

BANK OF NEW ZEALAND PERPETUAL PREFERENCE SHARE (PPS 2) TERMS

The following are the Terms which apply to each PPS 2. Each Holder and any person claiming through or under a Holder is entitled to the benefit of, is bound by, and is taken to have notice of, these Terms and the Constitution.

1. FORM OF PPS 2

- 1.1 **Form and constitution:** The PPS 2 are perpetual preference shares of BNZ, constituted by the Constitution and these Terms and issued in registered form by entry in the Register.
- 1.2 **Issue Price:** The Issue Price of each PPS 2 is NZ\$1.00.
- 1.3 **No certificates:** No certificates will be issued to Holders unless BNZ determines that certificates should be available or are required by law or directive.
- 1.4 **Effect of entries in the Register:** Each entry in the Register constitutes the separate and independent entitlement of the relevant Holder to the rights conferred on the Holder by the PPS 2.
- 1.5 **Nature of PPS 2:** The PPS 2:
- (a) are not guaranteed or insured by any government, Government Agency or compensation scheme in Australia, New Zealand or any other jurisdiction and are not guaranteed by NAB, any member of the NAB Group or any other person;
 - (b) do not constitute deposit liabilities of BNZ, NAB or any other member of the NAB Group;
 - (c) are not protected accounts for the purposes of the Banking Act; and
 - (d) are unsecured.
- 1.6 **Quotation:** BNZ must use all reasonable endeavours to procure that the PPS 2 will be quoted on the NZX Debt Market.

2. DISTRIBUTIONS

2.1 Distributions:

- (a) Each PPS 2 entitles the Holder to receive a cash distribution ("**Distribution**") payable in arrear on each Distribution Payment Date.
- (b) Payment of the Distribution on each PPS 2 is subject to clauses 2.6, 2.7 and 5.

2.2 Distribution Rate determination:

- (a) The rate (expressed as a percentage per annum) to be used for calculating Distributions in accordance with clause 2.3(a) or (b) for each Distribution Payment Date on or before the First Optional Redemption Date is the rate calculated according to the following formula:

$$\text{Distribution Rate} = (\text{Swap Rate} + \text{Margin})$$

- (b) The rate (expressed as a percentage per annum) to be used for calculating Distributions in accordance with clause 2.3(c) for each Distribution Payment Date after the First Optional Redemption Date is the rate calculated according to the following formula:

Distribution Rate = (Base Rate + Margin),

provided that, if the rate determined in accordance with this clause 2.2(b) is less than 0% per annum, the Distribution Rate will be deemed to be 0% per annum.

- (c) In these Terms:

"3 Month Bank Bill Rate" means, for a Distribution Payment Date:

- (i) 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 BNZ may determine on the previous Scheduled Distribution Payment Date on Bloomberg BKBM page 'GDCO 2805' (or any successor page); or
- (ii) if that rate is not displayed by 10.45am or such later time as BNZ may determine on that date (other than on account of a BKBM Disruption Event), 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,

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.

"Alternative Reference Rate" means, for a Distribution Payment Date:

- (i) the rate determined by BNZ at or about 10.45am or such other time as is customary for determining the rate on the previous Scheduled Distribution Payment Date as a rate that is generally accepted in the market for bank securities denominated in NZ dollars with an interest period of, or of about, 3 months; or
- (ii) if BNZ is not able, after making reasonable efforts, to ascertain such rate, or if there is no such rate:
 - (aa) a reference rate that is, in BNZ's opinion, appropriate to bank securities denominated in NZ dollars with an interest period of, or of about, 3 months; or
 - (bb) such other reference rate as BNZ considers appropriate having regard to available comparable indices,

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.

"Base Rate" means:

- (i) the 3 Month Bank Bill Rate; or
- (ii) if a BKBM Disruption Event occurs, the Alternative Reference Rate.

"BKBM Disruption Event" means a determination by BNZ that the rate referred to in paragraph (i) of the definition of 3 Month Bank Bill Rate has become unavailable.

"Margin" means the rate (expressed as a percentage per annum) determined by BNZ in consultation with the Managers through the Bookbuild and announced by BNZ via NZX on or about the Rate Set Date.

"Swap Rate" means:

- (i) the mid-market rate for an interest rate swap with a term of 6 years commencing on the Issue Date, as determined by BNZ, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Rate Set Date; or
- (ii) if a rate is unable to be determined in accordance with paragraph (i) above, or if BNZ forms a view, on reasonable grounds, that the rate so determined is not an accurate reflection of market rates, the average of the mean bid and offered swap rates quoted by each of 3 leading banks (or such 1 or more of them as are quoting) selected by BNZ on the Rate Set Date for an interest rate swap with a term of 6 years commencing on the Issue Date,

in each case expressed as a percentage per annum, adjusted for quarterly payments and rounded, if necessary, to the nearest 2 decimal places with 0.005% being rounded up.

- (d) **BKBM Disruption Event:** If a BKBM Disruption Event occurs, BNZ:
 - (i) will use as the Base Rate such Alternative Reference Rate as it may determine in accordance with these Terms;
 - (ii) will make such adjustments to these Terms as it determines are reasonably necessary to calculate Distributions in accordance with such Alternative Reference Rate;
 - (iii) in making the determinations under paragraphs (i) and (ii) above:
 - (aa) will act in good faith and in a commercially reasonable manner;
 - (bb) may consult with such sources of market practice as it considers appropriate;
 - (cc) will have regard to the applicable eligibility criteria for Additional Tier 1 Capital; and
 - (dd) may otherwise make such determination in its discretion; and
 - (iv) will, at least 5 Business Days prior to the first Scheduled Distribution Payment Date on which an Alternative Reference Rate is to be determined, notify Holders, the Registrar and the RBNZ of its decision to use the Alternative Reference Rate.

2.3 Calculation of Distributions:

- (a) The Distribution payable on each PPS 2 on each Scheduled Distribution Payment Date on or before the First Optional Redemption Date and on the Redemption Date (if it falls 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:

$$\text{Distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4}$$

- (b) The Distribution payable on each PPS 2 on the Redemption Date (if it falls on a date before the First Optional Redemption Date that is not a Scheduled Distribution Payment Date) is calculated according to the following formula:

$$\text{Distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4} \times \frac{A}{B}$$

- (c) The Distribution payable on each PPS 2 on each Distribution Payment Date after the First Optional Redemption Date and on the Redemption Date (if it falls on a date after the First Optional Redemption Date) is calculated in accordance with the following formula:

$$\text{Distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price} \times A}{365}$$

where the Distribution Rate is expressed as a decimal and:

"**A**" means, for 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.

"**B**" means, for 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 2 not been Redeemed.

"**Tax Rate**" means the New Zealand corporate tax rate on the relevant Distribution Payment Date (expressed as a decimal).

- 2.4 **Distributions to be Fully Credited:** Subject to clause 2.5, BNZ shall attach Imputation Credits to each Distribution at the rate necessary for the Distribution to be Fully Credited.

- 2.5 **Adjustment to calculation of Distributions if not fully imputed:** If any Distribution is not Fully Credited in accordance with clause 2.4, the Distribution will be increased by an amount in dollars equal to the shortfall in Imputation Credits which would otherwise have been attached to the Distribution had the Distribution been Fully Credited.

- 2.6 **Distribution payments are discretionary and conditional:** BNZ has full discretion at all times to cancel Distributions on the PPS 2. In addition, the payment of any Distribution on any Distribution Payment Date is subject to:

- (a) the payment of the Distribution not resulting in a breach of the Conditions of Registration as at the time of the payment; and
- (b) BNZ being Solvent on the Distribution Payment Date and remaining Solvent immediately after such payment is made.

BNZ must notify Holders at least 5 Business Days before the relevant Record Date (or, if later, promptly and without delay after it decides not to make the Distribution) if payment of any Distribution will not be made because of this clause 2.6.

- 2.7 **Distributions are non-cumulative:** Distributions are non-cumulative. If payment of any Distribution is not made for any reason, BNZ has no liability to pay that unpaid Distribution. No interest accrues on any unpaid Distributions and a Holder has no claim or entitlement in respect of interest on any unpaid Distribution.
- 2.8 **Notification of Distribution Rate:**
- (a) BNZ must determine the Distribution Rate for each Distribution Payment Date on or before the First Optional Redemption Date in accordance with clause 2.2 and announce the Distribution Rate via NZX and notify the Registrar of the Distribution Rate on or about the Rate Set Date.
 - (b) BNZ must determine the Distribution Rate for each Distribution Payment Date after the First Optional Redemption Date in accordance with clause 2.2 and notify Holders and the Registrar of the Distribution Rate on or about the previous Scheduled Distribution Payment Date.
- 2.9 **Restrictions on BNZ in the case of non-payment of Distributions:** If for any reason a Distribution is not paid in full within 3 Business Days of a Distribution Payment Date, BNZ must not authorise or pay a dividend on its Ordinary Shares, acquire its Ordinary Shares or otherwise undertake a capital reduction in respect of its Ordinary Shares, unless and until:
- (a) BNZ pays a Distribution in full on a subsequent Scheduled Distribution Payment Date; or
 - (b) there are no PPS 2 outstanding.
- 2.10 **Deductions:**
- (a) BNZ may deduct from any Distribution or any other amount payable in accordance with these Terms the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount ("**Tax**"). Deductions of Tax will be made at the maximum rates from time to time applicable unless a Holder provides evidence satisfactory to the Registrar that a lesser rate is applicable prior to the applicable Record Date.
 - (b) If any such deduction has been made and the amount of the deduction accounted for by BNZ to the relevant revenue authority and the balance of the Distribution payable has been paid to the relevant Holder, the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by BNZ.
 - (c) BNZ shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring any penalty under the applicable law and shall, if required by any Holder, deliver to that Holder a copy of any relevant evidence issued by the revenue authority (to the extent issued) without delay after it is received by BNZ.
 - (d) A Holder must notify the Registrar:
 - (i) prior to the first applicable Record Date for that Holder, of its country of residence for tax purposes (if the Holder is not a New Zealand tax resident); and

- (ii) prior to any Record Date, of any change in circumstances from those previously notified that could affect the payment or withholding obligations of BNZ.
- (e) By accepting payment of any Distribution or any other amount payable in accordance with these Terms, the Holder indemnifies BNZ for all purposes in respect of any liability BNZ may incur for not deducting any amount from such payment on account of New Zealand non-resident withholding tax or New Zealand resident withholding tax.
- (f) If, in relation to any PPS 2, BNZ becomes liable to make any payment of or on account of tax payable by the Holder, BNZ is indemnified by the Holder in relation to such liability. Any moneys paid by BNZ in relation to any such liability may be recovered from the Holder as a debt due to BNZ and may be withheld from and set-off against further payments to that Holder. Nothing in this clause prejudices or affects any other right or remedy of BNZ.

3. REDEMPTION

3.1 Optional Redemption by BNZ:

- (a) Subject to clause 3.2 below, BNZ may by notice to Holders (a "**Redemption Notice**") elect to Redeem all (but not some) of the PPS 2:
 - (i) following the occurrence of a Tax Event or a Regulatory Event; or
 - (ii) on an Optional Redemption Date.
- (b) A Redemption Notice once given is irrevocable.

3.2 Conditions to Redemption: BNZ may only Redeem the PPS 2 if:

- (a) either:
 - (i) prior to, or concurrent with, the Redemption, BNZ replaces the PPS 2 with a paid-up capital instrument:
 - (A) of the same, or better, quality and contributing at least the same regulatory capital amount (for the purposes of the RBNZ's capital adequacy requirements applying to BNZ at the time); and
 - (B) the terms and conditions of which are sustainable for the income capacity of the BNZ Group; or
 - (ii) if BNZ does not intend to replace the PPS 2, BNZ has demonstrated to the RBNZ's satisfaction that, after the Redemption, the BNZ Group's:
 - (A) capital ratios would be sufficiently above their respective minimums; and
 - (B) prudential capital buffer ratio would be sufficiently above its buffer trigger ratio;
- (b) BNZ has provided any information and supporting documentation required by the RBNZ's prudential regulatory requirements to the RBNZ;

- (c) the RBNZ has given its prior written approval to the Redemption; and
- (d) BNZ is Solvent on the Redemption Date and will remain Solvent immediately after the Redemption.

3.3 **Contents of Redemption Notice:** A Redemption Notice must specify:

- (a) the details of any Tax Event or Regulatory Event to which the Redemption Notice relates; and
- (b) the Redemption Date, which:
 - (i) in the case of a Tax Event or Regulatory Event, must be a Business Day; or
 - (ii) otherwise, must be an Optional Redemption Date,in each case that is no earlier than 30 days and no later than 60 days after the date on which the Redemption Notice is given.

3.4 **Redemption:** The PPS 2 will be Redeemed by payment on the Redemption Date of the Issue Price to the Holder.

3.5 **Effect of Redemption on Holders:** On the Redemption Date, Holders will be entitled to be paid the Issue Price in accordance with these Terms and, upon payment of that amount, all other rights conferred, or restrictions imposed, by the PPS 2 will no longer have effect.

3.6 **No optional Redemption by Holders:** A Holder cannot require BNZ to Redeem any of the PPS 2 held by the Holder.

3.7 **Agreements of Holders as to Redemption:** By its purchase of PPS 2, each Holder irrevocably acknowledges and agrees that:

- (a) the RBNZ's approval for any Redemption of the PPS 2 by BNZ is at the absolute discretion of the RBNZ and the Holder should not expect that the RBNZ's approval will be given for any Redemption of the PPS 2; and
- (b) the Holder has no right to require any Redemption of the PPS 2.

3.8 **Final Distribution:** For the avoidance of doubt, Redemption may occur even if BNZ, in its absolute discretion, does not make a Distribution on the Redemption Date.

4. TITLE AND TRANSFER OF PPS 2

4.1 **Title:** Title to a PPS 2 passes when details of the transfer are entered in the Register.

4.2 **Register conclusive as to ownership:** An entry in the Register of a person as a Holder of a PPS 2 constitutes conclusive evidence that the person so entered is the absolute owner of the PPS 2 subject to correction for fraud or error.

4.3 **Non-recognition of interests:**

- (a) Except as required by law or directive and as provided in these Terms, BNZ and the Registrar must treat the person whose name is entered in the Register as the Holder of a PPS 2 as the absolute owner of the PPS 2.

- (b) No notice of any trust, encumbrance or other interest in, or claim to, any PPS 2 will be entered in the Register. Neither BNZ nor the Registrar need take notice of any trust, encumbrance or other interest in, or claim to, any PPS 2, except as ordered by a court of competent jurisdiction or required by law or directive, and no trust, encumbrance or other interest in, or claim to, any PPS 2 will in any way affect any provision of these Terms.
- (c) This clause 4.3 applies whether or not a payment has been made when scheduled on a PPS 2 and despite any notice of ownership of, trust, encumbrance or other interest in, or claim to, the PPS 2.

4.4 **Joint holders:** Where 2 or more persons are entered in the Register as the joint Holders of a PPS 2, they are taken to hold the PPS 2 as joint tenants with rights of survivorship, but the Registrar is not bound to register more than 3 persons as joint Holders of a PPS 2.

4.5 **Transfer:**

- (a) Subject to these Terms and the Constitution, a Holder may transfer PPS 2:
 - (i) in accordance with the rules of any securities settlement system declared to be a designated FMI ("**Settlement System**") under section 20 of the Financial Market Infrastructures Act 2021; or
 - (ii) by any proper or sufficient instrument of transfer of marketable securities under applicable law, which must be delivered to the Registrar with any evidence the Registrar or BNZ reasonably requires to prove title to or the right to transfer PPS 2.
- (b) No transfer of any part of a Holder's holding may be effected if such transfer would result in the transferor or the transferee holding or continuing to hold a Non-marketable Parcel of PPS 2.
- (c) The Registrar must register a transfer of PPS 2 to or by a person who is entitled to make or receive the transfer as a consequence of:
 - (i) death, bankruptcy, liquidation or winding-up of a Holder; or
 - (ii) a vesting order by a court or other body with power to make the order, on receiving the evidence that the Registrar or BNZ requires.

4.6 **Settlement System:** While the PPS 2 remain quoted on the NZX Debt Market:

- (a) the rights and obligations of a person holding any PPS 2; and
- (b) all dealings (including transfers) in relation to the PPS 2,

will be subject to and governed by the Settlement System operated by NZX.

4.7 **Dealings in whole:** At all times, the PPS 2 may be held or transferred only in whole PPS 2.

4.8 **Selling Restrictions:** The LDD only constitutes an offer of PPS 2 to investors in New Zealand in accordance with the Selling Restrictions. BNZ has not taken and will not take any action that would permit a public or regulated offering of the PPS 2, or possession or distribution of any offering material for the PPS 2, in any country or jurisdiction other than New Zealand.

4.9 **Agreements of Holders as to Selling Restrictions:** By its purchase of PPS 2, each Holder irrevocably acknowledges and agrees:

- (a) that PPS 2 may only be offered for sale or sold in accordance with the Selling Restrictions; and
- (b) to indemnify BNZ, the Registrar, each Manager and their respective directors, officers, employees and agents (each an "**Indemnified Person**") in respect of any loss, cost, claim, fine, damages, liability or expense sustained or incurred by that Indemnified Person as a result of the Holder breaching the Selling Restrictions.

5. PAYMENTS

5.1 **Payments to Holders:** Each payment in respect of a PPS 2 will be made to the person that is recorded in the Register as the Holder of the PPS 2 as at the close of business on the Record Date for that payment.

5.2 **Payment to accounts:** Payments will be made by BNZ by crediting on the relevant payment date the amount due to a NZ dollar bank account maintained in New Zealand with a financial institution notified by the Holder to the Registrar by close of business on the Record Date for that payment.

5.3 **Uncompleted payments:** If:

- (a) a Holder has not notified the Registrar by close of business on the Record Date of a NZ dollar bank account maintained in New Zealand with a financial institution to which payments in respect of the PPS 2 may be credited; or
- (b) the transfer of any amount for payment to the credit of the nominated account does not complete for any reason,

BNZ or the Registrar will send a notice advising of the uncompleted payment by email, other electronic means or post to the address or number shown in the Register or provided by the Holder to the Registrar. In that case, the amount of the uncompleted payment will be held as a deposit in a non-interest bearing, special purpose account maintained by BNZ or the Registrar until the first to occur of the following:

- (i) the Holder nominates a suitable NZ dollar bank account maintained in New Zealand with a financial institution to which the payment may be credited;
- (ii) claims may no longer be made in respect of that amount, in which case the moneys shall be paid to and be the property of BNZ; or
- (iii) BNZ becomes entitled or obliged to deal with the amount in accordance with the law relating to unclaimed moneys.

No interest or other additional amount is payable in respect of any delay in payment under this clause 5.3.

5.4 **Time limit on claims:** Any claim against BNZ for a payment under a PPS 2 is void unless made within 4 years from the date on which payment first became due.

5.5 **Rounding:** Except to the extent the Terms provide otherwise, for the purposes of any calculations required under these Terms:

- (a) all figures must be rounded to 4 decimal places (with halves being rounded up); and
- (b) all amounts that are due and payable in respect of a Holder's aggregate holding of PPS 2 must be rounded to the nearest cent (with halves being rounded up).

5.6 **Joint Holders:** A payment to any 1 joint Holder will discharge BNZ's liability in respect of that payment.

5.7 **Payments subject to law:** All payments are subject to applicable law.

5.8 **Payment on Business Days:** If a payment:

- (a) is due on a PPS 2 on a day which is not a Business Day, then the due date for payment will be postponed to the next day that is a Business Day; or
- (b) is to be made to an account on a Business Day on which banks are not open for business in the place the account is located, payment will be made on the next day on which banks are open for business in that place,

and, in either case, no interest or other additional amount is payable in respect of that delay in payment.

5.9 **FATCA:**

- (a) BNZ, in its absolute discretion, may withhold or make deductions from payments to a Holder where BNZ is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of PPS 2 may be subject to withholding under or in connection with FATCA, and may deal with such payment and the Holder's PPS 2 in accordance with FATCA.
- (b) BNZ, in its absolute discretion, may require a Holder to provide it with information to determine the applicability of any withholding under or in connection with FATCA. BNZ may provide any such information to the United States Internal Revenue Service or any other relevant Government Agency for the purposes of ensuring compliance with FATCA.
- (c) If any withholding or deduction arises under or in connection with FATCA, BNZ will not be required to pay any further amounts on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of PPS 2 for or in respect of any such withholding or deduction.

6. RANKING

6.1 **Payment and ranking in a liquidation of BNZ:**

- (a) In a liquidation of BNZ:
 - (i) each PPS 2 confers upon the Holder, in the distribution of surplus assets of BNZ, the right to payment in cash of an amount equal to the Issue Price ("**Liquidation Sum**"); and
 - (ii) the right to payment of the Liquidation Sum conferred by each PPS 2 ranks:
 - (aa) behind the claims of all holders of Senior Ranking Obligations;

- (bb) equally with the right conferred by each other PPS 2 and the rights or claims of holders of Equal Ranking Instruments; and
 - (cc) ahead of the rights of holders of Ordinary Shares.
- (b) The PPS 2 are perpetual and these Terms do not include events of default or any other provisions entitling Holders to require that the PPS 2 be Redeemed. No Holder has any right to apply for the liquidation or administration of BNZ or any other member of the BNZ Group, or to cause a receiver, or receiver and manager, to be appointed in respect of BNZ or any other member of the BNZ Group, on the grounds of BNZ's failure or potential failure to pay Distributions or for any other reason in connection with BNZ's compliance with these Terms.
- (c) Under no circumstances may a Holder seek to have any obligations of BNZ under the PPS 2 accelerated.

6.2 **Ranking for payment:** The PPS 2 rank in respect of payment of Distributions:

- (a) ahead of the rights of holders of Ordinary Shares with respect to dividends or other distributions;
- (b) equally with the rights of holders of Equal Ranking Instruments with respect to dividends or other distributions; and
- (c) equally and without preference amongst themselves.

6.3 **No set-off:** Except as mandatorily provided by law:

- (a) except as provided in clause 2.10(f), BNZ does not have any right to set-off any amounts owing to it by a Holder against any amount payable by it to the Holder in connection with the PPS 2; and
- (b) no Holder has any right to set-off any amounts payable to it by BNZ in connection with the PPS 2 against any amount owing by it to BNZ in connection with the PPS 2 or otherwise.

7. AMENDMENTS

7.1 **Limited right to amend:** Except as provided in clauses 7.2 and 7.3, BNZ may not amend these Terms while any PPS 2 remain on issue.

7.2 **Amendments without approval:** Subject to clause 7.4, BNZ may amend these Terms without the authority, assent or approval of Holders if, in the reasonable opinion of BNZ, the amendment:

- (a) is made to cure an ambiguity or correct a manifest error;
- (b) is of a formal, minor or technical nature;
- (c) is necessary or expedient for the purpose of complying with any law, the requirements of any statutory authority, the NZX Listing Rules or the listing or quotation requirements of any securities exchange on which BNZ may propose to seek a listing or quotation of the PPS 2;

- (d) is necessary or expedient for the purpose of enabling the PPS 2 to be quoted or to remain quoted on a securities exchange or to be lodged or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place;
- (e) is made in accordance with clause 2.2(d); or
- (f) will not materially adversely affect the rights of Holders as a whole.

7.3 **Amendments with approval:** Without limiting clause 7.2, but subject to clause 7.4, BNZ may amend these Terms if the amendment is approved by a special resolution of Holders.

7.4 **RBNZ notification:** No amendment to these Terms is permitted unless, at least 5 Business Days prior to the amendment being made, notification of the amendment has been made to the RBNZ by BNZ, accompanied by any supporting documentation required by the RBNZ's prudential regulatory requirements.

7.5 **Meaning of amend:** In this clause 7, "**amend**" includes modify, cancel, alter, replace or add to and "**amendment**" has a corresponding meaning.

8. FURTHER ISSUES AND NO OTHER RIGHTS

8.1 **Further issues:** Each of the following is expressly permitted and authorised by these Terms and does not affect, or constitute a modification or variation of, the rights or privileges attaching to the PPS 2 then on issue:

- (a) the issue or incurrence by BNZ or any other member of the BNZ Group of securities or liabilities of any kind, or the conversion of existing securities or liabilities into securities or liabilities of any kind, ranking ahead of, equally with or behind, or having different rights from, the PPS 2; and
- (b) the redemption, buy-back or return or distribution of capital by BNZ or any other member of the BNZ Group in respect of any share capital of BNZ or the BNZ Group.

8.2 **No other rights:** The PPS 2 do not confer on Holders any right to:

- (a) vote at any general meeting of BNZ or participate in any other decision or resolution of holders of Ordinary Shares;
- (b) participate in the issue of any other securities of BNZ or any other member of the BNZ Group or to participate in any bonus issues of securities of BNZ or any other member of the BNZ Group; or
- (c) otherwise participate in the profits or property of BNZ, except by receiving payments as set out in these Terms.

8.3 **Interest group protections:** Nothing in clause 8.2 limits or otherwise affects a Holder's rights under section 117(1) of the Companies Act.

9. MEETINGS

9.1 Proceedings at meetings of Holders are governed by schedule 1 of the Companies Act except to the extent that the Constitution makes provision for the matters that are expressed in that schedule to be subject to the Constitution with respect to PPS 2.

10. NOTICES

10.1 **Notices to Holders:** All notices, certificates, consents, approvals, waivers and other communications in connection with a PPS 2 to the Holder must be in writing and may be:

- (a) sent by prepaid post (airmail if appropriate) or left at the address of the relevant Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the relevant notice or communication);
- (b) given by an advertisement published in The Post, the New Zealand Herald or any other newspaper nationally circulated within New Zealand;
- (c) so long as the PPS 2 are quoted on the NZX Debt Market, given by making an announcement on NZX; or
- (d) sent to an email address or other number or address used for the purposes of sending or receiving communications by electronic means, in each case provided by the Holder to the Registrar for the purposes of receiving such notices.

10.2 **Non-receipt of notices by Holders:** If there are 2 or more Holders, the non-receipt of any notice by, or the accidental omission to give any notice to, a Holder does not invalidate the giving of that notice.

10.3 **Notices to BNZ and the Registrar:** All notices or other communications by a Holder to BNZ or the Registrar in respect of these Terms must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:
 - (i) in the case of BNZ:

Attention: The Treasurer
Bank of New Zealand

Address: Level 4
80 Queen Street
Auckland 1010
New Zealand

Email: bnz_treasury@bnz.co.nz
 - (ii) in the case of the Registrar:

Address: Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
New Zealand

Email: enquiry@computershare.co.nz

or to such other address or email address as BNZ or the Registrar notifies to Holders as its address or email address (as the case may be) for notices or other communications in respect of these Terms from time to time;

- (c) signed or, in the case of email, emailed by the person making the communication or by a person duly authorised by that person; and

- (d) delivered or posted by prepaid post to the address, or sent by email to the email address, in accordance with clause 10.3(b).

10.4 **When Effective:** Communications take effect from the time they are received or taken to be received (whichever happens first) unless a later time is specified in them.

10.5 **Receipt:** Unless a later time is specified in it, a notice or other communication will be taken to be received:

- (a) if sent by email or by other electronic means, when actually received in its entirety in legible form, unless that day is not a Business Day, or is after 5.00pm (New Zealand time) on a Business Day, in which case that communication will be regarded as received at 9.00am (New Zealand time) on the next Business Day;
- (b) if sent by post, on the 3rd Business Day after posting if posted to an address in New Zealand and on the 7th Business Day after posting if posted to an address outside of New Zealand;
- (c) if published by an announcement on NZX, when the announcement is released by NZX; and
- (d) if published in a newspaper, on the first date that publication has been made in the chosen newspaper.

11. GOVERNING LAW AND JURISDICTION

11.1 **Governing law:** The PPS 2 and these Terms are governed by and shall be construed in accordance with the laws of New Zealand.

11.2 **Jurisdiction:** BNZ has irrevocably agreed, and each Holder is taken to have irrevocably agreed, that the courts of New Zealand are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the PPS 2 and accordingly BNZ has submitted, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New Zealand and BNZ waives, and each Holder is taken to have waived, any objection to the courts of New Zealand on the grounds that they are an inconvenient or inappropriate forum.

11.3 **Service of process:**

- (a) BNZ agrees that process in respect of legal action or proceeding arising out of or in connection with the PPS 2 in New Zealand may be served at the principal office of BNZ, which, as at the Issue Date, is located at Level 4, 80 Queen Street, Auckland 1010, New Zealand.
- (b) Nothing in these Terms affects the right to serve process in any other manner permitted by law.

12. MISCELLANEOUS

12.1 **Contract and Commercial Law Act 2017:**

- (a) Clause 4.9(b) is intended to confer a benefit on, and may be enforced by, each Indemnified Person under the Contract and Commercial Law Act 2017.

- (b) Clause 6 is intended to confer a benefit on, and may be enforceable by, the holders of Senior Ranking Obligations, Equal Ranking Instruments and Ordinary Shares under the Contract and Commercial Law Act 2017.

12.2 **Power of attorney:**

- (a) Each Holder appoints each of BNZ, its officers and any External Administrator of BNZ (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms including, but not limited to, effecting any transfers of PPS 2 or making any entry in the Register.
- (b) The power of attorney given in this clause 12.2 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

12.3 **Agreements of Holders as to information disclosure:** By purchasing PPS 2, each Holder irrevocably acknowledges and agrees that BNZ and the Registrar may collect, use or disclose any information about the Holder in accordance with their privacy policies (as such policies may be amended or substituted from time to time). As at the date of the LDD, BNZ's Master Privacy Policy is available at www.bnz.co.nz/about-us/governance/privacy-policy.

13. **INTERPRETATION AND DEFINITIONS**

13.1 **Interpretation:**

- (a) Unless otherwise specified, a reference to a clause or paragraph is a reference to a clause or paragraph of these Terms.
- (b) Headings and boldings are for convenience only and do not affect the interpretation of these Terms.
- (c) The singular includes the plural and vice versa.
- (d) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (e) Unless otherwise specified in these Terms, if an event under these Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day or, if that day would fall in the next calendar month, the preceding Business Day.
- (f) A reference to NZ dollars, NZ\$ or NZ cents is a reference to the lawful currency of New Zealand.
- (g) Calculations, elections and determinations made by or on behalf of BNZ under these Terms are binding on Holders in the absence of manifest error.
- (h) Any provisions which refer to the requirements of the RBNZ or any other prudential regulatory requirements will apply to BNZ only if BNZ is an entity, or the holding company of an entity, subject to regulation and supervision by the RBNZ at the relevant time.

- (i) Any provisions which require the RBNZ to be notified or require the RBNZ's consent or approval will apply only if the RBNZ requires that such notification be made, or consent or approval be given, at the relevant time.
- (j) Any provision in these Terms requiring the prior consent or approval of the RBNZ for a particular course of action to be taken does not imply that the RBNZ has given its consent or approval as of the Issue Date or will give its consent or approval on any later date. Any such consent or approval is at the discretion of the RBNZ and may or may not be given.
- (k) A reference to a party to an agreement or deed includes a reference to a replacement or substitute of the party according to that agreement or deed.
- (l) A reference to an agreement or deed includes a reference to that agreement or deed as amended, added to or restated from time to time.
- (m) The words "includes" or "including", "for example" or "such as" do not exclude a reference to other items, whether of the same class or genus or not.
- (n) Words importing any gender include all other genders.
- (o) A reference to any term defined by the RBNZ (including, without limitation, "Additional Tier 1 Capital") shall, if that term is replaced or superseded in any of the RBNZ's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term.
- (p) Where BNZ is required to give or serve a notice by a certain date under these Terms, BNZ is required to despatch the notice by that date and delivery or receipt (or deemed receipt) is permitted to occur after that date.
- (q) Where a Holder is required to give or deliver a notice to BNZ by a certain date under these Terms, the notice must be received by BNZ by that date.
- (r) A reference to time is to New Zealand standard time.
- (s) A reference to a term defined by the NZX Listing Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.
- (t) So long as the PPS 2 are quoted on the NZX Debt Market in accordance with the Settlement System operated by NZX, these Terms are to be interpreted in a manner consistent with the NZX Listing Rules.

13.2 **Definitions:** In these Terms, except where the contrary intention appears:

"3 Month Bank Bill Rate" has the meaning given in clause 2.2(c).

"Additional Tier 1 Capital" means the capital of BNZ that meets the definition of additional tier 1 capital in the RBNZ's prudential regulatory requirements from time to time.

"Alternative Reference Rate" has the meaning given in clause 2.2(c).

"Attorney" has the meaning given in clause 12.2.

"Banking Act" means the Banking Act 1959 of Australia.

"Base Rate" has the meaning given in clause 2.2(c).

"BKBM Disruption Event" has the meaning given in clause 2.2(c).

"**BNZ**" means Bank of New Zealand.

"**BNZ Group**" has the meaning given to "banking group" in the Conditions of Registration.

"**Bookbuild**" means the process conducted after the closing of the offer of the PPS 2 whereby certain investors lodge bids for PPS 2 and, on the basis of those bids, BNZ in consultation with the Managers determines the Margin and allocations of the PPS 2.

"**Business Day**" means:

- (a) for the purposes of giving notices, a day which is a business day within the meaning of the NZX Listing Rules; or
- (b) for all other purposes, a day that is not a Saturday or Sunday and on which banks are open for general business in Wellington and Auckland, New Zealand.

"**Companies Act**" means the Companies Act 1993.

"**Conditions of Registration**" means the conditions of registration or licence imposed on BNZ by the RBNZ, as amended from time to time.

"**Constitution**" means the constitution of BNZ, as amended from time to time.

"**Directors**" means the directors of BNZ acting as a board or an authorised committee of the board.

"**Distribution**" has the meaning given in clause 2.1(a).

"**Distribution Payment Date**" means, in respect of each PPS 2:

- (a) each date that is the numerically corresponding date to the Issue Date and which falls at quarterly intervals from the Issue Date until (but excluding) the Redemption Date (each a "**Scheduled Distribution Payment Date**"); and
- (b) the Redemption Date.

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.

"**Distribution Rate**" means:

- (a) in respect of a Distribution Payment Date on or before the First Optional Redemption Date, the rate determined in accordance with clause 2.2(a); and
- (b) in respect of a Distribution Payment Date after the First Optional Redemption Date, the rate determined in accordance with clause 2.2(b).

"**Equal Ranking Instruments**" means all securities and other obligations of BNZ that qualify as Additional Tier 1 Capital (including perpetual preference shares) or which rank or are expressed to rank equally with such securities or other obligations in a liquidation of BNZ, present and future.

"**External Administrator**" means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or

- (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertaking of that person,

or in either case any similar official.

"**FATCA**" means Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "**Code**") (or any consolidation, amendment, re-enactment or replacement of those sections) and including any current or future regulations or official interpretations issued, agreements entered into pursuant to Section 1471(b) of the Code or non-US laws enacted or regulations or practices adopted pursuant to any intergovernmental agreement in connection with the implementation of those sections.

"**First Optional Redemption Date**" means the date that is the 6th anniversary of the Issue Date.

"**Fully Credited**" means, in relation to a Distribution, that Imputation Credits are validly attached to the Distribution, so that:

- (a) the Imputation Ratio of the Distribution is the maximum Imputation Ratio permitted by law; and
- (b) the Imputation Credits, as a proportion of the Distribution together with those Imputation Credits, are not less than the New Zealand corporate tax rate on the relevant Distribution Payment Date.

"**Government Agency**" means any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity.

"**Holder**" means a person whose name is entered in the Register as the holder of a PPS 2 for the time being.

"**Imputation Credit**" has the meaning given to it in section YA 1 of the Income Tax Act 2007.

"**Imputation Ratio**" has the meaning given to it in section YA 1 of the Income Tax Act 2007.

"**Indemnified Person**" has the meaning given in clause 4.9(b).

"**Issue Date**" means the date on which the PPS 2 are issued.

"**Issue Price**" means NZ\$1.00 per PPS 2.

"**LDD**" means the limited disclosure document for the offer of the PPS 2.

"**Liquidation Sum**" has the meaning given in clause 6.1(a)(i).

"**Manager**" means each person named as arranger, joint lead manager or co-manager in the LDD.

"**Margin**" has the meaning given in clause 2.2(c).

"**NAB**" means National Australia Bank Limited (ABN 12 004 044 937).

"**NAB Group**" means NAB (or any 'non-operating holding company' within the meaning of the Banking Act that is the holding company of NAB) and the entities that NAB (or such non-operating holding company) 'controls' within the meaning of the Corporations Act 2001 of Australia.

"Non-marketable Parcel of PPS 2" means a parcel of PPS 2 registered in the same name or same joint names, the aggregate Issue Price of which is less than NZ\$5,000 or is not a multiple of NZ\$1,000.

"NZX" means NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited.

"NZX Debt Market" means the debt market operated by NZX.

"NZX Listing Rules" means the listing rules of NZX, as amended, varied or waived from time to time.

"Optional Redemption Date" means:

- (a) the First Optional Redemption Date; and
- (b) each Scheduled Distribution Payment Date after the First Optional Redemption Date.

"Ordinary Shares" means all ordinary shares in the capital of BNZ, present and future.

"PPS 2" means the perpetual preference shares or a perpetual preference share (as applicable) issued in accordance with and subject to these Terms.

"Rate Set Date" means the date specified as such in the LDD.

"RBNZ" means the Reserve Bank of New Zealand or any successor body responsible for prudential regulation of BNZ in New Zealand.

"Record Date" means, in the case of:

- (a) a payment of a Distribution, the date which is 10 calendar days before the relevant Distribution Payment Date; or
- (b) a payment of any other amount, a date determined by BNZ and notified to NZX, the Registrar and Holders,

or in either case such other date as may be required by NZX.

If a Record Date is a day which is not a Business Day, then the Record Date will be the immediately preceding Business Day. For the purposes of determining the Record Date for a Distribution Payment Date, the Business Day convention in clause 5.8 shall be disregarded.

"Redemption" means the redemption of PPS 2 in accordance with these Terms and **"Redeem"** and **"Redeemed"** have corresponding meanings.

"Redemption Date" means, in respect of the PPS 2:

- (a) an Optional Redemption Date on which the PPS 2 are to be Redeemed; or
- (b) any other date on which the PPS 2 are to be Redeemed,

or, if the PPS 2 are not Redeemed on that day, the date on which the PPS 2 are Redeemed.

"Redemption Notice" has the meaning given in clause 3.1(a).

"Register" means the register of Holders established and maintained by or on behalf of BNZ in accordance with section 87 of the Companies Act.

"Registrar" means Computershare Investor Services Limited or such other person or persons resident in New Zealand as BNZ may from time to time appoint to maintain the Register.

"Regulatory Change" means any amendment to, clarification of or change (including any announcement of a change that will be introduced) in or to:

- (a) any law or regulation in New Zealand;
- (b) any official administrative pronouncement or action or judicial decision interpreting or applying any law or regulation in New Zealand; or
- (c) any order, direction, standard, requirement, guideline or statement of the RBNZ (whether or not having the force of law),

in each case provided that such event is not minor and could not reasonably have been anticipated by BNZ at the Issue Date.

"Regulatory Event" means:

- (a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of a Regulatory Change, additional requirements would be imposed on BNZ in relation to or in connection with the regulatory treatment of the PPS 2 which the Directors determine, in their absolute discretion, have, or would have, an unacceptable adverse effect; or
- (b) the determination by the Directors that, as a result of a Regulatory Change, BNZ is not or will not be entitled to treat some or all PPS 2 as Additional Tier 1 Capital.

"Scheduled Distribution Payment Date" has the meaning given in the definition of Distribution Payment Date.

"Selling Restrictions" means the restrictions specified as such in the LDD.

"Senior Ranking Obligations" means all deposits and other liabilities, securities and other obligations of BNZ other than Equal Ranking Instruments and Ordinary Shares.

"Settlement System" has the meaning given in clause 4.5(a)(i).

"Solvent" means satisfying the solvency test contained in section 4 of the Companies Act, as modified by section 52 of that Act.

"Swap Rate" has the meaning given in clause 2.2(c).

"Tax Event" means a determination by BNZ that:

- (a) there has been, or there will be, a change in any New Zealand law, regulation, ruling or directive (including by way of the imposition of, or any change to, any New Zealand law, regulation, ruling or directive);
- (b) there has been, or there will be, a change in the application, interpretation or administration of any New Zealand law, regulation, ruling or directive by any authority (including the New Zealand Inland Revenue); or

- (c) BNZ is or will be required to comply with any change in New Zealand law, regulation, ruling or directive or changed application, interpretation or administration,

in each case that applies, or is to apply, after the Issue Date and which directly or indirectly affects the taxation treatment in relation to the PPS 2 with the effect that any member of the BNZ Group would be exposed to a more than minor increase to its costs in relation to the PPS 2, provided that BNZ could not reasonably have anticipated such event when the PPS 2 were issued.

"**Terms**" means these terms and conditions of the PPS 2.

13.3 **Companies Act:** In these Terms, except where a contrary intention applies, each of the following has the meaning given to it in the Companies Act:

- (a) distribution;
- (b) dividend;
- (c) holding company;
- (d) special resolution; and
- (e) subsidiary.