Tier 2 Subordinated Notes

Indicative Terms Sheet

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

2 May 2023

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

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

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

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

<table>
<tr><th colspan="4">Notes</th></tr>
<tr><td>Issuer</td><td colspan="3">Kiwibank Limited (Kiwibank).</td></tr>
<tr><td>Kiwibank Banking Group</td><td colspan="3">Kiwibank, its wholly owned entities and all other entities consolidated for financial reporting purposes, as specified in its latest financial statements on a consolidated and not an individual basis.</td></tr>
<tr><td>Description of the debt securities</td><td colspan="3">Unsecured subordinated notes (Notes).</td></tr>
<tr><td>Purpose</td><td colspan="3">The Offer will raise Tier 2 Capital to help Kiwibank meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for Kiwibank's general corporate purposes.</td></tr>
<tr><td rowspan="3">Credit ratings</td><td></td><td>Kiwibank Senior Credit Rating</td><td>Notes Credit Rating</td></tr>
<tr><td>Moody's Investors Service</td><td>A1</td><td>Baa2</td></tr>
<tr><td colspan="3">A credit rating is not a recommendation to buy, sell or hold the Notes or any securities issued by Kiwibank. Ratings are subject to suspension, revision or withdrawal at any time.</td></tr>
<tr><td>Arranger</td><td colspan="3">Forsyth Barr Limited.</td></tr>
<tr><td>Joint Lead Managers</td><td colspan="3">Bank of New Zealand, Craigs Investment Partners Limited and Forsyth Barr Limited.</td></tr>
<tr><td>Issue amount</td><td colspan="3">Up to NZ$200 million.</td></tr>
<tr><td>No public pool</td><td colspan="3">There is no public pool for the Notes. All Notes will be reserved for subscription by clients of the Joint Lead Managers and Primary Market Participants and other persons invited to participate in the Bookbuild.</td></tr>
<tr><td>Legal form</td><td colspan="3">Debt.</td></tr>
<tr><td>Regulatory treatment</td><td colspan="3">Tier 2 Capital.</td></tr>
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Accounting treatment	Liability.
Ranking in a liquidation	In a liquidation of Kiwibank the claims of Holders will rank: • behind the claims of all depositors, holders of unsubordinated debt securities and other creditors of Kiwibank, except for the claims described below; • equally with the claims of other Holders and holders of any other Tier 2 Capital instruments or other securities and obligations of Kiwibank that rank equally with the Notes; and • ahead of the rights of Kiwibank's shareholders (including holders of perpetual preference shares) and holders of any other securities and obligations of Kiwibank that rank behind the Notes.
No set-off	A Holder will not have any right to set-off any amounts owing to it by Kiwibank in connection with the Notes against any amount owing by it to Kiwibank (whether in connection with the Notes or otherwise).
No guarantee	The Notes are not guaranteed by any member of the Kiwibank Banking Group, the Government or by any other person.
Face Value and Issue Price	NZ$1.00 per Note.
Term	10 years, ending on the Maturity Date (12 May 2033) if not repaid earlier.
Minimum subscription amount	NZ$5,000 and in multiples of NZ$1,000 thereafter.
Issue Date	12 May 2023.
Rate Reset Date	12 May 2028.
Maturity Date	12 May 2033.
Repayment	The Notes must be repaid by Kiwibank on the Maturity Date (12 May 2033). However, Kiwibank may repay all (but not some) of the Notes earlier on the First Optional Redemption Date (12 May 2028) or on any Scheduled Interest Payment Date after that date. Kiwibank may also repay all of the Notes on any earlier Scheduled Interest Payment Date if a Tax Event or Regulatory Event has occurred. Early repayment is subject to certain conditions being met (including Kiwibank satisfying the Solvency Condition and obtaining the Reserve Bank's prior approval). **Holders have no right to require that the Notes be repaid early.**
Amount that is payable to Holders if the Notes are repaid	Holders will receive the Face Value of the Notes plus all accrued but unpaid interest on the Notes when the Notes are repaid on the Maturity Date or if the Notes are repaid early on the First Optional Redemption Date or on any Scheduled Interest Payment Date after that date. Holders will receive: • the greater of the Face Value and Market Value, plus

	• all accrued but unpaid interest on the Notes, if the Notes are repaid early following the occurrence of a Tax Event or a Regulatory Event.
Market Value	The Market Value of the Notes will be determined by an independent valuer appointed by Kiwibank who will assess the value of the Notes in accordance with the process set out in the Deed Poll.
Interest Payment Dates	Interest on the Notes is scheduled to be paid quarterly in arrear on: • each Scheduled Interest Payment Date, being 12 February, 12 May, 12 August and 12 November during the Term, commencing on 12 August 2023; and • the Maturity Date.
Interest rate	The interest rate for the first 5 years of the Term will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 5 year period) on the Rate Set Date (5 May 2023) plus the Margin. The interest rate for the second 5 years of the Term will be reset on the Rate Reset Date (12 May 2028) to be a fixed rate equal to the Swap Rate on the Rate Reset Date plus the same Margin. If the sum of the Swap Rate plus the Margin is less than 0% per annum, the interest rate will be 0% per annum. The Margin and the initial interest rate will be determined by Kiwibank following the Bookbuild and will be announced by Kiwibank via NZX on the Rate Set Date and available at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments/.
Swap Rate	The mid-market swap rate for an interest rate swap with a term of 5 years commencing on the Issue Date (in the case of the first 5 year period) or the Rate Reset Date (in the case of the second 5 year period), as calculated by Kiwibank on the relevant date in accordance with market convention with reference to Bloomberg page ICNZ4 (or its successor page) adjusted for quarterly payments and rounded to 2 decimal places if necessary, with five being rounded up. For the purposes of this definition, the relevant date means the Rate Set Date or at or about 11am on the Rate Reset Date (as applicable).
Margin	The Margin (which may be above or below the indicative Margin range) will be determined by Kiwibank in consultation with the Joint Lead Managers on the Rate Set Date following the Bookbuild, and will be announced by Kiwibank via NZX and available at www.kiwibank.co.nz/about-us/governance/investor-centre/kiwibank-capital-instruments/ on the Rate Set Date. The Margin for the Notes will not change.
Indicative Margin range	2.20% to 2.40% per annum.
Solvency Condition	A condition to the payment of interest or principal in respect of a Note prior to the Maturity Date (12 May 2033) or the liquidation of Kiwibank, requiring the following: • Kiwibank must be Solvent at the time the payment is due; and

	• Kiwibank must be able to pay the amount and still be Solvent immediately after paying that amount.
No event of default for failure to satisfy the Solvency Condition	No event of default arises if Kiwibank fails to pay an amount on the Notes because the Solvency Condition is not satisfied, other than on the Maturity Date.
Solvent	Solvent means satisfying the solvency test contained in section 4 of the Companies Act 1993.
Unpaid interest accumulates	If interest is not paid on the Notes on a Scheduled Interest Payment Date because the Solvency Condition is not satisfied, the unpaid interest will remain owing, will itself bear interest (at the same rate as the Notes), and will be payable on the earlier of the next date on which the Solvency Condition is satisfied and the date of repayment of the Notes.
Events of default	The Notes have very limited events of default and a Holder's rights are limited if an event of default occurs, as described below: • **Payment default**: an event of default will occur if Kiwibank does not pay any Face Value due in respect of the Notes within 7 days of its due date, or Kiwibank does not pay any interest due in respect of the Notes within 15 days of its due date. • **Commencement of liquidation**: an event of default will occur on the commencement of liquidation of Kiwibank. To the extent that a payment on the Notes is not required to be made because the Solvency Condition is not satisfied, the amount is not due and payable and a payment default cannot occur.
Limited enforcement rights	If a payment default occurs, a Holder may only bring proceedings: • to recover any amount then due and payable but unpaid on the Notes (subject to satisfaction of the Solvency Condition if the payment of the unpaid amount was subject to the Solvency Condition); • to obtain an order for specific performance of any other obligation in respect of the Holder's Notes; or • for the liquidation of Kiwibank. If Kiwibank is placed in liquidation, in addition to taking the actions above, the Holder is entitled to claim in the liquidation for the Face Value of each Note and any accrued but unpaid interest.
No restrictions on other securities or liabilities	There are no restrictions on Kiwibank issuing further securities or creating further liabilities after the Notes have been issued that rank equally with, or in priority to, the Notes in a liquidation of Kiwibank. Kiwibank could therefore, at any time after the Issue Date, issue further securities or create further liabilities that rank equally with or in priority to the Notes.
No other rights	A Holder of the Notes has no right to: • subscribe for new securities of Kiwibank; or • otherwise participate in the profits or property of Kiwibank, except by receiving payments on the Notes.

Conversion or exchange	Not applicable.
Business Days	A day (other than a Saturday or Sunday) on which banks are open for business in Wellington and Auckland.
Record Date (for interest payment purposes)	10 calendar days before the relevant Interest Payment Date. If a Record Date is a day which is not a Business Day, then the Record Date will be the immediately preceding Business Day.
Brokerage	0.50% on firm allocations plus 0.50% retail brokerage, payable by Kiwibank.
No underwriting	The Offer is not underwritten.
Registrar	Link Market Services Limited. The Notes will be accepted for settlement within the NZClear System.
ISIN	NZKIWD1T2L2.
NZX quotation	Kiwibank intends to quote the Notes on the NZX Debt Market. NZX ticker code KWB1T2 has been reserved for the Notes. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.
Documents	LDD relating to the offer of Notes dated 26 April 2023. Deed Poll dated 26 April 2023. Other documents and information are available on the online Disclose Register maintained by the Companies Office at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13513).
Governing law	New Zealand.
Selling Restrictions	The LDD does not constitute an offer of Notes in any jurisdiction other than New Zealand. The Notes may only be offered for sale or sold in New Zealand. Kiwibank has not taken and will not take any action which would permit a public offering of Notes, or possession or distribution of any offering material in respect of the Notes, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

Important dates

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

Dates may change

The Closing Time may change. Kiwibank has the right in its absolute discretion to change the Closing Time to be earlier or later. If Kiwibank changes the Closing Time, all subsequent dates may also be changed. Any such changes will not affect the validity of any applications received.

Kiwibank reserves the right to cancel the Offer and the issue of the Notes.

Key Risks

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

The LDD includes:

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

The key features of the Notes are outlined in sections 1 and 5, and the risks of investing are outlined in sections 1 and 6, including risks relating to Kiwibank's creditworthiness and risks associated with the Notes.