the terms and conditions of the PPS, available on the Disclose Register.

Tier 1 Capital	is described in Section 9.2 of this LDD (Kiwibank's regulatory capital requirements).
Tier 2 Capital	is described in Section 9.2 of this LDD (Kiwibank's regulatory capital requirements).

