

Bank of New Zealand

Final Terms Sheet for 5 year Fixed
Rate Medium Term Notes due 16
November 2023



Final Terms Sheet dated 14 November 2018

5 Year Fixed Rate Medium Term Notes due 16 November 2023

This terms sheet (**Terms Sheet**) sets out the key terms and conditions applicable to the notes referred to in this Terms Sheet (the **Notes**). This Terms Sheet should be read in conjunction with the note deed poll dated 14 November 2013, as amended and restated on 2 August 2018 (**Deed Poll**) and the final terms for the Notes (**Final Terms**).

Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the same meanings given to them in the Deed Poll.

Important Notice

This offer of Notes by Bank of New Zealand (**BNZ**) is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**).

The Notes have identical rights, privileges, limitations and conditions (except for the interest rate and maturity dates described below) as BNZ's medium term notes maturing on 18 June 2020 with a fixed interest rate of 4.426% per annum and which are currently quoted on the NZX Debt Market under the ticker code BNZ100, BNZ's medium term notes maturing on 15 June 2023 with a fixed interest rate of 4.102% per annum and which are currently quoted on the NZX Debt Market under the ticker code BNZ110 and BNZ's medium term notes maturing on 27 July 2022 with a fixed interest rate of 3.856% per annum and which are currently quoted on the NZX Debt Market under the ticker code BNZ120 (together, the **Quoted Notes**).

Accordingly, the Notes are the same class as the Quoted Notes for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014 (**FMCR**).

BNZ is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/BNZ.

The Quoted Notes are the only debt securities of BNZ that are currently quoted on the NZX Debt Market which are of the same class as the Notes. Investors should look at the market price of the Quoted Notes referred to above to find out how the market assesses the returns and risk premium for those notes.

Issuer	BNZ. BNZ is a registered bank in New Zealand under the Reserve Bank of New Zealand Act 1989. BNZ is not authorised as a bank or authorised deposit-taking institution in Australia under the Banking Act 1959 (Australian Banking Act) and is not supervised by the Australian Prudential Regulation Authority (APRA).
Lead Manager	BNZ.
Form	Unsecured unsubordinated fixed rate medium term notes to be issued pursuant to the Deed Poll and the Final Terms.
Tenor	5 years.
Status and ranking	The obligation to repay principal of, and interest on the Notes, will be a direct unsecured unsubordinated obligation of BNZ and will rank at least equally with all other unsecured unsubordinated obligations of BNZ, except for liabilities mandatorily preferred by law.
No guarantee	BNZ is solely responsible for paying interest on, and for the repayment of, the Notes. The Notes are not deposit liabilities of National Australia Bank Limited (NAB), are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Australian Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of the Australian Banking Act and are not guaranteed or insured by NAB, any other member of the NAB Group (which includes NAB and its subsidiaries), any other person, government, government agency or compensation scheme. NAB does not guarantee BNZ.
Purpose of the offer	General business purposes.

Credit Rating		Long Term Credit Rating	Expected Issue Rating
	S&P Global Ratings Australia Pty Ltd	AA- (negative outlook)	AA-
	Moody's Investors Service Pty Limited	A1 (stable outlook)	A1
	A rating is not a recommendation by any rating organisation to buy, sell or hold Notes. The above ratings and outlooks are current as at the date of this Terms Sheet and may be subject to suspension, revision or withdrawal at any time by the assigning rating organisation. More information on these ratings is contained in BNZ's latest full year disclosure statement - see "Other information" below.		
Issue Amount	NZ\$550,000,000.		
Redemption Amount	NZ\$1.00 per Note.		
Issue Price	Par (NZ\$1.00 per Note).		
Minimum denominations	NZ\$5,000 and in multiples of NZ\$1,000 thereafter.		
Offer process and applications	<p>All of the Notes have been reserved for clients of the Lead Manager, NZX participants, and other approved financial intermediaries and will be allocated to those persons by BNZ in consultation with the Lead Manager. A list of NZX participants can be found on www.nzx.com/investing/find_a_participant.</p> <p>Retail investors should contact the Lead Manager or their financial advisor for details of the application process for Notes as there is no public pool for the Notes.</p> <p>BNZ reserves the right to accept unlimited over-subscriptions at its discretion and to refuse all or any part of an application without giving any reason.</p>		
Opening Date	Monday, 12 November 2018		
Closing Date	2:00pm, Wednesday, 14 November 2018.		
Rate Set Date	Wednesday, 14 November 2018.		
Issue and Allotment Date	Friday, 16 November 2018		
Expected date of initial quotation and trading on the NZX Debt Market	Monday, 19 November 2018		
Maturity Date	Thursday, 16 November 2023		
Dates may change	<p>The above dates are indicative only and are subject to change. BNZ may, in its absolute discretion and without notice, open or close the offer early, accept late applications, and extend the Closing Date. If the Closing Date is extended, the Issue Date, the expected date of initial quotation and trading of the Notes on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may be extended accordingly. Any such changes will not affect the validity of any applications received.</p> <p>BNZ reserves the right to cancel the offer and the issue of the Notes, in which case all application monies received by BNZ will be refunded (without interest) as soon as practicable.</p>		
Interest Rate	3.648 percent per annum, being the sum of the Margin and the Reference Rate.		
Reference Rate	<p>2.608 percent per annum, being the rate per annum (expressed on a percentage yield basis rounded, if necessary, to the nearest three decimal places with five being rounded up) which is determined by BNZ (by reference to Reuters page "ICAPKIWISWAP2" (or any successor page)) on the Rate Set Date to be the mid-market swap rate for an interest rate swap with a term approximately equal to the period from the Issue Date to the Maturity Date.</p> <p>The determination of the Reference Rate by BNZ will be conclusive, except for manifest error.</p>		
Margin	1.04 percent per annum.		
Interest payments	Semi-annually in arrear in two equal payments.		
Interest Payment Dates	16 May and 16 November of each year up to and including the Maturity Date, with the first Interest Payment Date being 16 May 2019.		
Business Day Convention (for interest payments)	If an Interest Payment Date is not a Business Day, the Interest Payment Date will be the next Business Day, unless that day falls in the next calendar month in which case it will be the first preceding Business Day, and in each case, no adjustment will be made to the amount of interest payable.		
Day Count Fraction	For regular periods: NZ Govt Bond Basis (ie one divided by the number of Interest Payment Dates in a year).		
ISIN	NZBNZDT394C5		

NZClear code	BNZ130
Record Date (for interest payments)	The close of business on the 10th calendar day before an Interest Payment Date (without adjusting such date for payment according to any Business Day Convention).
Business Days (for interest payments)	A day on which registered banks and foreign exchange markets are open to settle payments and for general banking business in Auckland and Wellington and on which NZClear is operating.
Quotation	BNZ has applied to NZX for permission to quote the Notes on the NZX Debt Market and will take the necessary steps to ensure that the Notes are, immediately after issue, quoted. NZX ticker code BNZ130 has been reserved for the Notes. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA.
Further Issues	BNZ may, from time to time, without the consent of Holders, issue further notes so as to form a single series with the Notes. BNZ may also undertake further borrowings or offers of debt securities, without the consent of Holders, on such terms and conditions as BNZ may from time to time determine, and while any Notes remain outstanding.
Transfer Restrictions	BNZ will not register any transfer of Notes if the transfer is for a Redemption Amount of less than NZ\$1,000 or a multiple thereof or if the transfer would result in the transferor or the transferee holding or continuing to hold Notes with an aggregate Redemption Amount of less than NZ\$5,000, unless the transferor would then hold no Notes. A Holder may only offer for sale or sell any Note in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered.
Trading of Notes on the NZX Debt Market	To be eligible to trade the Notes on the NZX Debt Market, an investor must have an account with a NZX participant, a Common Shareholder Number (CSN) and an Authorisation Code (FIN). If an investor does not have an account with a NZX participant, opening an account can take a number of days depending on the NZX participant's new client procedures. An investor will receive a holding statement from the Registrar within 5 Business Days of the initial date of quotation, which will also include a CSN. If an investor does not have a CSN, then they will automatically be assigned one. If an investor does not have a FIN, it is expected that one will be sent as a separate communication by the Registrar. If an investor has an account with an NZX participant and has not received a FIN by the date the investor wants to trade Notes, the NZX participant can arrange to obtain the FIN from the Registrar. The NZX participant may be charged for requesting a FIN from the Registrar and may pass this cost on to the investor.
Registrar	Computershare Investor Services Limited. The Notes will be accepted for settlement within the NZClear system.
Repayment of Redemption Amount	BNZ will repay the Redemption Amount of the Notes on the Maturity Date.
Early Redemption	Holders have no right to require BNZ to redeem their Notes prior to the Maturity Date except if an Event of Default occurs. No call or optional redemption events are applicable to the Notes.
Events of Default	If an Event of Default occurs and continues unremedied and a Holder gives notice requiring early repayment, then BNZ must immediately pay that Holder the Redemption Amount of the Notes together with accrued interest on those Notes. In summary, the Events of Default include: <ul style="list-style-type: none"> • non-payment of interest for 30 days or more or non-payment of principal for 7 days or more; • a default by BNZ of its other obligations under the Notes which is not remedied within 30 days of notice being given to BNZ; • where BNZ stops payment of its debts generally; and • insolvency-type events affecting BNZ. Full details of the Events of Default are contained in the Deed Poll (see section 19).
Governing law	New Zealand.
Approved issuer levy	BNZ proposes to register the Notes for approved issuer levy (AIL) and, where it is eligible to do so in respect of interest to which non-resident withholding tax applies, to pay AIL in lieu of deducting non-resident withholding tax, unless the Holder notifies the Registrar (and the Registrar gives its consent) that non-resident withholding tax should be withheld. If the Notes qualify for the 0% rate of AIL, BNZ intends to apply the 0% rate. Any AIL paid by BNZ other than at the 0% rate will be deducted from the interest paid to the relevant Holder. BNZ is not eligible to pay AIL in respect of interest paid on a Note where the Note is held jointly and at least one of the joint Holders is a New Zealand tax resident. Non-resident withholding tax will be deducted from such interest at the applicable resident withholding tax rate, as required by law. Non-resident Holders may then claim a refund from Inland Revenue to the extent that tax was withheld in excess of their applicable non-resident withholding tax rate (taking into account any applicable double tax treaty).
Resident withholding tax	New Zealand resident withholding tax (RWT) will be deducted from interest paid to New Zealand tax resident Holders at the relevant rate unless a valid RWT exemption certificate has been provided. BNZ will not pay any further amounts on account of such deductions of

	RWT or otherwise reimburse or compensate the relevant Holder.
FATCA	<p>FATCA means the Foreign Account Tax Compliance Act provisions, sections 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions). If a Holder is a US taxpayer or, in some cases, a non-US entity with substantial US owners, then in order to comply with FATCA, it is possible that BNZ (or, if Notes are held through another financial institution, such other financial institution) may be required to request certain information from that Holder or the beneficial owners of the Notes, which information may in turn be provided to the Inland Revenue Department and/or the Internal Revenue Service (IRS). BNZ may also be required to withhold US tax on some portion of payments in relation to Notes made after 31 December 2018 if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into an agreement with the IRS (and are not otherwise exempt from, or deemed to comply with, FATCA).</p> <p>If BNZ is required to make any deduction or withholding in connection with FATCA, BNZ will not pay any further amounts on account of such deduction or withholding or otherwise reimburse or compensate the relevant Holder.</p> <p>This information is based on regulations and guidance issued by the US Department of Treasury and the IRS as at the date of this Terms Sheet. Future regulations, guidance or international agreements implementing the same may affect the application of FATCA to BNZ, Holders or beneficial owners of the Notes.</p>
CRS	<p>CRS means Common Reporting Standard, a global framework for the collection, reporting, and exchange of financial account information about people and entities investing outside of their tax residence jurisdiction. If a Holder is a non-New Zealand tax resident or, in some cases, an entity with non-New Zealand tax resident controlling persons, then in order to comply with CRS, it is possible that BNZ (or, if Notes are held through another financial institution, such other financial institution) may be required to request certain information from that Holder or the beneficial owners of the Notes, which information may in turn be provided to the Inland Revenue Department and/or a non-New Zealand tax authority.</p>

Other Information

Confirmation

By purchasing the Notes an investor will be taken to agree to be bound by the terms of the Deed Poll, the Final Terms and this Terms Sheet.

Investors should obtain advice

Investors should seek qualified independent financial and taxation advice in relation to their specific circumstances before deciding to invest. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations).

Role of the Lead Manager

This Terms Sheet does not constitute a recommendation by the Lead Manager or any of its respective directors, officers, employees, agents or advisers to subscribe for, or purchase, any Notes.

The role of the Lead Manager in relation to the offer is solely to provide assistance to BNZ with arranging the offer, organising the bookbuild, assisting with the quotation of the Notes on the NZX, and assisting with the marketing and distribution of the Notes.

Holders must make their own independent investigation and assessment of the financial condition and affairs of BNZ before deciding whether or not to apply for the Notes.

NZX waivers and approvals

NZX has granted BNZ a waiver in respect of the Notes from the requirement in NZX Listing Rule 5.2.3 (as modified by NZX's ruling on Rule 5.2.3 issued on 29 September 2015) to enable BNZ to apply for quotation on the NZX Debt Market even though the Notes may not initially be held by at least 100 members of the public holding at least 25% of the Notes issued. NZX granted the waiver for a period of 6 months from the date of quotation of the Notes on the NZX Debt Market. The effect of the waiver from NZX Listing Rule 5.2.3 is that initially the Notes may not be widely held and there may be reduced liquidity in the Notes. In accordance with the terms of the waiver, to the extent that there is a material reduction in the spread of the Notes, BNZ will notify NZX accordingly.

NZX has also granted BNZ a waiver from NZX Listing Rule 7.12.1 which means that BNZ is not required to release market details via NZX of any acquisition of BNZ quoted debt securities as a result of any liquidity provision activities, client trade throughs or securities management activities conducted by BNZ or one of its subsidiaries.

NZX has also granted BNZ a waiver from NZX Listing Rules 10.3 and 10.4 which means that BNZ is able to provide its most recent disclosure statements as a registered bank instead of making preliminary announcements and delivering annual and half-year reports to NZX.

NZX has also granted BNZ a waiver from NZX Listing Rule 3.2.1(a) which means that BNZ is not required to appoint a trustee.

NZX has provided BNZ with its approval under NZX Listing Rule 11.1.5 to enable BNZ to decline to register a transfer of Notes if that transfer would not comply with the transfer restrictions (as set out above).

Documentation

Information about BNZ is contained or referred to in BNZ's latest interim and full year disclosure statements (which contain BNZ's most recent financial statements). Investors can obtain a copy of BNZ's latest disclosure statements free of charge at any branch of BNZ or from <http://www.bnz.co.nz/about-us/governance/financials>.

An investor may obtain a copy of this Terms Sheet, the Deed Poll and the Final Terms, free of charge, on request, during normal business hours from the Registrar at the address set out below.

Amendments to the Deed Poll

The Deed Poll may be amended with the approval of the Holders of the Notes by Extraordinary Resolution or by the consent in writing of all Holders of the Notes. BNZ may amend the Deed Poll without the approval of the Holders if, in the reasonable opinion of BNZ, the amendment:

- is necessary or advisable to comply with any law or directive;
- is necessary to correct an obvious error, or otherwise of a formal, technical or administrative nature only;
- is made to cure any ambiguity or correct or supplement any defective or inconsistent provision;
- is not materially prejudicial to the interests of the Holders as a whole; or
- only applies to Notes issued by BNZ after the date of the amendment.

Indemnity

By purchasing the Notes, each Holder agrees to indemnify BNZ in respect of any loss, cost, liability or expense sustained or incurred by BNZ as a result of the breach by the Holder of the selling restrictions set out below.

Selling Restrictions

Part A – initial selling restrictions

The Notes may only be offered in New Zealand in conformity with all applicable laws and regulations in New Zealand. In respect of the initial offer of Notes by BNZ under this Terms Sheet (**Initial Offer**), no Notes may be offered in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction and the selling restrictions set out below in this Part A. Neither this Terms Sheet, nor any other offering material in respect of the Notes, may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction and the selling restrictions set out below in this Part A. For the avoidance of doubt, the selling restrictions set out below in this Part A apply only in respect of the Initial Offer.

No action has been or will be taken by BNZ which would permit an offer of Notes to the public, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

By subscribing for or otherwise acquiring a Note, each Holder agrees to indemnify BNZ for any loss suffered by it as a result of the breach by the Holder of the selling restrictions.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended, the **FIEA**) and accordingly no person may offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This Terms Sheet has not been registered as a prospectus with the Monetary Authority of Singapore (the **MAS**), and the Notes will be offered pursuant to exemptions under the Securities and Futures Act. Accordingly, this Terms Sheet and any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in the Securities and Futures Act) pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) under Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (c) otherwise pursuant to, and in accordance with, the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

securities (as defined in Section 2(1) of the Securities and Futures Act) or securities-based derivatives contracts (as defined in Section 2(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) pursuant to Section 276(7) of the Securities and Futures Act.

Any reference to the "**Securities and Futures Act**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the Securities and Futures Act or any provision in the Securities and Futures Act is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the SFA) – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Hong Kong

No person may:

(a) offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**)) other than (i) to "professional investors" as defined in the SFO and any rules made under that SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Australia

No prospectus, product disclosure or other disclosure document (as defined in the Corporations Act 2001 of Australia (the **Corporations Act**)) in relation to the Notes (including this Terms Sheet) has been or will be lodged with the Australian Securities and Investments Commission (**ASIC**). No person may:

(a) make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(b) distribute or publish, any draft, preliminary or definitive offering memorandum, advertisement or other offering material relating to any Notes in Australia,

unless:

(i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency) (disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act;

(ii) such offer is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;

(iii) such action complies with all applicable laws and directives; and

(iv) such action does not require any document to be lodged with ASIC; and

(v) for so long as the directive issued by Pat Brennan, delegate of APRA dated 21 March 2018 as contained in Banking exemption No. 1 of 2018 (or any successor or replacement instrument) remains in force, the offers and any transfers are for parcels of not less than A\$500,000 in aggregate principal amount.

Credit ratings in respect of the Notes are for distribution only to persons in Australia who are not a "retail client" within the meaning of section 761G of the Corporations Act and are also sophisticated investors, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 of the Corporations Act and, in all cases, in such circumstances as may be permitted by applicable law in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this Terms Sheet and anyone who receives this Terms Sheet must not distribute it to any person who is not entitled to receive it.

United States

This Terms Sheet (including an electronic copy) may not be distributed or released, in whole or in part, in the United States. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**) or the securities laws of any state of the United States, and they may not be offered or sold in the United States or to or for the account or benefit of any "U.S. person" (as defined in Regulation S under the U.S. Securities Act) unless pursuant to an exemption from the registration requirements of, the U.S. Securities Act. The Notes are being offered and sold in the offer solely outside the United States pursuant to Regulation S under the U.S. Securities Act. Any failure to comply with such restrictions may constitute a violation of applicable U.S. securities laws.

United Kingdom

No communication of an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, (the **FSMA**)) has been or may be made or caused to be made or will be made or caused to be made in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA applies to BNZ.

All applicable provisions of the FSMA with respect to anything done by a person in relation to the Notes in, from or otherwise involving the United Kingdom must be complied with.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), no person may make or will make an offer of Notes to the public in that Relevant Member State other than:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of BNZ; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (c) above shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended or superseded), and includes any relevant implementing measure in each Relevant Member State.

Switzerland

The Notes shall not be publicly offered, sold, advertised, distributed or redistributed, directly or indirectly, in or from Switzerland, and will not be listed on the SIX Swiss Exchange or any other exchange in Switzerland. Neither this Terms Sheet, the Deed Poll, the Final Terms nor any other offering or marketing material relating to the Notes constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations (**CO**) or a listing prospectus within the meaning of the SIX Swiss Exchange or any other exchange in Switzerland, and neither this Terms Sheet, the Deed Poll, the Final Terms nor any other offering or marketing material relating to the Notes may be communicated, distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a and 1156 CO.

Part B – general selling restrictions

The Notes may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Notes may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction. No offering document or other offering material in respect of the Notes may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction. As at the date of this Terms Sheet, the applicable laws and regulations include the selling restrictions set out in Part A above. No action has been or will be taken by BNZ which would permit an offer of Notes to the public, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

By purchasing or otherwise acquiring a Note, each Holder agrees to indemnify BNZ for any loss suffered by it as a result of the breach by the Holder of the selling restrictions contained in the preceding paragraph.

Address Details

Issuer and Lead Manager

Bank of New Zealand
Level 4, 80 Queen Street
Auckland 1010

Registrar

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Auckland 1142