KIWIBANK LIMITED 2021 PERPETUAL PREFERENCE SHARE TERMS

The following are the Terms which apply to each PPS. 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.

1. FORM OF PPS AND RANKING

1.1 **Form and constitution**: The PPS are perpetual preference shares of Kiwibank, constituted by the Constitution and these Terms and issued in registered form by entry in the Register.

1.2 **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. No certificates will be issued to Holders unless Kiwibank is required to provide certificates by any applicable law or regulation.

1.3 **Issue Price**: The Issue Price of each PPS is NZ$1.00.

1.4 **Payment and ranking in a liquidation of Kiwibank**:

(a) In a liquidation of Kiwibank:

(i) each PPS confers upon the Holder, in the distribution of surplus assets of Kiwibank, 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 ranks:

(aa) after the claims of all holders of Senior Ranking Obligations;

(bb) equally with the right conferred by each other PPS and the rights or claims of holders of Equal Ranking Securities; and

(cc) ahead of the rights of holders of Junior Ranking Securities.

(b) The PPS are perpetual and these Terms do not include events of default or any other provisions entitling Holders to require that the PPS be Redeemed. No Holder has 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 or for any other reason in connection with Kiwibank's compliance with these Terms.

(c) Under no circumstances may a Holder seek to have any obligations of Kiwibank under the PPS accelerated.

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

(a) in priority to the rights of holders of Junior Ranking Securities with respect to dividends or other distributions;

(b) equally with the rights of holders of Equal Ranking Securities with respect to dividends or other distributions; and

(c) equally and without preference amongst themselves.

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

(a) Kiwibank does not have any right to set-off any amounts owing to it by a Holder against any amount owing by it to the Holder in connection with the PPS.

(b) No Holder has any right to set-off any amounts owing to it by Kiwibank in connection with the PPS against any amount owing by it to Kiwibank in connection with the PPS or otherwise.

1.7 **No guarantee, etc**: The PPS are unsecured and not guaranteed by any person. No member of the Kiwibank Group has any obligations to Holders in respect of the PPS except Kiwibank, as described in these Terms.

1.8 **No other rights**: The PPS confer no rights on a Holder:

(a) to attend or vote at any meeting of holders of Ordinary Shares or to participate in any other decision or resolution of holders of Ordinary Shares;

(b) to subscribe for new securities of Kiwibank or to participate in any bonus issues of securities of Kiwibank; or

(c) to otherwise participate in the profits or property of Kiwibank, except by receiving payments as set out in these Terms.

1.9 **Interest group protections**: Nothing in clause 1.8 limits or otherwise affects a Holder's rights under section 117 of the Companies Act.

1.10 **Contract and Commercial Law Act 2017**: The provisions of this clause 1 are intended to be for the benefit of and enforceable by the holders of Senior Ranking Obligations, Equal Ranking Securities and Junior Ranking Securities pursuant to part 2, subpart 1 of the Contract and Commercial Law Act 2017.

2. DISTRIBUTIONS

2.1 **Distributions**:

(a) Each PPS entitles the Holder to receive a cash distribution ("**Distribution**") payable in arrear on each Distribution Payment Date, calculated in accordance with clause 2.3.

(b) Payment of the Distribution on each PPS is subject to clauses 2.6, 2.7 and 5.

2.2 **Distribution Rate determination**: The rate (expressed as a percentage per annum) to be used for calculating Distributions in accordance with clause 2.3 for each Fixed Rate Period ("**Distribution Rate**"), is the rate calculated according to the following formula:

Distribution Rate = (Swap Rate + Margin)

where:

"**Swap Rate**" means:

(a) in respect of the first Fixed Rate Period:

(i) the mid-market swap rate for an interest rate swap with a term of 5 years commencing on the Rate Set Date, as calculated by Kiwibank on the

Rate Set Date in accordance with market convention with reference to Bloomberg page 'ICNZ4' (or its successor page); or

(ii) if a rate is unable to be determined in accordance with (i) above, or if Kiwibank forms a view, on reasonable grounds, that the rate so determined is not an accurate reflection of market rates, the average of the mean bid and offered swap rates quoted by each of the Reference Banks on the Rate Set Date for an interest rate swap with a term of 5 years commencing on the Rate Set Date; and

(b) in respect of any other Fixed Rate Period:

(i) the mid-market swap rate for an interest rate swap with a term of 5 years commencing on the applicable Rate Reset Date, as calculated by Kiwibank at or about 11am on the Rate Reset Date in accordance with market convention with reference to Bloomberg page 'ICNZ4' (or its successor page); or

(ii) if a rate is unable to be determined in accordance with (i) above, or if Kiwibank forms a view, on reasonable grounds, that the rate so determined is not an accurate reflection of market rates, the average of the mean bid and offered swap rates quoted by each of the Reference Banks at or about 11am on the Rate Reset Date for an interest rate swap with a term of 5 years commencing on the Rate Reset Date,

in each case expressed on a percentage basis, adjusted for quarterly payments and rounded, if necessary, to the nearest two decimal places with five being rounded up.

"**Margin**" means the margin (expressed as a percentage per annum) determined by Kiwibank in consultation with the Joint Lead Managers following the Bookbuild and announced by Kiwibank via NZX on the Rate Set Date.

If the rate determined in accordance with this clause 2.2 is less than 0% per annum, the Distribution Rate will be deemed to be 0% per annum.

2.3 **Calculation of Distributions**:

(a) The Distribution payable on each PPS on each Scheduled Distribution Payment Date and on the Redemption Date (if it falls on a date that would otherwise be a Scheduled Distribution Payment Date) is calculated according to the following formula:

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

(b) The Distribution payable on any other Distribution Payment Date is calculated in accordance with the following formula:

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

Where:

"**N**" is the number of days from (and including) the previous Distribution Payment Date (or the Issue Date if the first Distribution Payment Date has not occurred) to (but excluding) the Distribution Payment Date; and

"**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**: Kiwibank 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**: Kiwibank has full discretion at all times to cancel Distributions on the PPS. In addition, the payment of any Distribution on any Distribution Payment Date is subject to:

(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) Kiwibank being Solvent on the Distribution Payment Date and remaining Solvent immediately after such payment is made.

Kiwibank must notify Holders at least five 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, Kiwibank 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 and other items**:

(a) Kiwibank must notify Holders of the Distribution Rate for each Fixed Rate Period.

(b) Kiwibank must give notice under this clause 2.8 as soon as practicable after it makes its determination and by no later than the fourth Business Day of the relevant Fixed Rate Period.

2.9 **Determination final**: Kiwibank's determination of all dates, rates and amounts under these Terms is, in the absence of wilful default, bad faith or manifest error, final and binding on Kiwibank and each Holder.

2.10 **Restrictions on Kiwibank in the case of non-payment of Distributions**: If for any reason a Distribution is not paid in full on a Distribution Payment Date, Kiwibank must not:

(a) make any distributions or payments on, or issue any bonus securities in respect of, any Junior Ranking Securities; or

(b) make any distributions or payments on or with respect to, or issue any bonus securities in respect of, any other Equal Ranking Securities (unless the payment is made with respect to such other Equal Ranking Securities and a pro rata payment is made in respect of the PPS at the same time),

unless and until:

(c) Kiwibank pays Distributions in full on two subsequent consecutive Scheduled Distribution Payment Dates; or

(d) there are no PPS outstanding.

3. REDEMPTION

3.1 **Redemption at the option of Kiwibank**: Subject to the other provisions of this clause 3, Kiwibank may at its option Redeem all (but not some) of the PPS:

(a) on an Optional Redemption Date for their Issue Price; or

(b) following the occurrence of a Tax Event or Regulatory Event, in each case for the greater of their Issue Price and their Market Value.

3.2 **Optional Redemption Notice**:

(a) Subject to clause 3.3, Kiwibank may only Redeem PPS under clause 3.1 if Kiwibank has given a notice to Holders ("**Redemption Notice**") of its election to do so at least 15 Business Days before the proposed Redemption Date.

(b) The Redemption Notice must specify the date on which it is proposed the Redemption will occur, which must be:

(i) in the case of clause 3.1(a), an Optional Redemption Date; or

(ii) in the case of a Tax Event or Regulatory Event, the next Distribution Payment Date that falls not less than 15 Business Days after the date on which the Redemption Notice was given.

3.3 **Conditions to Redemption**: Kiwibank may only Redeem under clause 3.1 if:

(a) either:

(i) prior to, or concurrent with, Redemption, Kiwibank replaces the PPS with a paid-up capital instrument:

(aa) 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 Kiwibank at the time); and

(bb) the terms and conditions of which are sustainable for the income capacity of the Kiwibank Group; or

(ii) if Kiwibank does not intend to replace the PPS, it has demonstrated to the RBNZ's satisfaction that, after the Redemption, the Kiwibank Group's:

(aa) capital ratios would be sufficiently above their respective minimums; and

(bb) prudential capital buffer ratio would be sufficiently above its buffer trigger ratio;

(b) Kiwibank has provided to the RBNZ any information and supporting documentation required by the RBNZ's prudential regulatory requirements;

(c) the RBNZ has given its prior written approval to the Redemption. Approval is at the discretion of the RBNZ and may or may not be given; and

(d) Kiwibank will remain Solvent immediately after the Redemption of the PPS and otherwise comply with any applicable law, directive or requirement.

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

3.5 **No Redemption at the option of the Holders**: Holders do not have a right to require Redemption of their PPS at any time.

3.6 **Effect of Redemption Notice**: A Redemption Notice is irrevocable and Kiwibank must (subject to this clause 3 and clause 5.7) Redeem PPS on the Redemption Date specified in that Redemption Notice.

3.7 **Market Value Determination**: If the Market Value of the PPS is required to be determined, the Market Value will be determined as follows:

(a) Kiwibank must appoint an Independent Valuer as soon as practicable after it has given the related Redemption Notice.

(b) The Independent Valuer must be instructed by Kiwibank to determine the market value of each PPS (adjusted to exclude the value (if any) attributable to the next scheduled but unpaid Distribution) as at the date two Business Days before the related Redemption Notice was sent to Holders ("**PPS Valuation Date**"), and the amount so determined by the Independent Valuer will be the Market Value.

(c) If the PPS are quoted on the NZX Debt Market and have traded on the NZX Debt Market on at least 5 of the 10 days prior to (but excluding) the PPS Valuation Date on which the NZX Debt Market was open for trading (such 10 days period, the "**Valuation Period**"), the Independent Valuer must determine the market value by:

(i) determining the aggregate price paid for all such PPS traded on the NZX Debt Market in the Valuation Period (adjusted to exclude the value (if any) attributable to the next scheduled but unpaid Distribution); and

(ii) dividing that aggregate price by the total number of such PPS traded in that Valuation Period.

4. TITLE AND TRANSFER OF PPS

4.1 **Title**: Title to a PPS passes when the details of a transfer of that PPS 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 constitutes conclusive evidence that the person so entered is the absolute owner of the PPS 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, Kiwibank and the Registrar must treat the person whose name is entered in the Register as the Holder of a PPS as the absolute owner of that PPS.

(b) No notice of any trust, Encumbrance or other interest in, or claim to, any PPS will be entered in the Register. Neither Kiwibank nor the Registrar need take notice of any trust, Encumbrance or other interest in, or claim to, any PPS, except as ordered by a court of competent jurisdiction or required by law, and no trust, Encumbrance or other interest in, or claim to, any PPS 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 and despite any notice of ownership, trust or interest in a PPS.

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

4.5 **Offer restrictions**:

(a) The PDS only constitutes an offer of PPS to retail investors in New Zealand and to institutional investors in accordance with the Selling Restrictions. Kiwibank has not and will not take any action which would permit a public or regulated offering of the 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).

(b) By its purchase of a PPS, each Holder is taken to have agreed that PPS may only be offered for sale or sold in conformity with the Selling Restrictions.

(c) By its purchase of PPS, each Holder agrees to indemnify Kiwibank, the Registrar, each Syndicate Member and their respective directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred by Kiwibank, the Registrar, the Syndicate Member or their respective directors, officers, employees or agents as a result of the breach by the Holder of the Selling Restrictions.

4.6 **Holder absolutely entitled**: Upon a person acquiring title to a PPS by virtue of becoming a Holder in respect of the PPS, all rights and entitlements arising by virtue of these Terms in respect of the PPS vest absolutely in the Holder, such that no person who has previously been the Holder in respect of the PPS has or is entitled to assert against Kiwibank or the Registrar or the Holder for the time being and from time to time any rights, benefits or entitlements in respect of the PPS.

4.7 **Transfers**:

(a) Subject to the Constitution, a Holder may transfer PPS:

(i) in accordance with the rules of any system declared to be a designated settlement system ("**Settlement System**") under section 156N of the RBNZ Act; 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 reasonably requires to prove title to or the right to transfer PPS.

(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.

(c) The Registrar must register a transfer of a PPS 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, upon production of such evidence as to that entitlement as the Registrar considers sufficient; 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 Kiwibank requires.

4.8 **Reliance of documents**: Kiwibank and the Registrar shall be entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless Kiwibank or the Registrar had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

4.9 **Settlement System**: The PPS will be quoted on the NZX Debt Market. While the PPS remain quoted on the NZX Debt Market:

(a) the rights and obligations of a person holding any PPS; and

(b) all dealings in relation to the PPS, including transfers, transmissions and payments,

will be subject to and governed by the NZX Listing Rules and the rules of the Settlement System operated by NZX.

4.10 **Notification by Holders**: Any change of name or address of a Holder or any change in any other information required to be inserted in the Register in respect of a Holder shall immediately be notified to the Registrar in writing by the Holder, or if a joint holding by all the joint Holders.

4.11 **Dealings in whole**: A PPS can only be held or transferred in whole and cannot be held or transferred in part.

5. PAYMENTS

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

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

5.3 **Joint Holders**: A payment to any one joint Holder of a PPS will discharge Kiwibank's liability in respect of the payment.

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

5.5 **Rounding**: For the purposes of any calculations required under these Terms, unless otherwise specified in these Terms:

(a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one ten-thousandth of a percentage point (with 0.00005% being rounded up to 0.0001%);

(b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and

(c) all amounts that are due and payable must be rounded to the nearest one cent (with one half of a cent being rounded up to one cent).

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

5.7 **Payments on Business Days**: If any payment:

(a) is due on a day which is not a Business Day, then the due date for payment will be the next Business Day; or

(b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the next day on which banks are open for general banking business in that place.

No additional amount is payable in respect of any delay in payment.

5.8 **Withholdings and deductions**:

(a) Kiwibank may deduct from any Distribution payable in accordance with these Terms the amount of any withholding or other tax, duty or levy required by any applicable law to be deducted in respect of such amount.

(b) If any such deduction has been made and the amount of the deduction accounted for by Kiwibank 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 Kiwibank.

(c) Kiwibank 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 receipt issued by the revenue authority (to the extent issued) without delay after it is received by Kiwibank.

(d) Each Holder shall provide to Kiwibank such information or certifications as Kiwibank may reasonably request to determine whether or at what rate it is required to make any deduction or withholding on any Distribution payable to the Holder in accordance with these Terms, or to comply with its record-keeping and disclosure obligations (which, for the avoidance of doubt, may include information or certifications requested for the purposes of Kiwibank's compliance with the OECD Common Reporting Standard for Automatic Exchange of Financial Account Information).

6. GENERAL

6.1 **Meetings of Holders**: 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.

6.2 **Amendments**:

(a) **Limited right to amend**: Except as provided in clauses 6.2(b) and 6.2(c), Kiwibank may not amend these Terms while any PPS remain on issue.

(b) **Amendments without approval**: Subject to clause 6.2(d), Kiwibank is entitled to amend these Terms without the authority, assent or approval of Holders where such amendment (in the opinion of Kiwibank):

(i) is of a formal, minor or technical nature;

(ii) is made to cure any ambiguity or correct any manifest error;

(iii) 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;

(iv) 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; or

(v) is not materially prejudicial to the interests of Holders as a whole.

(c) **Amendments with approval**: Without limiting clause 6.2(b), Kiwibank may amend these Terms if the amendment is approved by a special resolution of Holders.

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

(e) **Meaning of amend**: In this clause 6.2, "**amend**" includes modify, cancel, alter, replace or add to and "**amendment**" has a corresponding meaning.

6.3 **Notices**:

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

(i) so long as the PPS are quoted on the NZX Debt Market, by publication of an announcement on NZX;

(ii) given by an advertisement published in the Dominion Post or the New Zealand Herald, or any other newspaper nationally circulated within New Zealand;

(iii) 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); or

(iv) sent to an email address provided by the Holder for the purposes of receiving such notices.

(b) **Notices to Kiwibank and the Registrar**: All notices, and other communications to Kiwibank and the Registrar must be in writing and may be sent by prepaid post or left at the address of the registered office of Kiwibank or the Registrar or such other address as is notified to Holders from time to time.

(c) **When effective**: Notices and other communications take effect from the time they are received or the time they are taken to be received (whichever happens first) unless a later time is specified in them.

(d) **Receipt when published on NZX**: If published by an announcement on NZX, communications are taken to be received when the announcement is made on NZX.

(e) **Receipt when published in newspaper**: If published in a newspaper, communications are taken to be received on the first date that publication has been made in all the required newspapers.

(f) **Receipt when posted**: Unless a later time is specified in it, a notice, if sent by post, is taken to be received on the next Business Day in the place of the addressee.

(g) **Receipt when left at address**: If left at the address of a Holder, a notice is taken to be received when given unless received after 5pm in the place of receipt or on a day that is not a Business Day, in which case it is taken to be received at 9am on the next Business Day.

(h) **Receipt when emailed**: If sent by email, communications are taken to be received on completion of transmission of the email in readable form to the recipient's email address, provided that if such completion of transmission occurs on a day that is not a Business Day, or after 5pm on a Business Day, the communication shall be taken to have been received on the next Business Day.

(i) **Non-receipt of notice**: If there are two 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.

6.4 **Governing law**: These Terms are governed by and must be construed in accordance with the law applying in New Zealand.

6.5 **Submission to jurisdiction**: Kiwibank 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 and accordingly Kiwibank has submitted, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New Zealand and Kiwibank 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.

7. INTERPRETATION AND DEFINITIONS

7.1 **Interpretation**: In these Terms, except where the contrary intention appears:

(a) a reference to:

(i) these Terms is a reference to these Terms as amended, supplemented, modified or altered in accordance with these Terms;

(ii) an agreement or instrument includes any variation, supplement, replacement or novation of that agreement or instrument;

(iii) a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;

(iv) any thing is a reference to the whole and each part of it;

(v) one gender includes every other gender;

(vi) a document includes all schedules or annexes to it;

(vii) a clause or paragraph is to a clause or paragraph of these Terms;

(viii) "dollars", "NZ$", "NZD" or "cent" is a reference to the lawful currency of New Zealand; and

(ix) a statute, ordinance, code, rule, directive or law (however described) includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(b) the singular includes the plural and vice versa;

(c) the word "law" includes common law, principles of equity, and laws made by parliament (including regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);

(d) the word "person" includes a firm, body corporate, an unincorporated association, or governmental or local authority or agency or other entity;

(e) the term "prudential regulatory requirements" includes conditions of registration;

(f) any reference to time is to New Zealand time;

(g) headings are inserted for convenience and do not affect the interpretation of these Terms;

(h) another grammatical form of a defined word or expression has a corresponding meaning;

(i) the meaning of general words is not limited by specific examples introduced by "including", "for example" or similar expressions;

(j) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;

(k) any provisions which refer to the RBNZ's requirements or any other prudential regulatory requirements will apply to Kiwibank only if Kiwibank is an entity, or the holding company of an entity, or is a direct or indirect subsidiary of an entity subject to regulation and supervision by the RBNZ at the relevant time;

(l) 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;

(m) references to any legislation or to any provision of any legislation shall be deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless otherwise stated, to New Zealand legislation, and, unless the context otherwise requires, shall also include any statutory instruments issued under any such legislation or provision;

(n) any provisions in these Terms requiring the prior consent or approval of the RBNZ for a particular course of action to be taken by Kiwibank do not imply that the RBNZ has given its consent or approval to the particular action as of the Issue Date. Any such consent or approval is at the discretion of the RBNZ and may or may not be given; and

(o) if an event must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the following Business Day.

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

"**Additional Tier 1 Capital Instrument**" means an instrument that Kiwibank is able to treat as "Additional Tier 1 Capital" (or any equivalent successor term) for the purposes of its Conditions of Registration.

"**Bookbuild**" means the process conducted after the offer of the PPS opens where invited parties bid for PPS and on the basis of those bids, Kiwibank determines the Margin and sets the initial Distribution Rate.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for business in Auckland and Wellington.

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

"**Conditions of Registration**" means the conditions imposed on Kiwibank by the RBNZ under section 74 of the RBNZ Act, as amended from time to time.

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

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

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

(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.

"**Distribution Rate**" has the meaning given in clause 2.2.

"**Encumbrance**" means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 1999) and any other arrangement of any kind having the same effect as any of the foregoing.

"**Equal Ranking Securities**" means each of:

(a) the PPS; and

(b) any preference shares in the capital of Kiwibank or any other securities which rank or are expressed to rank equally with the PPS in a liquidation of Kiwibank, present and future.

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

"**Fixed Rate Period**" means:

(a) the period from (and including) the Issue Date to (but excluding) the First Optional Redemption Date; and

(b) thereafter each period from (and including) an Optional Redemption Date to (but excluding) the next Optional Redemption Date.

"**Fully Credited**" means, in relation to a Distribution, that Imputation Credits are validly attached to the Distribution, so that the Imputation Ratio of the Distribution is the maximum Imputation Ratio permitted by law.

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

"**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.

"**Independent Valuer**" means a natural person or an organisation that:

(a) Kiwibank believes has the expertise to determine the market value of the PPS; and

(b) is independent of Kiwibank.

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

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

"**Joint Lead Managers**" means the persons specified as such in the PDS.

"**Junior Ranking Securities**" means all Ordinary Shares, present and future.

"**Kiwibank**" means Kiwibank Limited.

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

"**Liquidation Sum**" has the meaning given in clause 1.4(a)(i).

"**Margin**" has the meaning given in clause 2.2.

"**Market Value**" means the amount determined to be the Market Value of each PPS in accordance with clause 3.7.

"**Non-marketable Parcel of PPS**" means a parcel of PPS 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 from time to time by NZX.

"**NZX Listing Rules**" means the listing rules of NZX, as amended, varied or waived (whether in respect of Kiwibank or generally) from time to time.

"**Optional Redemption Date**" means:

(a) the First Optional Redemption Date; and

(b) each five year anniversary of the First Optional Redemption Date.

"**Ordinary Share**" means a fully paid ordinary share in the capital of Kiwibank.

"**PDS**" means the product disclosure statement for the offer of the PPS.

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

"**Rate Reset Date**" means, in respect of each Fixed Rate Period (other than the first Fixed Rate Period), the first day of the Fixed Rate Period.

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

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

"**RBNZ Act**" means the Reserve Bank of New Zealand Act 1989.

"**Record Date**" means, in the case of:

(a) a payment of a Distribution, the date which is 10 calendar days before the Distribution Payment Date (or as otherwise prescribed by the NZX Listing Rules or if not prescribed by the NZX Listing Rules, a date determined by Kiwibank and notified to NZX); and

(b) payments of any other amount, a date determined by Kiwibank and notified to NZX (or such other date as may be prescribed 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 5.7 shall be disregarded.

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

"**Redemption Date**" means, in respect of each PPS:

(a) the applicable Optional Redemption Date; or

(b) the date specified by Kiwibank as the Redemption Date in accordance with clause 3.2(b)(ii).

"**Redemption Notice**" has the meaning given to it in clause 3.2(a).

"**Reference Banks**" means ANZ Bank New Zealand Limited, ASB Bank Limited, Bank of New Zealand and Westpac New Zealand Limited or any additional or replacement reference banks selected by Kiwibank from time to time.

"**Register**" means the register of shareholders established and maintained by Kiwibank or its agent in accordance with section 87 of the Companies Act.

"**Registrar**" means Link Market Services Limited or any other person who from time to time maintains the Register on behalf of Kiwibank.

"**Regulatory Event**" means:

(a) a determination by Kiwibank to the effect that:

(i) 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;

(ii) there has been a change in the interpretation or administration of any New Zealand law, regulation or directive by any authority (including RBNZ) that applies, or is to apply, after the Issue Date; or

(iii) Kiwibank is or will be required to comply with any change in New Zealand law, regulation or directive or changed interpretation or administration,

that adversely affects, or will adversely affect, Kiwibank in relation to its regulatory capital treatment of the PPS provided such event is not minor and could not reasonably have been anticipated as at the Issue Date; or

(b) a determination by Kiwibank, as a result of the occurrence of an event or circumstance that is not minor and could not reasonably have been anticipated as at the Issue Date, that some or all of the PPS are not, or will not be, Additional Tier 1 Capital Instruments.

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

"**Selling Restrictions**" means the restrictions contained in section 10 of the PDS.

"**Senior Ranking Obligations**" means all deposits and other liabilities, securities and other obligations of Kiwibank other than Equal Ranking Securities or Junior Ranking Securities.

"**Settlement System**" has the meaning given in clause 4.7(a).

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

"**Swap Rate**" has the meaning given in clause 2.2.

"**Syndicate Member**" means each person named as joint arranger or joint lead manager in the PDS.

"**Tax Event**" means a determination by Kiwibank to the effect that:

(a) 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;

(b) 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

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

that directly or indirectly affects the taxation treatment in relation to PPS and that would result in more than a minimal increase Kiwibank's costs in respect of the PPS, provided such event is not minor and could not reasonably have been anticipated when the PPS were issued.

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

7.3 **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; and

(c) special resolution.