

**SUPPLEMENT DATED 25 MAY 2021 TO THE PROSPECTUS DATED
17 DECEMBER 2020**

 **estpac Securities NZ Limited**

(incorporated with limited liability in New Zealand, company number 1859984)

€5 billion

**Global Covered Bond Programme
unconditionally guaranteed by**

 **estpac New Zealand Limited**

(incorporated with limited liability in New Zealand, company number 1763882)

and

unconditionally and irrevocably guaranteed as to payments of interest and principal by

 **estpac NZ Covered Bond Limited**

(incorporated with limited liability in New Zealand, company number 3201526)

This supplement (the “**Supplement**”, which definition shall also include all information incorporated by reference herein) to the prospectus dated 17 December 2020 (the “**Prospectus**”, which definition includes the Prospectus as supplemented, amended or updated from time to time and includes all information incorporated by reference therein) constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 and is prepared in connection with the Global Covered Bond Programme (the “**Programme**”) established by Westpac Securities NZ Limited, Westpac New Zealand Limited and Westpac NZ Covered Bond Limited. Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to and updates the Prospectus and must be read in conjunction with, and forms part of, the Prospectus and any other supplements to the Prospectus issued by Westpac Securities NZ Limited, Westpac New Zealand Limited and Westpac NZ Covered Bond Limited.

This Supplement has been approved by the United Kingdom Financial Conduct Authority (the “**FCA**”), which is the United Kingdom competent authority for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK Prospectus Regulation**”) as a supplement to the Prospectus. The Prospectus constitutes a base prospectus prepared in compliance with the UK Prospectus Regulation for the purpose of giving information with regard to the issue of Covered Bonds under the Programme.

Westpac Securities NZ Limited (the “**Issuer**” or “**WSNZL**”), Westpac New Zealand Limited in its capacity as guarantor (the “**Group Guarantor**” or “**WNZL**”) and Westpac NZ Covered Bond Limited in its capacity as guarantor (the “**CB Guarantor**”) each accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer, the Group Guarantor and the CB Guarantor, the information contained in this Supplement is in accordance with the facts and this Supplement does not omit anything likely to affect the import of such information.

The purpose of this Supplement is to:

- (i) incorporate by reference into the Prospectus WNZL's disclosure statement for the six months ended 31 March 2021 ("**WNZL Disclosure Statement**");
- (ii) incorporate by reference into the Prospectus certain sections of WSNZL's interim financial report for the six months ended 31 March 2021 ("**WSNZL Interim Financial Report**"), namely the unaudited non-consolidated interim financial statements as at and for the six month period ended 31 March 2021 and the independent auditor's review report;
- (iii) update the section of the Prospectus entitled "*Risks relating to WNZL's business*" by replacing the risk factor entitled "*WNZL could be adversely affected by the failure to maintain credit ratings*", replacing the risk factor entitled "*WNZL could suffer losses due to technology failures*", and including an additional risk factor in relation to the potential demerger of the New Zealand business from the WBC Group, each as further described below;
- (iv) update the section of the Prospectus entitled "*Westpac New Zealand Limited*", with information on recent developments and regulatory developments as described below; and
- (v) update the no significant change statements in the Prospectus.

Incorporation by reference: WNZL Disclosure Statement

On 25 May 2021, WNZL released the WNZL Disclosure Statement containing, *inter alia*, the consolidated unaudited financial statements as at and for the six month period ended 31 March 2021 (including the notes thereto) as set out on pages 6 to 23 (inclusive) of the WNZL Disclosure Statement and the independent auditor's review report in respect of the WNZL Disclosure Statement as set out on pages 51 to 53 (inclusive) of the WNZL Disclosure Statement. By virtue of this Supplement, the WNZL Disclosure Statement is incorporated in and forms part of this Supplement, and is thereby incorporated in and forms part of this Prospectus.

A copy of the WNZL Disclosure Statement has been filed with the FCA.

Incorporation by reference: WSNZL Interim Financial Statements and WSNZL Auditor's Report

On 20 May 2021, WSNZL released the WSNZL Interim Financial Report containing, *inter alia*, its non-consolidated unaudited financial statements as at and for the six month period ended 31 March 2021 (including the notes thereto) as set out on pages 14 to 19 (inclusive) of the WSNZL Interim Financial Report (the "**WSNZL Interim Financial Statements**") and the independent auditor's review report in respect of the WSNZL Interim Financial Report as set out on pages 20 to 21 of the WSNZL Interim Financial Report (the "**WSNZL Auditor's Report**"). By virtue of this Supplement, the WSNZL Interim Financial Statements and the WSNZL Auditor's Report are incorporated in and form part of this Supplement, and are thereby incorporated in and form part of the Prospectus.

A copy of the WSNZL Interim Financial Report containing the WSNZL Interim Financial Statements and the WSNZL Auditor's Report has been filed with the FCA. Any information in the WSNZL Interim Financial Report which is not incorporated in and does not form part of this Supplement and therefore is not incorporated in and does not form part of the Prospectus is not relevant for investors or is contained elsewhere in the Prospectus.

Update to risk factor – credit ratings

By virtue of this Supplement, the wording in the risk factor entitled “WNZL could be adversely affected by the failure to maintain credit ratings” in the section of the Prospectus entitled “Risks relating to WNZL’s business” shall be replaced in its entirety by the following:

“Credit ratings are independent opinions on WNZL’s creditworthiness. WNZL’s credit ratings can affect the cost and availability of its funding and may be important to certain customers or counterparties when evaluating WNZL’s products and services. A downgrade of WNZL’s senior credit rating below threshold levels may impact the Programme including by requiring additional operational activities; replacement of WNZL as a provider of certain services and may ultimately impact the rating of the securities issued under the Programme.

Credit ratings assigned to WNZL by rating agencies are based on an evaluation of a number of factors, including WNZL’s ownership structure (including the financial strength of the parent, if any), financial strength, the quality of WNZL’s governance, the likelihood of WNZL receiving extraordinary support from either the New Zealand Sovereign or the WBC Group, structural considerations regarding the New Zealand financial system and economy and New Zealand’s Sovereign credit rating. A rating downgrade would likely be driven by a downgrade of New Zealand’s Sovereign credit rating, a downgrade of WBC’s credit rating or one or more of the risks identified in this section (including any change in the ownership structure of WNZL implying reduced support from WBC or a demerger) or by other events including changes to the methodologies rating agencies use to determine ratings.

A downgrade to WNZL’s credit ratings would likely have an adverse effect on its cost of funds, sourcing of regulatory capital, collateral requirements, liquidity, competitive position and its access to capital markets. The extent and nature of these impacts would depend on various factors, including the extent of any rating change, differences across agencies (split ratings) and whether competitors or the sector are also impacted.”

Update to risk factor – technology failures

By virtue of this Supplement, the wording in the risk factor entitled “WNZL could suffer losses due to technology failures” in the section of the Prospectus entitled “Risks relating to WNZL’s business” shall be replaced in its entirety by the following:

“Maintaining the reliability, integrity and security of WNZL’s information and technology is crucial to WNZL’s business.

While WNZL has a number of processes in place to preserve and monitor the availability and recovery of its systems, there is a risk that its information and technology systems might fail to operate properly or become disabled, including from events wholly or partially beyond its control. For example, the COVID-19 pandemic has seen more WNZL employees and offshore suppliers work remotely or from alternative sites, which may put additional stress on WNZL’s information technology infrastructure and systems. WNZL is actively managing the impact of COVID-19 on technology infrastructure and systems including actively monitoring services from offshore suppliers to ensure COVID-19 impacted regions does not impact the service levels WNZL receives.

If WNZL incurs a technology failure it may fail to meet a compliance obligation (such as retaining records and data for a certain period of time), or WNZL customers may be adversely affected, including through privacy breaches or loss of personal data. This could result in reputational damage, customer dissatisfaction, remediation costs and a regulator commencing an investigation and/or taking action against WNZL. The over reliance on legacy systems may heighten the risk of a technology failure.

Following IT outages in 2020 WNZL has established a service improvement plan and other initiatives to address IT resiliency issues. More work is required to successfully implement WNZL's remediation programme and to meet WNZL's expectations and those of the regulator. This is expected to require significant ongoing resource, prioritisation and governance from WNZL, without which WNZL may not, and may not be able to, successfully address such issues. WNZL also needs to regularly renew and enhance WNZL technology to deliver new products and services (for example the introduction of negative interest rates), comply with regulatory obligations and meet WNZL customers' and regulators' obligations. Consequently, WNZL is constantly managing new technology projects. Failure to effectively implement any of these projects could result in cost overruns, reduced productivity, operational instability, compliance failures, customer dissatisfaction, reputational damage and/or the loss of market share. This could place WNZL at a competitive disadvantage and adversely affect its business, prospects, financial performance or financial condition."

New risk factor – demerger or restructure

By virtue of this Supplement, the section of the Prospectus entitled "*Risks relating to WNZL's business*" shall be updated by the addition of the following new risk factor at the end of such section:

"WNZL could be adversely affected if WBC decides to pursue a demerger or other restructure

*On 24 March 2021 WBC announced that it is assessing the appropriate structure for its New Zealand business and whether a demerger would be in the best interests of its shareholders (the **Assessment**). WBC further stated that it was in an early stage of that Assessment and no decisions had yet been made.*

*It is currently unclear what the outcome of WBC's Assessment will be, such as a demerger or other restructure (**Potential Outcome**), and what impacts any outcome may have on WNZL.*

Depending on the outcome of the Assessment, WNZL's potential exposure to some or all of the specific risks described in this Prospectus may be materially adversely affected. For instance, without limitation, implementation of a Potential Outcome (or the risk of a Potential Outcome being implemented):

- is expected to give rise to a downgrade in WNZL's credit rating. The extent of any such downgrade is likely to depend on the nature of the actions taken, but may be significant (see also "WNZL could be adversely affected by the failure to maintain credit ratings" above);*
- may give rise to an increase in operational, legal and other related risks and costs, as WNZL and WBC may need to redocument legal contracts to give full effect to a Potential Outcome and amend systems (particularly, but not limited to, systems shared by WBC and WNZL), hire additional or replacement employees and officers,*

update or replace a wide range of policies to reflect any new structure, and meet additional rating-related obligations under the Programme (breach of which would increase the risk of a downgrade of relevant credit ratings for the Covered Bonds). Changes to the structure of the Programme (including replacement of third party counterparties) may also be proposed as a result of, or to give effect to, a Potential Outcome;

- would likely give rise to changes in exposure, and concentration of exposure, to markets in New Zealand and offshore;*
- may give rise to brand confusion and a negatively impacted customer experience, particularly if material issues arise in giving effect to a Potential Outcome;*
- may lead to additional competition and a change in the size of WNZL's business (including as a result of any change in the entity currently carrying out each aspect of the existing New Zealand business);*
- may give rise to limited or lost access to some or all historical data for some customers, limiting ability to market, complete credit analysis for potential new products or efficiently consider enforcement options;*
- would likely give rise to risks related to being a smaller bank in the market with fewer staff and a smaller asset base, including a reduced ability to absorb the impacts of volatile markets, increased information technology and cybersecurity risks and increased risks of breach of regulation;*
- may give rise to significant changes in WNZL's regulatory capital, including a revision of its regulatory capital levels; and*
- would likely give rise to a potential need to establish new, separate relationships with financial institutions and regulators (particularly outside New Zealand).*

Additional unanticipated risks may emerge depending on the outcome of the Assessment."

Additional disclosure – Westpac New Zealand Limited – Recent Developments

By virtue of this Supplement, the section of the Prospectus entitled "*Westpac New Zealand Limited – Recent Developments*" shall be updated by replacing in its entirety the paragraph following the heading "*Recent Developments*" with the following:

"David McLean will retire as Chief Executive Officer and Director of WNZL and Director of WSNZL, effective 25 June 2021. There have been no other changes in the composition of the Board of Directors of WNZL or WSNZL since 30 September 2020."

In addition, by virtue of this Supplement, the recent development entitled "*Credit Ratings*" in the section of the Prospectus entitled "*Westpac New Zealand Limited – Recent Developments*" shall be updated by the addition of the following paragraph at the end of such section:

"On 29 March 2021, Fitch Ratings placed WNZL's A+ credit rating on rating watch negative, following WBC's announcement that it is considering the appropriate structure for its New Zealand business and assessing whether a demerger would be in the best interests of shareholders. Fitch Ratings noted that it would resolve the rating watch negative outlook once WBC has decided whether to proceed with the demerger."

Additional disclosure – Westpac New Zealand Limited – Regulatory Developments

By virtue of this Supplement, the sub-section titled “Breach of Liquidity Requirements” in the section of the Prospectus entitled “Westpac New Zealand Limited – Regulatory Developments” shall be updated by replacing in its entirety the final paragraph of such sub-section with the following:

“In addition to the breaches of APRA liquidity requirements described above and arising from the same circumstances, WNZL has breached the RBNZ’s Liquidity Policy (BS13). These breaches have been rectified. On 23 March 2021, the RBNZ issued two notices to WNZL under section 95 of the Reserve Bank of New Zealand Act 1989 requiring WNZL to supply two external reviews to the RBNZ. The reports are required to address concerns raised by the RBNZ around WNZL’s risk governance processes following various compliance issues reported over recent years. Those issues include non-compliance with the RBNZ’s liquidity, capital adequacy and outsourcing requirements (as previously reported in WNZL’s RBNZ disclosure statements) and IT outages. While work has been underway to address these areas for some time, more work is required to meet WNZL’s expectations and those of the regulator.

The first report relates to the effectiveness of the actions WNZL has taken to improve the management of liquidity risk and the associated risk culture, following previously identified breaches of the RBNZ’s Liquidity Policy (BS13) and potential non-compliance identified through the RBNZ’s liquidity thematic review. Previous reviews identified the need to implement fundamental improvements to WNZL’s management of liquidity risk, and to make material changes to the risk culture in the relevant teams.

The second report requires the external reviewer to assess the effectiveness of risk governance at WNZL, with a particular focus on the role played by the Board.

With effect from 31 March 2021, the RBNZ amended WNZL’s conditions of registration to apply an overlay to WNZL’s mismatch ratios. The overlay requires WNZL to discount the value of its liquid assets by approximately NZ\$2.3 billion. This overlay will apply until the RBNZ is satisfied that:

- the RBNZ’s concerns regarding liquidity risk controls have been resolved; and*
- sufficient progress has been made to address risk culture issues in WNZL’s Treasury and Market and Liquidity Risk functions.*

Depending on the recommendations identified from the review, there may be significant cost and challenges to implement remediation activities (Also see Risk Factors – Breakdowns in processes and procedures have required, and could in the future require WNZL to undertake remediation activity).

WNZL is currently engaging with the RBNZ in relation to potential experts to prepare independent reports.”

Significant Change Statements

There has been no material adverse change in the prospects of the Issuer since 30 September 2020 and no significant change in the financial position or financial performance of the Issuer since 31 March 2021.

There has been no material adverse change in the prospects of WNZL and its controlled entities taken as a whole since 30 September 2020 and no significant change in the financial position or financial performance of WNZL and its controlled entities taken as a whole since 31 March 2021.

General

To the extent there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Prospectus prior to the date of this Supplement, the statements in (a) above will prevail.

Save as disclosed in this Supplement, any other supplement previously issued by the Issuer and the Prospectus, the Issuer, the Group Guarantor and the CB Guarantor are not aware of any other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus which is capable of affecting an informed assessment by investors of Instruments issued under the Programme since the publication of the Prospectus.

If documents which are incorporated by reference to this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Regulation except where such information or other documents are specifically incorporated by reference to this Supplement.

Factors which could be material for the purpose of assessing the risks associated with the Covered Bonds issued under the Programme are set out on pages 29 to 79 (inclusive) of the Prospectus, as supplemented.

Copies of the documents incorporated by reference in the Prospectus are available for viewing at: <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.