

## PROGRAMME CIRCULAR



### **ASB Bank Limited**

Incorporated in New Zealand with limited liability

### **ASB Finance Limited**

Incorporated in New Zealand with limited liability

Unconditionally and irrevocably guaranteed by ASB Bank Limited

**U.S.\$70,000,000,000\***

### **Euro Medium Term Note Programme**

*\*Combined programme limit for the Euro Medium Term Note Programme of ASB Bank Limited, ASB Finance Limited and Commonwealth Bank of Australia. This Programme Circular relates to Notes to be issued under such programme by ASB Bank Limited and ASB Finance Limited only.*

Each of ASB Finance Limited (“ASB Finance”) and ASB Bank Limited (“ASB Bank” and, together with ASB Finance, the “Issuers” and each an “Issuer”) may from time to time issue Euro Medium Term Notes (the “Notes”) in any form contemplated in “Conditions of the Notes” herein and as described in “Overview of the Programme” herein. The payment of all amounts payable in respect of the Notes issued by ASB Finance will be unconditionally and irrevocably guaranteed by ASB Bank (in such capacity, the “Guarantor”).

The Notes will be issued from time to time to one or more of the Dealers specified on page 8 (each a “Dealer” and together the “Dealers”, which expression shall include any additional Dealers appointed under the Programme (as defined below) from time to time). References in this Programme Circular to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

**An investment in Notes issued under the Programme involves certain risks.** For a discussion of these risks see “*Risk Factors*”.

ASB Finance has been rated AA- by Standard & Poor’s (Australia) Pty. Ltd. (“S&P”) and A1 by Moody’s Investors Service Pty Ltd. (“Moody’s”). ASB Bank has been rated AA- by S&P, A1 by Moody’s and A+ by Fitch Australia Pty Ltd (“Fitch”). The Issuers’ component of the Programme has also been rated A+ by Fitch. None of S&P, Moody’s or Fitch is established in the European Union (the “EU”) or in the United Kingdom (the “UK”) and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). The ratings have been endorsed by S&P Global Ratings Europe Limited, Moody’s Investors Service Ltd. and Fitch Ratings Limited respectively, in accordance with the CRA Regulation. Each of S&P Global Ratings Europe Limited, Moody’s Investors Service Ltd. and Fitch Ratings Limited is established in the EU or in the UK and registered under the CRA Regulation. As such they are included in the list of credit rating agencies published by the European Securities and Markets Authority (“ESMA”) on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. There can be no assurance that such endorsement of the credit ratings of S&P, Moody’s and Fitch will continue. ESMA has indicated that ratings issued in Australia which have been endorsed in accordance with the CRA Regulation may be used in the EU by the relevant market participants.

Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the relevant Issuer or the Guarantor (in the case of Notes issued by ASB Finance) by the relevant rating agency. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Programme Circular has been approved as a base prospectus by the UK Financial Conduct Authority (the “FCA”), as competent authority under Regulation (EU) 2017/1129 (the “Prospectus Regulation”). The FCA only approves this Programme Circular as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FCA should not be considered as an endorsement of the Issuers or the Guarantor or of the quality of the Notes that are the subject of this Programme Circular. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for Notes to be issued during the period of 12 months from the date of this Programme Circular under this U.S.\$70,000,000,000 Euro Medium Term Note Programme (the “Programme”) to be admitted to the official list of the FCA (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for such Notes to be admitted to trading on the London Stock Exchange’s regulated market.

References in this Programme Circular to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange’s regulated market and have been admitted to the Official List. The London Stock Exchange’s regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (as amended, Directive 2014/65/EU, as amended).

This Programme Circular (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the “EEA”). For these purposes, reference(s) to the EEA include(s) the UK. The obligation to supplement this Programme Circular in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Programme Circular is no longer valid.

The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the Prospectus Regulation (and for these purposes, references to the EEA include the UK).

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes, and certain other information which is applicable to each Tranche (as defined under “*Conditions of the Notes*”) of Notes will be set out in a final terms document (the “Final Terms”) which, where listed, will be delivered to the FCA and the London Stock Exchange. Copies of the Final Terms in relation to Notes to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

Amounts payable on Floating Rate Notes may be calculated by reference to one of LIBOR, EURIBOR or SONIA as specified in the relevant Final Terms. As at the date of this Programme Circular, (i) each of the administrator of LIBOR, ICE Benchmark Administration Limited, and the

administrator of EURIBOR, European Money Markets Institute, is included in ESMA's register of administrators under Article 36 of Regulation (EU) No. 2016/1011 (as amended, the "Benchmarks Regulation"); and (ii) the administrator of SONIA, The Bank of England, is not included in ESMA's register of administrators under the Benchmarks Regulation. As far as the Issuers are aware under Article 2 of the Benchmarks Regulation, the Bank of England is not required to obtain authorisation or registration.

The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuers do not intend to update any Final Terms to reflect any change in the registration status of the administrator.

This document is issued in replacement of a Programme Circular dated 3 July 2019 and accordingly supersedes that earlier Programme Circular. This does not affect any Notes issued under the Programme prior to the date of this Programme Circular.

Arranged by:

**UBS Investment Bank**

Dealers:

**Barclays  
BofA Securities  
Commonwealth Bank of Australia  
Daiwa Capital Markets Europe  
Goldman Sachs International  
J.P. Morgan  
NatWest Markets  
UBS Investment Bank**

**BNP PARIBAS  
Citigroup  
Credit Suisse  
Deutsche Bank  
HSBC  
Morgan Stanley  
Nomura**

Dated 3 July 2020

## IMPORTANT INFORMATION

This Programme Circular comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation. Although Commonwealth Bank of Australia (“CBA”) is also an issuer under the Programme, it is not an issuer under this Programme Circular. This Programme Circular comprises a base prospectus for ASB Bank and ASB Finance only.

Each of ASB Bank and ASB Finance accepts responsibility for the information contained in this Programme Circular and the Final Terms for each Tranche of Notes issued or guaranteed by them, as the case may be, under the Programme. To the best of the knowledge of the Issuers and the Guarantor the information contained in this Programme Circular is in accordance with the facts and the Programme Circular makes no omission likely to affect their import.

This Programme Circular is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Programme Circular shall be read and construed on the basis that those documents are so incorporated and form part of this Programme Circular.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Programme Circular refers does not form part of this Programme Circular.

The Dealers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained in this Programme Circular or any further information supplied by the Issuers or the Guarantor in connection with the Notes.

No person has been authorised to give any information or to make any representation not contained in this Programme Circular or any further information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor or any of the Dealers.

Neither this Programme Circular nor any further information supplied in connection with the Programme or any Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuers, the Guarantor or any of the Dealers that any recipient of this Programme Circular or any further information supplied in connection with the Programme or the Notes should purchase any Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the condition and affairs, and its own appraisal of the creditworthiness, of the Issuers and the Guarantor. Neither this Programme Circular nor any further information supplied in connection with the Programme or the Notes constitutes an offer or invitation by or on behalf of the Issuers, the Guarantor or any of the Dealers to any person to subscribe for or to purchase any Notes.

The delivery of this Programme Circular does not at any time imply that the information contained in it concerning the Issuers or the Guarantor is correct at any time subsequent to its date or that any further information supplied in connection with the Programme or the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial or other condition or affairs of the Issuers or the Guarantor or any of their respective subsidiaries during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of the Issuers and the Guarantor when deciding whether or not to purchase any Notes.

The distribution of this Programme Circular and the offer or sale of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Programme Circular and the offer or sale of the Notes in the United States of America, the EEA (including the UK and Luxembourg), Japan, Australia, New

Zealand, Hong Kong, the PRC, Macau (each as defined below), the Republic of Korea, Singapore and Taiwan (see “*Subscription and Sale*”).

The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction (see “*Subscription and Sale*”).

**IMPORTANT – EEA AND UK RETAIL INVESTORS** – If the Final Terms in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA and UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**MiFID II product governance / target market** – The Final Terms in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise none of the the Arranger, the Dealers and their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**Product Classification pursuant to Section 309B of the Securities and Futures Act (Chapter 289 of Singapore)** – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended, the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise stated in the applicable Final Terms, all Notes shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the “MAS”) Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

This Programme Circular has been prepared on the basis that any Notes with a minimum denomination of less than €100,000 (or equivalent in another currency) will (i) only be admitted to trading on an EEA regulated market (as defined in MiFID II), or a specific segment of an EEA regulated market, to which only qualified investors (as defined in the Prospectus Regulation) can have access (in which case they shall not be offered or sold to non-qualified investors) or (ii) only be offered to the public in an EEA Member State pursuant to an exemption under Article 1(4) of the Prospectus Regulation (and for these purposes, references to the EEA include the UK).

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Programme Circular or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

### **PRESENTATION OF INFORMATION**

In this Programme Circular, all references to:

- “U.S. dollars”, “USD” and “U.S.\$” are to United States dollars;
- “JPY”, “Yen” and “¥” are to Japanese yen;
- “Sterling”, “GBP” and “£” are to pounds sterling;
- “AUD” and “A\$” are to Australian dollars;
- “NZD” and “NZ\$” are to New Zealand dollars;
- “HKD” and “Hong Kong dollars” are to the lawful currency of Hong Kong (as defined below);
- “Renminbi”, “RMB” and “CNY” are to the lawful currency of the People's Republic of China (the “PRC”) which for purposes of this Programme Circular excludes the Hong Kong Special Administrative Region of the PRC (“Hong Kong”), the Macau Special Administrative Region of the PRC (“Macau”) and Taiwan;
- “CHF” and “Swiss Francs” are to the lawful currency of Switzerland;
- “euro”, “EUR” and “€” refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the EU, as amended; and
- the "EEA" includes the UK unless otherwise specified.

## STABILISATION

**In connection with the issue of any Tranche of Notes, one or more relevant Dealers (the “Stabilisation Manager(s)”) (or persons acting on behalf of any Stabilisation Manager(s)) may, outside of Australia and on a financial market operated outside of Australia, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.**

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## Overview of the Programme

The following overview does not purport to be complete and is not a summary for the purposes of the Prospectus Regulation. The following overview is qualified in its entirety by the remainder of this Programme Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980.

Words and expressions defined in “*Form of the Notes*” and “*Conditions of the Notes*” and not otherwise defined shall have the same meanings in this Overview.

<b>Issuers:</b>	ASB Finance Limited ASB Bank Limited
<b>Issuer Legal Entity Identifiers (LEI):</b>	ASB Bank Limited: 549300IBZWZL1KTPF918 ASB Finance Limited: 549300A8V0FZJN79NH08
<b>Guarantor Entity (LEI):</b>	<b>Legal Identifier</b> ASB Bank Limited: 549300IBZWZL1KTPF918 (in the case of Notes issued by ASB Finance Limited)
<b>Description:</b>	Euro Medium Term Note Programme
<b>Arranger:</b>	UBS AG London Branch
<b>Dealers:</b>	Barclays Bank PLC Barclays Capital Asia Limited BNP Paribas Citigroup Global Markets Limited Commonwealth Bank of Australia Credit Suisse Securities (Europe) Limited Daiwa Capital Markets Europe Limited Deutsche Bank AG, London Branch Goldman Sachs International HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International Morgan Stanley & Co. International plc NatWest Markets Plc Nomura International plc UBS AG London Branch  and any other Dealers appointed in accordance with the Programme Agreement.
<b>Certain restrictions:</b>	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time including the following restrictions applicable at the date of this Programme Circular.  <i>Notes having a maturity of less than one year</i>  Notes having maturity of less than one year from the date of issue will be issued (i) to a limited class of professional investors and will have a denomination of at least £100,000 (or an amount of equivalent value



denominated wholly or partly in a currency other than sterling) and no part thereof will be transferable unless the redemption value of that part is not less than £100,000 (or such an equivalent amount) or (ii) in any other circumstances which do not violate section 19 of the Financial Services and Markets Act 2000, as amended (the “FSMA”).

<b>Issuing and Principal Paying Agent:</b>	Deutsche Bank AG, London Branch
<b>Registrar:</b>	Deutsche Bank Luxembourg S.A.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in U.S. dollars, euro, Yen, Sterling, Australian dollars, New Zealand dollars, Hong Kong dollars, Renminbi, Swiss Francs and such other currencies as may be agreed with the relevant Dealer.
<b>Maturities:</b>	Subject to any applicable laws and regulations, any original maturity.
<b>Issue Price:</b>	Notes may be issued at par or at a discount to, or premium over, par.
<b>Form of Notes:</b>	The Notes will be issued in either bearer or registered form as described in “ <i>Form of the Notes</i> ”. Registered Notes will not be exchangeable for Bearer Notes and <i>vice versa</i> .
<b>Fixed Rate Notes:</b>	Fixed interest will be payable in arrear on such date or dates in each year as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest at a rate determined on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes, or on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service.</p> <p>The Margin (if any) relating to such floating rate will be specified in the applicable Final Terms.</p>
<b>Other provisions in relation to Floating Rate Notes:</b>	<p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes will be payable on Interest Payment Dates, as agreed at the time of agreement to issue, and (where applicable) will be calculated on the basis of the Day Count Fraction specified in the applicable Final Terms.</p> <p>Details of the interest rate applicable to the then current Floating Interest Period in respect of the Floating Rate Notes of any Series will be available from the Principal Paying Agent.</p>
<b>Zero Coupon Notes:</b>	Zero Coupon Notes will be offered and sold at par or at a discount to their nominal amount and will not bear interest.
<b>Benchmark Discontinuation:</b>	In the case of Floating Rate Notes, if the relevant Issuer determines that a Benchmark Event has occurred, the relevant benchmark or screen rate may be replaced by a Successor Rate or, if there is no Successor Rate but the relevant Issuer determines there is an Alternative Rate (acting in good faith and by reference to such sources as it deems appropriate, which may

include consultation with an Independent Adviser), such Alternative Rate. An Adjustment Spread may also be applied to the Successor Rate or the Alternative Rate (as the case may be), together with any Benchmark Amendments (which in the case of any Alternative Rate, any Adjustment Spread unless formally recommended or provided for and any Benchmark Amendments shall be determined by the relevant Issuer, acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser). For further information, see Condition 5(e).

**Redemption:**

The applicable Final Terms will indicate either that the Notes of that Tranche cannot be redeemed prior to their stated maturity, other than for taxation reasons, or that such Notes will be redeemable at the option of the relevant Issuer (in specified amounts if the applicable Final Terms so indicate) and/or at the option of the holder(s) of such Notes on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be indicated in the applicable Final Terms.

**Use of Proceeds:**

The net proceeds from each issue of Notes issued (i) by ASB Finance will be on-lent to the Guarantor, to be applied by the Guarantor for its general corporate purposes; and (ii) by ASB Bank will be applied for its general corporate purposes, in each case, unless stated otherwise in the applicable Final Terms.

## **Risk Factors**

*In purchasing Notes, investors assume the risk that the relevant Issuer or the Guarantor (in the case of Notes issued by ASB Finance) may become insolvent or otherwise be unable to make all payments due in respect of the Notes or under the Guarantee, respectively. There is a wide range of factors which individually or together could result in the relevant Issuer or the Guarantor, as the case may be, becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the relevant Issuer and the Guarantor (in the case of Notes issued by ASB Finance) may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside such Issuer's or the Guarantor's control. The Issuers and the Guarantor have identified in this Programme Circular a number of factors which could materially adversely affect their businesses and ability to make payments due in respect of the Notes.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued by the relevant Issuer under the Programme are also described below.*

*In each category of factors set out below, the Issuers believe that each factor included in each category of factors is material, with the most material in each category (based on each Issuer's assessment of the probability of its occurrence and the expected magnitude of its negative impact) being described first in each category.*

*Noting the points set out above by each Issuer with respect to its assessment of the level, order of materiality and potential occurrence of the risks set out below, prospective investors should carefully consider the following discussion of the risk factors and other information set out elsewhere in this Programme Circular and reach their own views prior to making any investment decision.*

*Notwithstanding anything in these risk factors, these risk factors should not be taken as implying that the relevant Issuer will be unable to comply with its obligations as an issuer of securities admitted to the Official List, or that the Guarantor will be unable to comply with its obligations as a guarantor of securities admitted to the Official List or that ASB Bank will be unable to comply with its obligations as a registered bank regulated by the Reserve Bank of New Zealand (the "RBNZ").*

*Words and expressions defined in "Form of the Notes" and "Conditions of the Notes" and not otherwise defined shall have the same meanings when used herein.*

*ASB Finance is a funding vehicle for ASB Bank, which is itself a wholly-owned subsidiary of CBA. As such, ASB Finance's principal purpose is to raise funds from offshore debt markets to finance the operations of ASB Bank. Notes issued under the Programme by ASB Finance are guaranteed by ASB Bank pursuant to the Guarantee. In the case of Notes issued by ASB Finance all references to ASB in these risk factors apply equally to both ASB Bank and ASB Finance unless the context otherwise requires. In the case of Notes issued by ASB Bank all references to ASB in these risk factors are to ASB Bank only. See "ASB Finance Limited" and "ASB Bank Limited" for a description of ASB Finance and ASB Bank, respectively.*

### **Factors that may affect ASB's ability to fulfil its obligations under Notes issued under the Programme and the Guarantee**

***The COVID-19 pandemic is causing a downturn in the New Zealand and global economies that could adversely impact ASB's business, financial condition, liquidity, results of operations and prospects.***

The coronavirus COVID-19 ("COVID-19") outbreak has had, and continues to have, a material impact on economies worldwide. While ASB's business is primarily located in New Zealand, with ASB's performance dependent on the strength of the economy, retail and business confidence, and prevailing market conditions, the widespread reach of the COVID-19 pandemic means there are a number of factors associated with the outbreak and its impact on local and global economies that could have a material adverse impact on ASB's business, financial condition, liquidity, results of

operations and prospects.

The severe restrictions on movement within and between countries due to the COVID-19 outbreak have caused economic disruption to ASB, its customers and suppliers. These restrictions are being determined individually by country governments, with the timing and decisions related to restrictions varying between jurisdictions. See also “*ASB Bank Limited – Recent Developments*”. The restrictions have resulted in the significant contraction in economic activity worldwide. New Zealand and its key trading partners, such as Australia and China, are experiencing a reduction in global trade, due to global production, investments, supply chains and consumer spending being affected by restrictions. New Zealand’s tourism industry and related sectors have also been severely and negatively impacted. It remains unclear how this will evolve for the foreseeable future and the final impact it will have to ASB.

The New Zealand Government and the RBNZ have initiated several financial support schemes targeted at individuals and businesses most impacted by the COVID-19 outbreak (see “*ASB Bank Limited – Recent Developments*” and “*Liquidity and funding risks could adversely impact ASB’s results*” for further details). The impact of these initiatives on ASB, its customers, and suppliers remains uncertain at this stage (see “*ASB may incur losses associated with its counterparty exposures and counterparty lending*”), with global consensus views indicating that the likely economic downturn will persist for a prolonged period. A significant or sustained economic shock in New Zealand could result in a decrease in the amount of new lending ASB is able to make and/or an increase in defaults on individual loans made by ASB. Current economic indicators point to a recession in New Zealand over the first half of 2020, with the economy likely to take a prolonged period to return to the level of gross domestic product that prevailed ahead of the COVID-19 pandemic. This downturn may impact business viability and domestic consumption, which could further result in increased defaults on individual loans made by ASB.

The extent to which the COVID-19 pandemic and its economic consequences affect the financial condition of the ASB will depend on future developments. These include the impact of the measures taken by the New Zealand Government and the RBNZ, the decisions of other governments and central banks, and the actual duration of the pandemic and the measures taken to contain it.

### ***Liquidity and funding risks could adversely impact ASB’s results***

Liquidity risk is inherent in all banking operations due to the potential mismatch between cash inflows and cash outflows. In times of liquidity stress, if there is damage to market confidence in ASB or if funding inside or outside of New Zealand is not available or constrained, ASB’s ability to access sources of funding and liquidity may be constrained and there may be elevated exposure to liquidity risk. ASB raises funding from a variety of sources, including customer deposits and wholesale funding in New Zealand and offshore markets to meet its funding obligations. While the majority of ASB’s funding comes from customer deposits, it remains reliant on offshore wholesale funding markets to source a significant amount of its funding. The availability of such funding, and the terms on which it may be available, depends on a variety of factors, including prevailing market conditions and ASB’s credit rating. In response to market dislocations caused by the COVID-19 pandemic and the potential negative consequences of these on bank funding and liquidity, the RBNZ has introduced a Term Auction Facility (the “TAF”) and a Term Lending Facility (the “TLF”). The TAF is intended to support banking system liquidity, while the TLF is intended to provide low cost funding to enable banks to support lending to businesses.

The monetary policy response to the COVID-19 pandemic is increasingly relying on the use of unconventional monetary policy tools by the RBNZ. The RBNZ has launched a Large Scale Asset Purchases (“LSAP”) programme, buying New Zealand Government bonds and bonds issued by the Local Government Funding Agency (“LGFA”). Under the LSAP programme, the RBNZ may purchase up to a combined face value of NZ\$60 billion of bonds by March 2021, with a maximum of NZ\$3 billion allocated to LGFA bonds. The RBNZ has also announced that a negative Official Cash Rate is being considered if further monetary stimulus is required. The RBNZ is further considering

intervening in the swap markets, purchasing foreign currency denominated assets, and providing term funding to banks as additional unconventional monetary policy tools. The use of unconventional monetary policy tools may have unintended consequences, including asset price inflation and excess liquidity, which may alter the behaviours and incentives of ASB's customers.

Currently, the global debt and equity markets are experiencing significant volatility caused by factors such as the impacts of the COVID-19 pandemic, oil prices, risks to the outlook for global economic growth, trade disputes between major economies and the UK's exit from the EU. Disruptions, uncertainty or volatility in financial markets or adverse financial and credit market conditions may force ASB to delay raising funding, issue securities with shorter tenors than it prefers, or pay less attractive interest rates. This could increase ASB's interest expense, decreasing its profitability and significantly reducing its financial flexibility. If ASB is unable to source appropriate funding, it may also be forced to reduce its lending or begin to sell liquid securities.

***ASB may incur losses associated with its counterparty exposures and counterparty lending***

ASB assumes counterparty risk in connection with its customer lending, trading and derivatives, and other activities where it relies on the ability of its counterparties to satisfy their financial obligations to ASB on a timely basis. With current levels of global market volatility and economic uncertainty due to COVID-19, ASB faces a risk that counterparties may be unable to honour their contractual obligations. This risk may arise through the making of loans, entering into swap or other derivative contracts under which counterparties have obligations to make payments to ASB, executing currency or other trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. There is also a risk that ASB's rights against counterparties may not be enforceable in certain circumstances.

Counterparties and customers may default on their obligations to ASB due to bankruptcy, lack of liquidity, operational failure or other reasons. While the New Zealand Government has introduced temporary financial support for businesses and individuals in response to the effects of COVID-19 (see "ASB Bank Limited – Recent Developments" for further details), this risk may be increased by a deterioration in economic conditions and a sustained high level of unemployment, a deterioration of the financial condition of ASB's counterparties and customers. This will lead to an increase in non-performing loans and loan impairment expense for ASB, the effects of which are still being quantified.

In addition, in assessing whether to extend credit or enter into other transactions with counterparties and customers, ASB relies on information provided by these parties. While ASB holds provisions to cover credit impairment, the amount of these provisions is determined by assessing the extent of impairment inherent within the current lending portfolio, based on that information provided. ASB's financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading from counterparties or customers.

***Failure to maintain credit ratings could adversely affect ASB's cost of funds, liquidity, access to debt and capital markets and competitive position***

ASB's credit ratings further affect its cost of funds, liquidity and access to debt and capital markets. Credit ratings are used by current and potential customers, investors, counterparties and intermediaries when evaluating ASB's products and creditworthiness. Investors may also consider ASB's credit rating prior to investing in ASB's debt securities. A negative outlook or downgrade in credit ratings could come from an unanticipated adverse change in ASB's financial position or outlook. A negative outlook or downgrade could also be due to a change in the outlook on the New Zealand sovereign credit rating, or the financial position or outlook of CBA, including in its capacity as parent of ASB, or the ability of CBA or the New Zealand Government to provide support to ASB in times of stress. CBA's rating and outlook may similarly be impacted by a change to the rating or outlook on the Australian sovereign credit rating.

The economic effects of the COVID-19 pandemic and the measures taken to contain it have caused

rating agencies to revise their ratings and outlooks on banks and governments globally and further revisions are possible, in particular due to rising credit losses for banks and increased fiscal spending by governments leading to higher levels of government debt relative to gross domestic product. Fitch downgraded the ratings of major banks in Australia and New Zealand on 7 April 2020. ASB's rating was revised from AA- to A+, with the outlook remaining 'Negative'. Further, on 8 April 2020, S&P revised ASB's outlook from 'Stable' to 'Negative' in line with revisions made to the outlook on the CBA and the Australian sovereign credit ratings. Any further downgrade to ASB's credit ratings or the credit ratings on CBA, the New Zealand sovereign or the Australian sovereign could adversely affect ASB's cost of funds and related margins, liquidity position, collateral requirements and access to debt and capital markets. A downgrade to ASB's credit ratings could also negatively impact its competitive position.

***Reputational damage could harm ASB's business, financial condition, liquidity, results of operations and prospects.***

Reputational damage may result from activities such as breaching legal and regulatory requirements (such as money laundering, trade sanctions and privacy laws), inadequate sales and trading practices, inappropriate management of conflicts of interest and other ethical issues, technology failures and other significant operational loss incidents. Reputational failures may impact the perception of customers, investors, and regulators which could impact on the ASB business, financial condition, reputation, liquidity, results of operations and prospects.

Scrutiny over the banking and financial services industry is currently heightened as a result of the recent conduct reviews in New Zealand (see "*Supervision and Regulation of ASB Bank Limited and ASB Finance Limited – Regulatory environment in New Zealand*" for further details). Failure to address conduct issues appropriately could give rise to additional legal risk, subject ASB to regulatory enforcement actions, fines and penalties, or harm its reputation and integrity among customers, investors and other stakeholders.

As ASB is part of a larger business group, it is vulnerable to the decisions made by that larger business group, as well as reputational damage by virtue of its association with that larger business group. In addition, the reputational consequences of the occurrence of a significant risk event within CBA and its subsidiaries (the "CBA Group"), may have a material impact on ASB's business, financial condition, reputation, liquidity, results of operations and prospects.

***ASB is subject to extensive regulation and associated compliance risk, which could have an adverse impact on its results and ability to execute its strategy***

ASB's banking activities are subject to extensive regulation in New Zealand in a number of areas, which carries associated compliance risk. These areas include (but are not limited to) regulations relating to capital levels, liquidity levels, solvency, risk management, provisioning, accounting and reporting requirements, taxation, remuneration, consumer protection, competition, anti-bribery and corruption, anti-money laundering and trade sanctions. Where ASB obtains funding in offshore jurisdictions such as the UK, Europe, the USA, Japan, Singapore, Hong Kong and Australia, ASB is subject to specific jurisdiction rules as a condition of being able to obtain funding in those markets.

As part of ASB's registration with the RBNZ, ASB is subject to Conditions of Registration that outline key prudential requirements in areas such as capital, liquidity and outsourcing. In the event that the RBNZ was to conclude that ASB did not satisfy these conditions, sanctions could be imposed on ASB. These could include increases in ASB's required levels of capital or limitations on the conduct of ASB's business. Further, the RBNZ could require ASB to take additional steps and incur additional expense to satisfy the conditions.

ASB may also be indirectly impacted by Australian regulation to which CBA is subject, where this regulation is applicable to the CBA Group. In these circumstances ASB may be required to conform to Australian regulatory requirements in order to facilitate compliance by the CBA Group.

The New Zealand financial services industry is experiencing a large amount of regulatory review.

Any regulatory change implemented could affect ASB's ability to execute its strategy, either on a short-term or long-term basis. Due to the COVID-19 pandemic, New Zealand regulators have delayed the regulatory agenda over the next year to allow the banking industry to sufficiently respond. However, the pace or extent of change once the regulatory agenda restarts could impact ASB's ability to implement these regulatory changes and embed appropriate compliance processes adequately. A failure to comply with regulatory requirements may adversely affect ASB's business, performance or financial position.

ASB is exposed to the risk of receiving regulatory fines and sanctions, as well as contractual damage claims and other potential material claims and penalties in the event of breaches of regulation and law.

In recent years there has been a significant increase globally in the nature and scale of regulatory investigations and reviews, enforcement actions (whether by court action or otherwise) and the quantum of fines issued by regulators, particularly against financial institutions.

In New Zealand, the nature of these investigations and reviews have been wide ranging and, for example, currently include a range of matters including responsible lending practices, product suitability, wealth advice, conduct in financial markets and capital market transactions. The banking and insurance industry was subject to a wide-ranging review of conduct and culture run jointly by the Financial Markets Authority (the "FMA") and the RBNZ, and a separate FMA review of bank incentive structures.

ASB is dependent on the conduct of its employees, as well as the design and suitability of its products in order to meet the expectations of its customers and regulatory bodies. There is a risk that ASB's products and business practices are unsuitable, or its employees engage in inappropriate market conduct or provide unsuitable financial advice. If ASB is unable to meet its obligations to customers or its commitments to its regulators, or if liability is established through past conduct and remediation actions taken by ASB, there may be an increased chance of regulatory actions and monetary penalties, as well as reputational damage and contractual damage claims.

Internationally, anti-money laundering, counter-terrorism financing and sanctions laws have been the subject of increasing regulatory change and enforcement in recent years. The increasingly complicated environment in which ASB operates has heightened these operational and compliance risks. ASB's monitoring systems must keep pace with the volume of transactions, changes in regulation and technological advances. If ASB's monitoring systems fail, ASB otherwise fails to comply, or if ASB's regulators determine that ASB has not complied, with applicable anti-money laundering, counter-terrorism financing and sanctions laws, ASB could be subject to regulatory actions and monetary penalties, as well as reputational damage and contractual damage claims.

***ASB may incur losses from operational risks associated with being a complex financial institution***

ASB's business is highly dependent on its ability to process and monitor high volumes of transactions and data, many of which are highly complex, utilising complex technology frameworks and systems. These are often across multiple channels, markets and currencies, increasing the likelihood of an operational risk event.

Risks related to external environmental disruptions, process execution, cybersecurity, technology, data management, model management and accuracy, accounting and financial management, supplier management and performance, employee conduct, and internal and external theft and fraud are identified as key operational risks for ASB. Any errors or failures in one of these types of operational risk may result in a major failure that could be associated with the delivery of products and services to customers and investors, theft and fraud, incorrect pricing, improper recording and accounting of transactions, breach of security and physical protection systems, and breaches of regulations. This could result in actual operational risk exposures being greater than expected by management, leading to unexpected losses and a depletion of capital levels.

***ASB faces information security risks, including risks from potential cyber-attacks and data protection, which could have a material adverse impact on its business***

ASB's business is highly dependent on its information technology systems, including those supplied by external service providers, to securely process, store and transmit information. Information security risks for ASB have increased in recent years due to the evolution and development of new technologies, the use of internet and telecommunications technology to conduct financial transactions and the increased sophistication and broadened activities of organised criminals and hackers. Cyber threats, such as distributed denial of service, malware and ransomware, are continuously evolving, becoming more sophisticated and increasing in volume.

ASB continues to advance its digital strategy, where customers can use personal mobile devices and computers that are beyond ASB's control systems. Although ASB takes protective measures as circumstances warrant, its computer systems, software and networks may still be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks, computer viruses or other malicious code and other events. A technology failure, cyber-attack, or data loss/theft could materially disrupt network access or business operations of ASB, its customers, its investors, third parties or employees.

An information security failure or non-compliance with data protection and privacy regulations could have serious consequences for ASB. This could include operational disruption, financial losses, a loss of customers, litigation, regulatory penalties or intervention, reputational damage, and theft of intellectual property or customer data. This could result in violations of applicable data and privacy laws, all of which could have a material adverse impact on ASB's business.

***ASB is subject to prudential regulatory capital requirements and failure to meet these could adversely affect its financial condition or lead to a Condition of Registration breach***

The RBNZ is the prudential regulator and supervisor of ASB. The RBNZ sets the prudential requirements with which ASB must comply, including capital requirements. The regulatory capital requirements set by the RBNZ can restrict ASB's ability to pay dividends or to make capital repurchases. ASB's capital ratios may be affected by a number of factors, including but not limited to lower earnings, operating losses, increased asset growth, changes in credit quality and changes in business strategy (including acquisitions, divestments, investments and changes in the capital requirements of business segments).

The RBNZ completed a comprehensive review of the capital adequacy framework applying to New Zealand incorporated banks in December 2019, introducing a revised capital adequacy framework. Due to COVID-19, the RBNZ announced a 12-month delay to the start date of increased capital requirements. Based on ASB's current balance sheet size and composition, ASB estimates that it will require approximately an additional NZ\$3 billion in Tier 1 capital (of which approximately NZ\$2.5 billion must be in Common Equity Tier 1 ("CET1") capital) by 1 July 2027. To the extent that higher capital requirements in the New Zealand banking system are introduced, this may impact the cost of and access to credit for ASB's customers and in the wider New Zealand economy. In particular, lending to the agriculture, small business and first homebuyer sectors could reduce as ASB re-evaluates its business models as a result of the proposed higher capital levels. This could have an adverse effect on economic growth and on ASB's customers which could in turn impact ASB.

In response to the economic uncertainty caused by COVID-19, the RBNZ has also announced a restriction on the payment of dividends on ordinary shares and the redemption of non-CET1 capital instruments. This will remain in place until the RBNZ determines that the economic outlook has sufficiently recovered. The impact of this is that ASB is unable to pay dividends to CBA for unknown period of time going forward.

**Competition and strategic risk could adversely impact ASB's business, financial condition, liquidity, results of operations and prospects**

The delivery of banking products and services is a competitive environment in New Zealand. Competition is expected to increase, especially from non-bank entrants and other providers who are unregulated or subject to different prudential and regulatory standards than ASB. These entrants may



seek to disrupt the financial services industry by offering new propositions and technologies, or gaining market share through innovative, targeted offerings.

The ability of ASB to innovate and keep pace with changes in customer preferences, regulatory requirements, and emerging technologies is subject to strategic risk. Suboptimal strategic planning processes that do not support effective decision-making, or strategic execution inadequacies leading to delays, poor quality outcomes, or unacceptable operation outside of risk appetite, are all relevant strategic risks.

ASB's ability to attract and retain qualified and skilled executives, employees and members of ASB's board of directors is an important factor in achieving ASB's strategic objectives. ASB's Chief Executive Officer, management team and ASB's board of directors set the strategic direction critical to the growth of ASB. It is important that ASB is able to successfully attract and retain talent in line with its future capability requirements. If ASB has difficulty retaining key employees or attracting capable people for important roles, including members of its board of directors, particularly in times of strategic change, ASB's business, operations and financial condition could be adversely affected.

***Market risks could adversely impact ASB's business, financial condition, liquidity, results of operations and prospects***

ASB is exposed to market risks, including the potential losses arising from changes in interest rates, foreign exchange rates, equity and commodity prices, and credit spreads where there is an adverse change in rates or prices that has a negative effect on the profitability of ASB. This exposure includes traded market risks and non-traded market risks, predominantly interest rate risk in the banking book.

A significant proportion of ASB's wholesale funding is in currencies other than the New Zealand dollar, such as the U.S. dollar and euro. This exposes ASB to risks associated with exchange rates for the New Zealand dollar, which is the currency used for ASB's functional activity and financial reporting. The impact of such exchange rate risk cannot be predicted with certainty. ASB hedges its non-New Zealand dollar exposures where appropriate and seeks to manage its exchange rate risks to minimise any adverse effect on its financial position and performance. However, ASB's results of operations may be adversely affected if ASB's exposures are inappropriately hedged or if a hedge provider defaults on its obligations under ASB's hedging agreements.

***ASB could suffer losses due to catastrophic events or climate change***

ASB and its customers operate businesses and hold assets in a range of locations and may be adversely affected by the physical effects of catastrophic events or climate change, including earthquakes, storms, floods and droughts, as well as increases in temperatures, sea levels and the frequency and severity of adverse climatic events. These changes may directly impact ASB and its customers through environmental factors, insurance risk and an increase in defaults in credit exposures due to the large proportion of the economic activity in New Zealand that is reliant on the agriculture and tourism industries which are often affected by catastrophic or climatic events.

Any significant external catastrophic event (including but not limited to pandemic, fire, storm, flood, drought, earthquake, volcanic eruption, civil unrest, war or terrorism) has the potential to disrupt ASB's, its customers' and its suppliers' business activities. Disruption may further impact business operations through inability to access normal physical working locations. It may also damage ASB's, its customers' and/or its suppliers' property, and otherwise affect the value of assets held in the affected locations, and ASB's ability to recover amounts owing to it. In addition, such an event may have an adverse impact on economic activity, consumer and investor confidence or the levels of volatility in financial markets.

ASB and its customers may also be adversely affected by the risks of moving to a low carbon emitting economy as a result of either mandated regulation or societal pressures. This risk to ASB and its customers is expected to vary according to business activity (level of emission), management focus, specific transitioning challenges (technological or economic), demand risk (particularly product substitution) and reputation risk.

## **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

### *Risks related to the structure of a particular issue of Notes*

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

*If the relevant Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.*

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.*

Fixed/Floating Rate Notes bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

*Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities. Such volatility could have a material adverse effect on the value and return of any such Notes.

*Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR, and other regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"*

The sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021.

Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate,

among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

In addition to these announcements, there have been other recent national and international regulatory guidance and proposals for reform of interest rates and indices which are deemed to be “benchmarks”, including LIBOR, EURIBOR and SONIA. Some of these reforms are already effective whilst others are still to be implemented. These reforms could include, among other things, reforms to other “benchmarks” similar to those reforms announced in relation to LIBOR, and any such reforms may cause such “benchmarks” to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the value or liquidity of, and return on, any Floating Rate Notes or any other Notes which are linked to or reference a “benchmark”.

The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a "benchmark" and the use of a "benchmark" within the EU (which, for these purposes, includes the UK). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms (including those announced in relation to LIBOR and the application of any similar reforms to other "benchmarks"), or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. It is not possible to predict with certainty whether, and to what extent, LIBOR, EURIBOR, SONIA and such other "benchmarks" will continue to be supported going forwards. This may cause LIBOR, EURIBOR, SONIA and such other "benchmarks" to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain "benchmarks": (i) discouraging market participants from continuing to administer or contribute to a "benchmark"; (ii) triggering changes in the rules or methodologies used in the "benchmark" and/or (iii) leading to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

Investors should be aware that in the case of Floating Rate Notes, the Conditions of the Notes provide for certain fallback arrangements in the event that a published Benchmark, including an inter-bank offered rate such as LIBOR, EURIBOR, SONIA or other relevant reference rates ceases to exist or be published or another Benchmark Event occurs. These fallback arrangements include the possibility that the Rate of Interest could be determined by reference to a Successor Rate or an Alternative Rate and that an Adjustment Spread may be applied to such Successor Rate or Alternative Rate as a result of the replacement of the relevant benchmark or screen rate (as applicable) originally specified with the Successor Rate or the Alternative Rate (as the case may be), together with the making of certain Benchmark Amendments to the Conditions of such Notes, which in the case of any Alternative Rate, any Adjustment Spread unless formally recommended or provided for and any Benchmark

Amendments shall be determined by the relevant Issuer (acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser). Any Adjustment Spread that is applied may not be effective to reduce or eliminate economic prejudice to investors. The use of a Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in any Notes linked to or referencing a benchmark performing differently (which may include payment of a lower Rate of Interest) than they would if the relevant benchmark were to continue to apply in its current form.

In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page or the initial Rate of Interest applicable to such Notes on the Interest Commencement Date. In addition, due to the uncertainty concerning the availability of any Successor Rate or Alternative Rate, any determinations that may need to be made by the relevant Issuer and the involvement of any Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value or liquidity of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the relevant Issuer to meet its obligations under the Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consider these matters when making their investment decision with respect to the relevant Floating Rate Notes.

***The market continues to develop in relation to SONIA as a reference rate***

Where the applicable Final Terms for a series of Floating Rate Notes specifies that the interest rate for such Floating Rate Notes will be determined by reference to SONIA, interest will be determined on the basis of Compounded Daily SONIA (as defined in the Conditions of the Notes). Compounded Daily SONIA differs from Sterling LIBOR in a number of material respects, including (without limitation) that Compounded Daily SONIA is a backwards-looking, compounded, risk-free overnight rate, whereas Sterling LIBOR is expressed on the basis of a forward-looking term and includes a credit risk-element based on inter-bank lending. As such, investors should be aware that Sterling LIBOR and SONIA may behave materially differently as interest reference rates for Floating Rate Notes. The use of SONIA as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA.

Accordingly, prospective investors in any Floating Rate Notes referencing Compounded Daily SONIA should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. For example, in the context of backwards-looking SONIA rates, market participants and relevant working groups are, as at the date of this Programme Circular, currently exploring forward-looking 'term' SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term). The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from Sterling LIBOR or another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Conditions in the case of Floating Rate Notes issued under this Programme for which Compounded Daily SONIA is specified as being applicable in the applicable Final Terms. Furthermore, the Issuers may in the future issue Floating Rate Notes referencing SONIA that differ materially in terms of the interest determination provisions when compared with the provisions for such determination as set out in Condition 5(b)(5A) as contained in this Programme Circular. The nascent development of Compounded Daily SONIA as an interest reference rate for the Eurobond markets, as well as continued development of SONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could

otherwise affect the market price of any SONIA-referenced Floating Rate Notes issued under the Programme from time to time.

Furthermore, interest on Floating Rate Notes which reference Compounded Daily SONIA is only capable of being determined at the end of the relevant SONIA Observation Period (as defined in Condition 5(b)(5A)) and immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Floating Rate Notes which reference Compounded Daily SONIA to estimate reliably the amount of interest which will be payable on such Floating Rate Notes, and some investors may be unable or unwilling to trade such Floating Rate Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of such Floating Rate Notes. Further, in contrast to Sterling LIBOR-based Floating Rate Notes, if Floating Rate Notes referencing Compounded Daily SONIA become due and payable as a result of an event of default under Condition 11, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final rate of interest payable in respect of such Floating Rate Notes shall only be determined immediately prior to the date on which the Floating Rate Notes become due and payable.

In addition, the manner of adoption or application of SONIA reference rates in the Eurobond markets may differ materially compared with the application and adoption of SONIA in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Floating Rate Notes referencing Compounded Daily SONIA.

Investors should carefully consider these matters when making their investment decision with respect to any such Floating Rate Notes.

#### ***Risks related to Notes generally***

Set out below is a description of material risks relating to Notes generally:

*The Conditions of the Notes contain provisions which may permit their modification without the consent of all investors*

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider and vote upon matters affecting their interests generally, including modifications of the Conditions or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolutions or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority and therefore there is no guarantee that the resolutions approved will be consistent with the interests and/or the votes cast by each Noteholder.

Modifications may also be made to the Conditions without the consent of Noteholders if such modifications are, in the opinion of the Issuer (a) of a formal, minor or technical nature, (b) made to cure any ambiguity or correct any manifest error or (c) not materially prejudicial to the interests of Noteholders (subject as provided in Condition 13 where an Extraordinary Resolution of Noteholders is required).

#### ***Substitution of the Issuers and the Guarantor***

If the conditions set out in the Conditions of the Notes are met, the relevant Issuer and the Guarantor (in the case of Notes issued by ASB Finance) may, without the consent or sanction of the Noteholders, substitute in its place a new issuer as debtor or a new guarantor as guarantor, as applicable, in respect of all obligations arising under or in connection with the Notes (the “Substituted Company”) or the Guarantee (the “Substituted Guarantor”). In each case, the Noteholders will also assume the insolvency risk with regard to the Substituted Company or Substituted Guarantor, as applicable.

*The value of the Notes could be adversely affected by a change in English law or administrative practice*

The Conditions of the Notes are based on English law in effect as at the date of this Programme Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Programme Circular. Any such change could materially adversely impact the value of any Notes affected by it.

*Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### ***Risks related to the market generally***

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Notes*

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market at prices higher than the relevant investor's initial investment. Therefore, in establishing their investment strategy, investors should ensure that the term of the Notes is in line with their future liquidity requirements. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. The relevant Issuer, the Guarantor (in the case of Notes issued by ASB Finance) or any Dealer may, but is not obliged to, at any time purchase Notes at any price in the open market or by tender or private treaty. To the extent that an issue of Notes becomes illiquid, an investor may have to hold the relevant Notes until maturity before it is able to realise value.

*Investors may receive less in the secondary market than their initial investment*

If it is possible to sell Notes, they would be sold for the prevailing bid price in the market and may be subject to a transaction fee. The prevailing bid price may be affected by several factors including prevailing interest rates at the time of sale, the time left before the stated maturity date and the creditworthiness of the relevant Issuer. It is therefore possible that an investor selling Notes in the secondary market may receive a price less than that investor's initial investment in the relevant Notes.

*Impact of implicit fees on the Issue/Offer Price of the Notes*

Investors should note that implicit fees (e.g. placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Notes, but such fees will not be taken into account for the purposes of determining the price of such Notes in the secondary market.

The relevant Issuer will specify in the applicable Final Terms the type and amount of any implicit fees which are applicable from time to time.

Investors should also take into consideration that if Notes are sold on the secondary market immediately following the offer period relating to such Notes, the implicit fees included in the Issue/Offer Price on initial subscription for such Notes will be deducted from the price at which such Notes may be sold in the secondary market.

*If an investor holds Notes which are not denominated in the investor's home currency, that investor will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.*

The relevant Issuer will pay principal and interest on the Notes and the Guarantor will make any payment under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the relevant Issuer to make payments in respect of the Notes or the Guarantor to make payments under the Guarantee. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The above risks may be increased if any Specified Currency and/or an Investor's Currency is the currency of an emerging market jurisdiction.

*The value of Fixed Rate Notes may be adversely affected by movements in market interest rates*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes as an equivalent investment issued at the current market interest rate may be more attractive to investors.

*Credit ratings assigned to the Issuers or any Notes may not reflect all the risks associated with an investment in those Notes*

One or more independent credit rating agencies may assign credit ratings to the Issuers, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time (including as a result of any changes in rating methodology). In addition actual or anticipated changes in the credit ratings of the Notes will generally affect any trading for, or trading value of, the Notes.

In general, European (including the UK) regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or in the UK and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in

certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non-EU and non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European (including the UK) regulated investors may no longer be able to use the rating agency for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including the UK) regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Programme Circular.

*Changes in any applicable tax law or practice may have an adverse effect on a Noteholder*

Any relevant tax law or practice applicable as at the date of this Programme Circular and/or the date of purchase or subscription of any Notes may change at any time (including during any subscription period or the term of any Notes). Any such change may have an adverse effect on a Noteholder, including that Notes may be redeemed before their due date, their liquidity may decrease and/or the tax treatment of amounts payable or receivable by or to an affected Noteholder may be less than otherwise expected by such Noteholder.

*Potential conflicts of interest*

Where the Calculation Agent is an affiliate of the relevant Issuer, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Notes that may influence the amount receivable on redemption of the Notes.

***Risks relating to Notes denominated in Renminbi***

Set out below is a description of the principal risks which may be relevant to an investor in Notes denominated in Renminbi (“Renminbi Notes”):

*Renminbi is not completely freely convertible, there are still significant restrictions on the remittance of Renminbi into and out of the PRC and the liquidity of investments in Renminbi Notes is subject to such restrictions*

Renminbi is not completely freely convertible as of the date of this Programme Circular. The government of the PRC (the “PRC Government”) continues to regulate conversion between Renminbi and foreign currencies despite significant reduction in the control by the PRC Government in recent years over trade transactions involving the import and export of goods and services, as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. Participating banks in Hong Kong and a number of other jurisdictions have been permitted to engage in the settlement of current account trade transactions in Renminbi; however, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are (as of the date of this Programme Circular) being developed.

Although Renminbi was added to the Special Drawing Rights basket of currencies, in addition to the U.S. dollar, euro, Yen and Sterling, created by the International Monetary Fund as an international



reserve asset in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by The People's Bank of China (the "PBoC") in 2018, there is no assurance that the PRC Government will liberalise control over cross-border remittance of Renminbi in the future, or that new regulations in the PRC will not be promulgated in the future that have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. Despite Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the relevant Issuer to source Renminbi to finance its obligations under Renminbi Notes.

*There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the relevant Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes*

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited.

As of the date of this Programme Circular, licensed banks in Singapore and Hong Kong may offer limited Renminbi-denominated banking services to Singapore residents, Hong Kong residents and specified business customers. While the PBoC has entered into agreements on the clearing of Renminbi business (the "Settlement Agreements") with financial institutions in a number of financial centres and cities (the "RMB Clearing Banks") including, but not limited to, Hong Kong, and is in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from the PBoC, although PBoC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The relevant RMB Clearing Banks only have limited access to onshore liquidity support from the PBoC for the purpose of settling open positions of participating banks for limited types of transactions. The relevant RMB Clearing Bank is not obliged to settle for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to settle such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended so as to have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of investments in the Renminbi Notes. To the extent that the relevant Issuer is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the relevant Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Although the relevant Issuer's primary obligation is to make all payments with respect to Renminbi Notes in Renminbi, where a Renminbi Currency Event is specified as being applicable in the applicable Final Terms, in the event that the relevant Issuer determines, while acting in good faith that one of RMB Inconvertibility, RMB Non-Transferability or RMB Illiquidity (each as defined in Condition 7(1)) has occurred as a result of which, the relevant Issuer is unable to make any payment in respect of the Renminbi Note in Renminbi, the terms of such Renminbi Notes will permit the relevant Issuer to make payment in U.S. dollars (or such other currency as may be specified in the applicable Final Terms) converted using the Spot Rate (as defined in Condition 7(1)) for the relevant

Determination Date, all as provided in Condition 7(1). The value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the market.

*An investment in Renminbi Notes is subject to exchange rate risks*

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions and by many other factors. On 11 December 2015, the China Foreign Exchange Trade System (the “CFETS”), a sub-institutional organisation of the PBoC, published the CFETS Renminbi exchange rate index for the first time, which weighs the Renminbi based upon 13 currencies, to guide the market in order to measure the Renminbi exchange rate. Such change and others that may be implemented, may increase the volatility in the value of Renminbi against other currencies. All payments of interest and principal with respect to Renminbi Notes will be made in Renminbi unless a RMB Currency Event is specified as being applicable in the applicable Final Terms, and a RMB Currency Event occurs, in which case payment will be made in U.S. dollars converted at the Spot Rate. As a result, the value of these Renminbi payments in U.S. dollar or other foreign currency terms may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar or other applicable foreign currencies, then the value of an investor’s investment in Renminbi Notes in terms of the U.S. dollar or other applicable foreign currency will decline.

*An investment in fixed rate Renminbi Notes is subject to interest rate risks*

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions. If a Renminbi Note carries a fixed interest rate, then the trading price of such Renminbi Notes will subsequently vary with fluctuations in Renminbi interest rates. If an investor in Renminbi Notes tries to sell such Renminbi Notes before their maturity then they may receive an offer that is less than the amount invested.

*Payments in respect of Renminbi Notes will be made to investors in the manner specified in the Conditions*

Investors might be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong or such other RMB Settlement Centre(s) as may be specified in the applicable Final Terms. Except in the limited circumstances stipulated in Condition 7(1), all payments to investors in respect of Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by a Global Note held with the common depository, for Euroclear and Clearstream, Luxembourg (each as defined in the “*Form of the Notes*”), with a sub-custodian for CMU or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or such other RMB Settlement Centre(s) in accordance with prevailing Euroclear and Clearstream, Luxembourg rules and procedures or those of the CMU or such alternative clearing system, or (ii) for so long as such Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or such other RMB Settlement Centre(s) in accordance with prevailing rules and regulations. The relevant Issuer cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

*There might be PRC tax consequences with respect to investment in the Renminbi Notes*

In considering whether to invest in Renminbi Notes, investors should consult their individual tax advisers with regard to the application of PRC tax laws, as well as any tax consequences arising under the laws of any other tax jurisdictions. The value of a Noteholder’s investment in Renminbi Notes

might be materially and adversely affected if the Noteholder is required to pay PRC tax with respect to acquiring, holding or disposing of and receiving payments under those Renminbi Notes.

## Documents Incorporated by Reference

The following documents which have been previously published shall be incorporated in and form part of this Programme Circular:

- (a) the audited annual financial statements and auditors' reports for the financial years ended 30 June 2019 and 30 June 2018 of ASB Finance available at: <https://www.asb.co.nz/content/dam/asb/documents/legal/coveredbondprogramme/2018/asb-finance-limited-annual-report-fy-2019.pdf> and at <https://www.asb.co.nz/content/dam/asb/documents/legal/coveredbondprogramme/2018/asb-finance-limited-annual-report-fy-2018.pdf>, respectively;
- (b) the audited consolidated annual financial statements (which financial statements are audited as described in the auditors' report thereon which report excludes for the purposes of such audit the supplementary information relating to capital adequacy) and auditors' reports for the financial years ended 30 June 2019 and 30 June 2018 of ASB Bank (set out on pages 13 to 96 and 104 to 109 and on pages 12 to 79 and 87 to 93, respectively of the ASB Bank disclosure statements for the years ended 30 June 2019 and 30 June 2018) (the "ASB Financial Statements") available at: <https://www.asb.co.nz/content/dam/asb/documents/legal/disclosurestatements/asb-disclosure-statement-and-annual-report-june-2019-v3.pdf> and at <https://www.asb.co.nz/content/dam/asb/documents/legal/disclosurestatements/asb-disclosure-statement-and-annual-report-june-2018.pdf>;
- (c) the unaudited consolidated financial statements (including the Independent Review Report (a limited review report) thereon) as at and for the financial half year ended 31 December 2019 of ASB Bank set out on pages 4 to 36 (inclusive) and pages 38 to 39 of the ASB Bank disclosure statement for the six months ended 31 December 2019 (the "December 2019 Disclosure Statement") available at <https://www.asb.co.nz/content/dam/asb/documents/legal/disclosurestatements/asb-disclosure-statement-december-2019.pdf>; and
- (d) the terms and conditions of the notes contained in the Programme Circulars prepared by the ASB Finance and the Guarantor dated 24 June 2015, pages 38 to 68 (inclusive) (available at: <https://www.asb.co.nz/content/dam/asb/documents/legal/debt-investor-documents/2015/asb-emptn-programme-circular-june-2015.pdf>); 24 June 2016, pages 37 to 67 (inclusive) (available at: <https://www.asb.co.nz/content/dam/asb/documents/legal/debt-investor-documents/asb-finance-emptn-programme-circular-24-june-2016.pdf>); 3 July 2017, pages 37 to 67 (inclusive) (available at: <https://www.asb.co.nz/content/dam/asb/documents/legal/debt-investor-documents/asb-emptn-programme-circular-july-2017.pdf>); 3 July 2018, pages 48 to 82 (inclusive) (available at: <https://www.asb.co.nz/content/dam/asb/documents/legal/debt-investor-documents/2018/asb-emptn-programme-circular-july-2018.pdf>); and 3 July 2019, pages 53 to 92 (inclusive) (available at: <https://www.asb.co.nz/content/dam/asb/documents/legal/debt-investor-documents/2019/asb-finance-emptn-programme-circular-03-july-2019.pdf>).

Following the publication of this Programme Circular a supplement may be prepared by the Issuers and approved by the FCA in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall to the extent applicable (whether expressly by implication or otherwise) be deemed to modify or supersede statements contained in this Programme Circular or in a document which is incorporated by reference in this Programme Circular by way of a supplement prepared in accordance with Article 23 of the Prospectus Regulation. Any statement so modified or superseded shall not except as so modified or superseded, constitute a part of this Programme Circular.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Programme Circular shall not form part of this Programme Circular.

Any non-incorporated parts of a document referred to herein are either (i) not considered by the Issuers to be relevant for prospective investors in the Notes to be issued under the Programme or (ii) covered elsewhere in this Programme Circular.

The Issuers and the Guarantor will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Programme Circular which is capable of affecting the assessment of any Notes issued by it, prepare a supplement to this Programme Circular or publish a new Programme Circular for use in connection with any subsequent issue of Notes. Each of the Issuers has undertaken to the Dealers in the Programme Agreement (as defined in “*Subscription and Sale*”) that it will comply with Article 23(1) of the Prospectus Regulation.

## Form of the Notes

The Notes of each Series will be in either bearer form (“Bearer Notes”), with or without interest coupons attached, or registered form (“Registered Notes”), without interest coupons attached. Notes will be issued outside the United States in reliance on the exemption from registration provided by Regulation S under the Securities Act (“Regulation S”).

### Bearer Notes

Each Tranche of Bearer Notes will initially be represented by one or more temporary global Notes in bearer form (a “Temporary Bearer Global Note”) without Coupons, or Talons (each as defined in “*Conditions of the Notes*”) which will be deposited on the issue date with either (i) a common depository on behalf of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”) or (ii) a sub-custodian for the Hong Kong Monetary Authority (“HKMA”) as operator of the Central Moneymarkets Unit Service (the “CMU Service”).

If an interest payment date for any Bearer Notes occurs whilst such Notes are represented by a Temporary Bearer Global Note, the related interest payment will be made through Euroclear and/or Clearstream, Luxembourg or the CMU Service against presentation of the Temporary Bearer Global Note only to the extent that certification of non-U.S. beneficial ownership (in the form set out in the Temporary Bearer Global Note) has been received by Euroclear or Clearstream, Luxembourg or any entity appointed in relation to the relevant Notes as the CMU Lodging and Paying Agent as specified in the applicable Final Terms (the “CMU Lodging and Paying Agent”).

On or after the date (the “Exchange Date”) which is 40 days after the date on which the Temporary Bearer Global Note is issued, provided that certification of non-U.S. beneficial ownership has been received, interests in the Temporary Bearer Global Note will be exchanged either for (i) interests in a permanent global Note in bearer form (a “Permanent Bearer Global Note” and, together with a Temporary Bearer Global Note, a “Bearer Global Note”) or (ii), at the option of the relevant Issuer, Notes in definitive bearer form. The CMU Service may require that any such exchange for a Permanent Bearer Global Note is made in whole and not in part and in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU Service (the “CMU Rules”)) or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) have so certified. No payments of interest will be made on a Temporary Bearer Global Note after the Exchange Date.

Payments of principal, premium (if any) or interest (if any) on a Permanent Bearer Global Note will be made through Euroclear or Clearstream, Luxembourg against presentation or surrender, as the case may be, of the permanent global Note without any requirement for certification of non-U.S. beneficial ownership. In respect of a Bearer Global Note held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose account(s) interests in the relevant Bearer Global Note are credited (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU Service) and save in the case of final payment, no presentation of the relevant Bearer Global Note shall be required for such purpose.

The applicable Final Terms will specify whether a Permanent Bearer Global Note will be exchangeable in whole for security-printed definitive Bearer Notes upon the occurrence of an Exchange Event. For these purposes, “Exchange Event” means that (i) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg or, in the case of Notes held through the CMU Service, the CMU Service have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (ii) the relevant Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Permanent Bearer Global Note to be in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 16 if an

Exchange Event occurs. In the event of the occurrence of an Exchange Event (a) in the case of Notes held by a common depository for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) and/or (b) in the case of Notes held through the CMU Service, the relevant accountholders therein, may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the relevant Issuer may also give notice to the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent or, as the case may be, the CMU Lodging and Paying Agent. At present, neither Euroclear nor Clearstream, Luxembourg regard Notes in global form as fungible with Notes in definitive form. Temporary Bearer Global Notes and Permanent Bearer Global Notes and definitive Bearer Notes will be issued by the Principal Paying Agent acting on behalf of the relevant Issuer.

The following legend will appear on all Bearer Notes and Coupons: “Any United States person (as defined in the United States Internal Revenue Code) who holds this obligation will be subject to limitations under the United States income tax laws including the limitations provided in sections 165(j) and 1287(a) of such Code.”

The exchange of a Permanent Bearer Global Note for definitive Bearer Notes upon notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder) or at any time at the request of the relevant Issuer should not be expressed to be applicable in the applicable Final Terms if the Bearer Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Bearer Notes.

### **Registered Notes**

Registered Notes will initially be represented by a global note in registered form (a “Registered Global Note” and, together with a Bearer Global Note, a “Global Note”). Registered Global Notes will be deposited with either (i) a common depository for Euroclear and Clearstream, Luxembourg and will be registered in the name of its nominee or (ii) a sub-custodian for the HKMA as operator of the CMU Service. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Registered Notes.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 7(b)) as the registered holder of the Registered Global Notes. None of the Issuers, the Guarantor, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the definitive Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7(b)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, (a) in the case of Notes registered in the name of a nominee for a common depository for Euroclear and/or Clearstream, Luxembourg, Euroclear and/or Clearstream, Luxembourg or any person acting on

their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) and/or (b) in the case of Notes held through the CMU Service, the relevant accountholders therein, may give notice to the Registrar or, as the case may be, the CMU Lodging and Paying Agent requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar or, as the case may be, the CMU Lodging and Paying Agent.

### **Clearing Systems**

Pursuant to the Agency Agreement (as defined under “*Conditions of the Notes*”), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code, ISIN and, where applicable, a FISN, CFI Code and CMU instrument number which are different from the common code, ISIN, FISN, CFI Code and CMU instrument number (as applicable) assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

For so long as any of the Notes are represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, each person (other than Euroclear or Clearstream, Luxembourg or the CMU Service) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg or the CMU Service as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or the CMU Service as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, any Paying Agent and any Transfer Agent or, as the case may be, the CMU Lodging and Paying Agent as the holder of such nominal amount of Notes for all purposes other than with respect to payments on the Notes for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer and any Paying Agent or, as the case may be, the CMU Lodging and Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note and the terms “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly. Notes held in Euroclear and/or Clearstream, Luxembourg and/or the CMU Service and which are represented by a Global Note will only be transferable, and payment in respect of them will only be made, in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg or the CMU Service, as the case may be. Notwithstanding the above, if a Note is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the relevant Issuer in respect of that payment under such Note.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the CMU Service shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system agreed between the relevant Issuer, the Principal Paying Agent and the relevant Dealer.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 11. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on such day. At the same



time holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg and/or the CMU Service, as the case may be, will become entitled to proceed directly against the relevant Issuer on the basis of statements of account provided by Euroclear, Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the “Deed of Covenant”) dated 3 July 2019 and executed by the Issuers.

## **Applicable Final Terms**

**[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”) or in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]<sup>1</sup>

**[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “MiFID II”)/MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]<sup>2</sup>

**[NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE** – In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (as amended) 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 to be capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in the Singapore Monetary Authority (the “MAS”) Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]<sup>3</sup>

[Date]

**[ASB Finance Limited**

**Issuer Legal Entity Identifier (LEI): 549300A8V0FZJN79NH08**  
**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]**  
**Guaranteed by ASB Bank Limited]**

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<sup>1</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products and no key information document will be prepared or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

<sup>2</sup> Legend to be included on front of the Final Terms if one or more of the Managers/Dealers in relation to the Notes is a MiFID regulated entity.

<sup>3</sup> Legend to be included on front of the Final Terms if the Notes sold into Singapore do not constitute prescribed capital markets products as defined under the CMP Regulations 2018 and Excluded Investment Products.

**[ASB Bank Limited  
Issuer Legal Entity Identifier (LEI): 549300IBZWZL1KTPF918  
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]]  
under the U.S.\$70,000,000,000  
Euro Medium Term Note Programme**

[The Notes will only be admitted to trading on [London Stock Exchange’s regulated market/[ ]], which is [an EEA regulated market/a specific segment of an EEA regulated market] (and, for these purposes, reference to the EEA includes the [United Kingdom (the “UK”)] [UK]) (as defined in MiFID II), to which only qualified investors (as defined in the Prospectus Regulation) can have access and shall not be offered or sold to non-qualified investors.]<sup>4</sup>

**Part A – Contractual Terms**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Programme Circular dated 3 July 2020 [and the supplement[s] to it dated [ ] [and [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the “Programme Circular”). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Programme Circular in order to obtain all the relevant information. The Programme Circular has been published on the Issuer's website at: <https://www.asb.co.nz/legal/emtn-programme.html>.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Programme Circular dated [ ] which are incorporated by reference into the Programme Circular dated 3 July 2020. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Programme Circular dated 3 July 2020 [and the supplement[s] to it dated [ ] [and [ ]] which [together] constitute[s] a Programme Circular for the purposes of the Prospectus Regulation (the “Programme Circular”), including the Conditions incorporated by reference in the Programme Circular in order to obtain all the relevant information. The Programme Circular has been published on the Issuer's website at: <https://www.asb.co.nz/legal/emtn-programme.html>.]

1. (i) Issuer: ASB Finance Limited/ASB Bank Limited]  
[(ii) Guarantor: ASB Bank Limited]<sup>5</sup>
2. (i) Series of which Notes are to be treated [ ]  
as forming part:  
(ii) Tranche Number: [ ]  
(iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a Series with [ ] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 20 below, which is expected to occur on or about [ ]][Not Applicable]
3. Specified Currency or Currencies: [ ]

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<sup>4</sup> Legend to be included for Notes with a minimum denomination of less than €100,000 (or equivalent in another currency) which will only be admitted to trading on a regulated market, or a specific segment of a regulated market, to which only qualified investors can have access.

<sup>5</sup> Only include for Notes issued by ASB Finance Limited

4. Aggregate Nominal Amount:
- (i) Series: [ ]
- (ii) Tranche: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
6. (i) Specified Denominations: [ ]
- (ii) Calculation Amount (in relation to calculation of interest on Notes in global form see Conditions): [ ]
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [[ ]/Issue Date][Not Applicable]
8. Maturity Date: [ ]/[Interest Payment Date falling in or nearest to [ ]]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[ ] month [LIBOR/EURIBOR/Compounded Daily SONIA] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
(see paragraph [13]/[14]/[15] below)
10. Redemption/Payment Basis: [Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount]
11. Change of Interest Basis: [ ][Not Applicable]
12. Put/Call Options: [Not Applicable]  
[Investor Put]  
[Issuer Call]  
[(see paragraph [16]/[17] below)]

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

13. Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate(s) of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (ii) (A) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date
- (B) Fixed Interest Periods: [Adjusted/Unadjusted]
- (iii) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[ ] per [ ] Calculation Amount/Not Applicable]
- (iv) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention][Not Applicable]
- (v) Additional Business Centre(s): [[ ]/Not Applicable]

- (vi) Calculation to be on a Calculation Amount Basis: [Applicable/Not Applicable]
- (vii) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]]/[Not Applicable]
- (viii) Day Count Fraction: [Actual/Actual (ISDA)]  
[Actual/365 (Fixed)]  
[Actual/360]  
[30E/360 or Eurobond Basis]  
[Actual/Actual (ICMA)]  
[30/360 (Fixed)][30/360, unadjusted]  
[30E/360 (ISDA)]
- (ix) Determination Date(s): [[ ] in each year]/[Not Applicable]
14. Floating Rate Note Provisions [Applicable/Not Applicable]
- (i) Specified Period(s)/Specified Interest Payment Date(s): [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
- (iii) Additional Business Centre(s): [Not Applicable/[ ]]
- (iv) Manner in which the Rate of Interest and Interest Amount are to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Calculation to be on a Calculation Amount Basis: [Applicable/Not Applicable]
- (vi) Party responsible for determining the Rate of Interest and/or calculating the Interest Amount (if not the Principal Paying Agent): [ ] (the "Calculation Agent")
- (vii) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [ ] month [LIBOR/EURIBOR/Compounded Daily SONIA]
  - Index Determination: [Applicable/Not Applicable]
  - SONIA Compounded Index [[ ]/Not Applicable]
  - Interest Determination Date(s): [ ]/[Second London business day prior to the start of each Floating Interest Period]/[First day of each Floating Interest Period]/[Second day on which TARGET2 is open prior to the start of each Floating Interest Period]/[Fifth London Banking Day prior to the day on which the relevant Floating Interest Period ends (but which by its definition is excluded from the Floating Interest Period)]/[The day falling the Relevant Number of London Banking Days prior to the day on which the relevant Floating Interest

	Period ends (but which by its definition is excluded from the Floating Interest Period)]
– Relevant Number:	[insert number being [five] or greater] <sup>6</sup>
– Relevant Screen Page:	[ ]
– Observation Method:	[Not Applicable/Lag/Shift] <sup>7</sup>
– Observation Look-Back Period:	[[[ ] London Banking Days][Not Applicable] <sup>7</sup>
(viii) ISDA Determination:	[Applicable/Not Applicable]
– Floating Rate Option:	[ ]
– Designated Maturity:	[ ]
– Reset Date:	[ ]
(ix) Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Floating Interest Period shall be calculated using Linear Interpolation]
(x) Margin(s):	[+/-] [ ] per cent. per annum
(xi) Minimum Rate of Interest:	[ ] per cent. per annum
(xii) Maximum Rate of Interest:	[ ] per cent. per annum
(xiii) Day Count Fraction:	[[Actual/Actual (ISDA)][[Actual/Actual]] [Actual/365 (Fixed)] [Actual/360] [30/360 (Floating)][360/360][Bond Basis] [30E/360][Eurobond Basis] [30E/360 (ISDA)]
15. Zero Coupon Note Provisions	[Applicable/Not Applicable]
(i) Accrual Method:	[Linear Accrual/Compounding Accrual]
(ii) Accrual Yield:	[ ] per cent. per annum
(iii) Reference Amount:	[ ]
(iv) Day Count Fraction in relation to Zero Coupon Notes:	Conditions 5(d) and 6(e) apply [30/360] [Actual/360] [Actual/365]

## PROVISIONS RELATING TO REDEMPTION

16. Issuer Call:	[Applicable/Not Applicable]
(i) Optional Redemption Date(s):	[ ]
(ii) Optional Redemption Amount:	[ ] per Calculation Amount
(iii) If redeemable in part:	

<sup>6</sup> Only relevant for Floating Rate Notes which specify the Reference Rate as being "Compounded Daily SONIA" and for which "Index Determination" is specified as being applicable.

<sup>7</sup> Only include for Notes for which the Reference Rate is specified as being "Compounded Daily SONIA"

- (a) Minimum Redemption Amount: [ ]
- (b) Maximum Redemption Amount: [ ]
- (iv) Notice period: [ ] Business Days
17. Investor Put: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount: [ ] per Calculation Amount
- (iii) Notice period: [ ] Business Days
18. Final Redemption Amount: [ ] per Calculation Amount]
19. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [[ ] per Calculation Amount/Condition 6(f) shall apply]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. Form of Notes: **[Bearer Notes:**  
 Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes upon an Exchange Event]  
 [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]  
 [Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005<sup>8</sup>]
- [Registered Notes:**  
 [Registered Global Note registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg]  
 [Registered Global Note held through the CMU Service]]
21. Payment Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention]
22. Additional Financial Centre(s): [Not Applicable/[ ]]
23. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No.]

#### PROVISIONS APPLICABLE TO RMB NOTES

24. RMB Currency Event: [Applicable/Not Applicable]

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<sup>8</sup> Only include for Notes that are to be offered in Belgium

25. Spot Rate (if different from that set out in Condition 7(l)):  /Not Applicable]
26. Party responsible for calculating the Spot Rate:  (the “RMB Calculation Agent”)]
27. Relevant Currency (if different from that in Condition 7(l)):  /Not Applicable]
28. RMB Settlement Centre(s):  /Not Applicable]

**DISTRIBUTION**

29. Additional selling restrictions:  [Not Applicable]/**[Republic of Korea**

The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act (the “FSCMA”).

The Notes may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA, the Foreign Exchange Transaction Law and the decrees and regulations thereunder. Furthermore, the Notes may not be resold to Korean residents unless the purchaser of the Notes complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the Notes. The Aggregate Nominal Amount of the Notes divided by the Specified Denomination, and the number of Notes offered in Korea or to a resident in Korea, shall in each case be less than 50.

By purchasing the Notes, each Noteholder will be deemed to represent, warrant and agree that for a period of one year from the Issue Date thereof, the Notes, may not be sub-divided into smaller denominations than the Specified Denomination.]<sup>9</sup>

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<sup>9</sup> Only include for Notes sold in the Republic of Korea.



Signed on behalf of the Issuer by its Authorised Signatories:

.....  
Signature of Authorised Signatory

.....  
Signature of Authorised Signatory

.....  
Name of Authorised Signatory

.....  
Name of Authorised Signatory

.....  
Title of Authorised Signatory

.....  
Title of Authorised Signatory

[Signed on behalf of the Guarantor by its Authorised Signatories:

.....  
Signature of Authorised Signatory

.....  
Signature of Authorised Signatory

.....  
Name of Authorised Signatory

.....  
Name of Authorised Signatory

.....  
Title of Authorised Signatory

.....  
Title of Authorised Signatory]<sup>5</sup>

## Part B– Other Information

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange’s regulated market] [and, to be listed on the Official List of the FCA] with effect from [ ].]
- [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange’s regulated market] [and, to be listed on the Official List of the FCA] with effect from [ ].]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

The Notes to be issued [have been]/[are expected to be]/[have not been] rated[:

[Standard & Poor’s (Australia) Pty. Ltd.: [ ]]

[Moody’s Investors Service Pty Ltd.: [ ]]

[Fitch Australia Pty Ltd: [ ]]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: [See ["Use of Proceeds"] in the Programme Circular/[ ]]
- (ii) Estimated net proceeds: [ ]

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for [any fees/the fees of [ ]] payable to [ ] (the ["Managers"/"Dealers"]), so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

### 5. YIELD

[ ] per cent. per annum

Indication of Yield:

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

## 6. OPERATIONAL INFORMATION

- (i) ISIN: [ ]
- (ii) Common Code: [ ]
- (iii) CFI Code: [[See/[ ]], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (iv) FISN: [[See/[ ]], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
- (v) CMU Instrument Number: [ ]
- (vi) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/[ ]]
- (vii) CMU Lodging and Paying Agent: [[ ]/Not Applicable]
- (viii) Delivery: Delivery [against/free of] payment
- (ix) Names and addresses of additional Paying Agent(s) (if any): [ ]
- (x) U.S. Selling Restrictions: [Reg. S Compliance Category 2; TEFRA D/TEFRA not applicable]
- (xi) Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]
- (xii) Relevant Benchmark[s]: [Not Applicable]/[[ ] is provided by [ ].  
[As at the date hereof, [[ ] appears in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) No. 2016/1011.]  
[As at the date hereof, [[ ] does not appear in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) No. 2016/1011. [As far as the Issuer is aware, as at the date hereof, the transitional provisions in Article 51 of Regulation (EU) No. 2016/1011 apply, such that [ ] is not currently required to obtain authorisation/registration (or, if located outside the European Union or the UK, recognition, endorsement or equivalence).]/[[ ] does not fall within the scope of Regulation (EU) No.

2016/1011.]].

## **7. THIRD PARTY INFORMATION**

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

## Conditions of the Notes

*The following are the Conditions of the Notes which (except for the paragraph in italics) will be incorporated by reference into each global Note and will be endorsed upon each definitive Note. The applicable Final Terms will be endorsed upon, or attached to, each global Note and definitive Note. Reference should be made to "applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series of Euro Medium Term Notes (all of the Euro Medium Term Notes from time to time issued by whichever of ASB Finance Limited ("ASB Finance") or ASB Bank Limited ("ASB Bank" and together with ASB Finance, the "Issuers" and each an "Issuer") is specified as the Issuer in the applicable Final Terms which are for the time being outstanding being hereinafter referred to as the "Notes", which expression shall include (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency of the relevant Notes, (ii) definitive Notes issued in exchange (or part exchange) for a global Note and (iii) any global Note). The Notes, the Coupons (as defined below) and the Talons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 3 July 2019, as supplemented by the Supplemental Agency Agreement dated 3 July 2020 (as further amended and/or supplemented and/or restated from time to time, together, the "Agency Agreement") each made between, *inter alios*, the Issuers, ASB Bank Limited as guarantor of Notes issued by ASB Finance (the "Guarantor"), Deutsche Bank AG, London Branch as principal paying agent (the "Principal Paying Agent" which expression shall include any successor as principal paying agent), Deutsche Bank Luxembourg S.A. as registrar (the "Registrar" which expression shall include any successor as registrar) and the paying agents and transfer agents named therein (the "Paying Agents" and the "Transfer Agents", which expressions shall include any additional or successor paying agents and transfer agents). If so specified in the applicable Final Terms, the Issuer will also appoint a calculation agent with respect to a Series (the "Calculation Agent", which expression shall include any successor calculation agent and any other calculation agent specified in the applicable Final Terms).

The Noteholders, the Couponholders and the Talonholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the "Deed of Covenant") dated 3 July 2019 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing during normal business hours at the registered office of the London Branch Office of ASB Finance (currently 1 New Ludgate, 60 Ludgate Hill, London EC4M 7AW, United Kingdom) and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom. If the Notes are to be admitted to trading on the regulated market of the London Stock Exchange, the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders, the Couponholders and the Talonholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

If the Issuer is ASB Finance, the payment of all amounts in respect of this Note have been guaranteed by the Guarantor pursuant to a deed of guarantee (the "Guarantee") dated 3 July 2019 and executed by the Guarantor. The original of the Guarantee is held by the Principal Paying Agent on behalf of the Noteholders and the Couponholders at its specified office.

Any reference to "Noteholders" in relation to any Notes shall mean (in the case of definitive Notes in bearer form) the holders of the Notes and (in the case of definitive Notes in registered form) the

persons in whose name the Notes are registered and shall, in relation to any Notes represented by a global Note, be construed as provided below. Any reference herein to “Couponholders” shall mean the holders of the Coupons and any reference herein to “Talonholders” shall mean the holders of the Talons.

As used herein, “Series” means each original issue of Notes together with any further issues expressed to form a single series with the original issue and the terms of which (save for the Issue Date or Interest Commencement Date, as the case may be, the Issue Price and the amount of the first payment of interest (if any), all as indicated in the applicable Final Terms) are otherwise identical (including whether or not they are listed) and shall be deemed to include the temporary and (where applicable) permanent global Notes and the definitive Notes of such issues and the expressions “Notes of this Series” and “holders of Notes of this Series” and related expressions shall be construed accordingly. As used herein, “Tranche” means all Notes of the same Series with the same Issue Date.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Conditions. References to the “applicable Final Terms” are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

If the Notes are issued by ASB Bank, references in these Conditions to Guarantor and Guarantee, and related expressions, are not applicable.

The Noteholders, the Couponholders and the Talonholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions relating to the Notes contained in the applicable Final Terms, the Agency Agreement, the Guarantee and the Deed of Covenant which are applicable to them. Words and expressions defined in the Agency Agreement or defined or set out in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated. Copies of the applicable Final Terms are available for inspection by the holders of Notes of this Series at the office of the Principal Paying Agent set out at the end of these Conditions. The statements in these Conditions are summaries of the detailed provisions of the Agency Agreement which provisions shall have precedence over these Conditions if there is any inconsistency.

In these Conditions, “euro” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## **1 Form, Denomination and Title**

The Notes of this Series are Bearer Notes or Registered Notes as specified in the applicable Final Terms and are in the currency (the “Specified Currency”) and the denominations (the “Specified Denomination(s)”) specified in the applicable Final Terms. Definitive Notes of this Series (if issued) will be serially numbered and Bearer Notes may not be exchanged for Registered Notes and vice versa. This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or any appropriate combination thereof depending upon the Interest Basis specified in the applicable Final Terms or a combination of any of the foregoing, depending on the Redemption/Payment Basis specified in the applicable Final Terms. If this Note is a definitive Bearer Note, it is issued with Coupons for the payment of interest (“Coupons”) and, if applicable, Talons for further Coupons (“Talons”) attached, unless it is a Zero Coupon Note in which case references to interest (other than in relation to interest due after the Maturity Date) and Coupons or Talons in these Conditions are not applicable. References in these Conditions, except in this paragraph, Condition 7 and Condition 10, to Coupons or Couponholders shall be deemed to include references to Talons or Talonholders.

Subject as set out below, title to the definitive Bearer Notes and the Coupons will pass by delivery and title to the definitive Registered Notes will pass upon the registration of transfers

in accordance with the provisions of the Agency Agreement. The holder of each Coupon, whether or not such Coupon is attached to a Bearer Note, in his capacity as such, shall be subject to, and bound by, all the provisions contained in the relevant Note. Subject as set out below, the Issuer, the Guarantor (where the relevant Issuer is ASB Finance), any Paying Agent and any Transfer Agent may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not such Note or Coupon shall be overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out below. For so long as any Notes are represented by a global Note held on behalf of Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking S.A. (“Clearstream, Luxembourg”), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and any Paying Agent as the holder of such nominal amount of Notes for all purposes other than with respect to payments on the Notes for which purpose the bearer of the relevant global Bearer Note or the registered holder of the relevant global Registered Note shall be treated by the Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and any Paying Agent as the holder of such Notes in accordance with and subject to the terms of the relevant global Note and the terms “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, except in the preceding paragraph and in Condition 16, wherever the context so permits, be deemed to include a reference to any additional or alternative clearance system specified in Part B of the applicable Final Terms.

Notes which are represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg will only be transferable in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be.

## **2 Transfer**

- (a) Transfers of beneficial interests in global Registered Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a global Registered Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for definitive Registered Notes or for a beneficial interest in another global Registered Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.
- (b) A definitive Registered Note may be transferred in whole or in part (in the nominal amount of the lowest Specified Denomination or any integral multiple thereof) by the deposit by the transferor of the definitive Registered Note for registration of the transfer at the specified office of a Transfer Agent with the form of transfer endorsed on the definitive Registered Note duly completed and executed by or on behalf of the transferor and upon the relevant Transfer Agent (after due and careful enquiry) being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Registrar may prescribe. Subject as provided above, the relevant Transfer Agent will, within fourteen days of the request (or such longer period as may be required to

comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request a new definitive Registered Note of a like aggregate nominal amount to the definitive Registered Note (or the relevant part of the definitive Registered Note) transferred. In the case of the transfer of part only of a definitive Registered Note, a new definitive Registered Note in respect of the balance of the definitive Registered Note not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

- (c) In the event of a partial redemption of Notes under Condition 6(c), the Issuer shall not be required to:
  - (i) register the transfer of any definitive Registered Note, or part of a definitive Registered Note, called for partial redemption; or
  - (ii) exchange any definitive Bearer Note called for partial redemption.
- (d) Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than at the specified office of a Transfer Agent or by regular mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.
- (e) The names of the initial Registrar and other initial Transfer Agents and their initial specified offices in respect of this Series of Notes are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of the Registrar or any other Transfer Agent and to appoint another Registrar or additional or other Transfer Agents. Notice of any termination or appointment and of any changes in specified offices will be given to the holders of the Notes of this Series promptly by the Issuer in accordance with Condition 16.

### **3 Status of the Notes and the Guarantee**

#### **(a) Status of the Notes**

The Notes of this Series and the relative Coupons (if any) are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank equally among themselves and equally with the Issuer's other present and future unsecured and unsubordinated obligations (except for certain debts that are required to be preferred by applicable law).

Changes to applicable laws may extend the debts required to be preferred by law.

#### **(b) Status of the Guarantee**

The obligations of the Guarantor under the Guarantee constitute, in the case of Notes issued by ASB Finance, direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and will rank without any preference or priority amongst themselves and pari passu with all other present and future unsubordinated and unsecured obligations (other than statutorily preferred creditors) of the Guarantor.

#### **(c) ASB Finance Covenant**

If the Issuer of the Notes is ASB Finance, it covenants that the proceeds of any issue will be lent to the Guarantor pursuant to a loan agreement in the same currency and on the same financial terms with the addition of such margin or amounts as the Issuer may determine.

**4** [This Condition is no longer applicable]

### **5 Interest**

The applicable Final Terms will indicate whether the Notes are Fixed Rate Notes, Floating Rate Notes or Zero Coupon Notes.



(a) **Interest on Fixed Rate Notes**

This Condition 5(a) applies to Fixed Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5(a) for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

- (1) Each Fixed Rate Note bears interest from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest specified in the applicable Final Terms.

Interest in respect of Fixed Rate Notes will accrue in respect of each Fixed Interest Period. In these Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

Fixed Interest Periods shall be adjusted ("Adjusted Fixed Rate Notes") or unadjusted ("Unadjusted Fixed Rate Notes") as specified in the applicable Final Terms. In the case of Adjusted Fixed Rate Notes, a Business Day Convention shall also be specified in the applicable Final Terms and (where applicable) Interest Payment Dates shall be postponed or brought forward, as the case may be, in accordance with Condition 5(c)(ii).

In the case of Unadjusted Fixed Rate Notes, if the Notes are in definitive form and if Fixed Coupon Amount is specified in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount or the Broken Amount (if any) so specified.

Interest will be paid subject to and in accordance with the provisions of Condition 7 (unless otherwise specified in the applicable Final Terms). Interest will cease to accrue on each Fixed Rate Note (or, in the case of the redemption of part only of a Fixed Rate Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgment) until, but excluding, whichever is the earlier of (A) the day on which all sums due in respect of such Fixed Rate Note up to that day are received by or on behalf of the holder of such Fixed Rate Note and (B) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 16 that it has received all sums due in respect thereof up to that date.

- (2) Except in the case of Unadjusted Fixed Rate Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount, is specified in the applicable Final Terms, the Principal Paying Agent will calculate the amount of interest (the "Interest Amount") payable in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Notes represented by such Global Note or (B) such Registered Notes, unless in each case "Calculation to be on a Calculation Amount Basis" is specified as being applicable in the applicable Final Terms in which case the Rate of Interest shall be applied to the Calculation Amount; or
- (ii) in the case of Fixed Rate Notes which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the aggregate outstanding nominal amount of Fixed Rate Notes which are Registered Notes in definitive form or the Calculation Amount in the case of Fixed Rate Notes which are Bearer Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note which is:

- (i) a Bearer Note in definitive form; or
- (ii) (A) represented by a Global Note or (B) a Registered Note in definitive form, where in each case “Calculation to be on a Calculation Amount Basis” is specified as being applicable in the applicable Final Terms,

is a multiple of the Calculation Amount, the amount of interest payable in respect of such Bearer Note or such Global Note or Registered Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

The calculation of each Interest Amount by the Principal Paying Agent shall (in the absence of manifest error) be final and binding upon all parties.

In this Condition 5(a), “Day Count Fraction” has the meaning given to it in Condition 5(c).

In these Conditions “sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

**(b) Interest on Floating Rate Notes**

This Condition 5(b) applies to Floating Rate Notes only. The applicable Final Terms contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 5(b) for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Final Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Final Terms will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Final Terms will specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

**(1) Interest Payment Dates**

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding

Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each period from and including an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date (each such period, a “Floating Interest Period” and, together with a Fixed Interest Period, each an “Interest Period”).

(2) *Interest Payments and Accrual*

Interest will be paid subject to and in accordance with the provisions of Condition 7 (unless otherwise specified in the applicable Final Terms). Interest will cease to accrue on each Floating Rate Note (or, in the case of the redemption of part only of a Floating Rate Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgement) until, but excluding, whichever is the earlier of (A) the day on which all sums due in respect of such Floating Rate Note up to that day are received by or on behalf of the holder of such Floating Rate Note and (B) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 16 that it has received all sums due in respect thereof up to that date.

(3) *Rate of Interest and Interest Amount*

The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined in the manner specified in the applicable Final Terms.

(4) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Floating Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this Condition 5(b)(4), “ISDA Rate” for a Floating Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as the Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes, (the “ISDA Definitions”) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this Condition 5(b)(4), “Floating Rate”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

When this Condition 5(b)(4) applies, in respect of each relevant Floating Interest Period:

- (i) the Rate of Interest for such Floating Interest Period will be the rate of interest determined by the Principal Paying Agent or the Calculation Agent, as applicable, in accordance with this Condition 5(b)(4); and
- (ii) the Principal Paying Agent or the Calculation Agent, as applicable, will be deemed to have discharged its obligations under Condition 5(b)(8) in respect of the

determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Floating Interest Period in the manner provided in this Condition 5(b)(4).

(5) *Screen Rate Determination for Floating Rate Notes not referencing Compounded Daily SONIA*

Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified in the applicable Final Terms as being "LIBOR" or "EURIBOR", the Rate of Interest for a Floating Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) (the "Specified Time") on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

In the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the Specified Time, the Issuer shall request each of the Reference Banks (as defined below) to provide the Principal Paying Agent or the Calculation Agent, as applicable, with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Principal Paying Agent or the Calculation Agent, as applicable, with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent or the Calculation Agent, as applicable, with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum which the Principal Paying Agent or the Calculation Agent, as applicable, determines to be either (i) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (at the request of the Issuer) the Principal Paying Agent or the Calculation Agent, as applicable, by the Reference Banks or any two or more of them, at which such banks offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer

than two of the Reference Banks provide the Principal Paying Agent or the Calculation Agent, as applicable, with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent or the Calculation Agent, as applicable, it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), or (ii) in the event that the Principal Paying Agent or the Calculation Agent, as applicable, can determine no such arithmetic mean, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this Condition 5(b)(5) the expression “Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case as selected by the Principal Paying Agent or the Calculation Agent, as applicable, who may consult the Issuer.

(5A) *Screen Rate Determination for Floating Rate Notes referencing Compounded Daily SONIA Non-Index Determination*

(A) Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified as being "Compounded Daily SONIA", the Rate of Interest for each Floating Interest Period will, subject as provided below and save where "Index Determination" is specified as being applicable, be Compounded Daily SONIA with respect to such Floating Interest Period plus or minus the Margin (if any) as specified in the applicable Final Terms, all as determined and calculated by the Principal Paying Agent or the Calculation Agent, as applicable.

“Compounded Daily SONIA” means, with respect to a Floating Interest Period, the rate of return of a daily compound interest investment during the SONIA Observation Period corresponding to such Floating Interest Period (with the SONIA reference rate as the reference rate for the calculation of interest) as calculated by the Principal Paying Agent or the Calculation Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“d” means the number of calendar days in (where in the applicable Final Terms “Lag” is specified as the Observation Method) the relevant Floating Interest Period or (where in the applicable Final Terms “Shift” is specified as

the Observation Method) the relevant SONIA Observation Period;

“ $d_0$ ” means the number of London Banking Days in (where in the applicable Final Terms “Lag” is specified as the Observation Method) the relevant Floating Interest Period or (where in the applicable Final Terms “Shift” is specified as the Observation Method) the relevant SONIA Observation Period;

“ $i$ ” means a series of whole numbers from one to  $d_0$ , each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in (where in the applicable Final Terms “Lag” is specified as the Observation Method) the relevant Floating Interest Period or (where in the applicable Final Terms “Shift” is specified as the Observation Method) the SONIA Observation Period;

“London Banking Day” or “LBD” means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

“ $n_i$ ”, for any London Banking Day “ $i$ ”, means the number of calendar days from (and including) such London Banking Day “ $i$ ” up to (but excluding) the following London Banking Day;

“Observation Look-Back Period” is the period of London Banking Days specified in the applicable Final Terms;

“ $p$ ” means the number of London Banking Days included in the Observation Look-Back Period;

“SONIA Observation Period” means the period from (and including) the date falling  $p$  London Banking Days prior to the first day of the relevant Floating Interest Period to (but excluding) the date falling  $p$  London Banking Days prior to the Interest Payment Date for such Floating Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition and the operation of the relevant provisions is excluded from such Floating Interest Period);

the “SONIA reference rate”, in respect of any London Banking Day, is the daily Sterling Overnight Index Average (“SONIA”) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

“ $SONIA_{i-pLBD}$ ” means:

- (A) where in the applicable Final Terms “Lag” is specified as the Observation Method, in respect of any London Banking Day  $i$  falling in the relevant Floating Interest Period, the SONIA reference rate for the London Banking Day falling  $p$  London Banking Days prior to such day; or

- (B) where in the applicable Final Terms “Shift” is specified as the Observation Method, SONIA<sub>i</sub>, where SONIA<sub>i</sub> is, in respect of any London Banking Day *i* falling in the relevant SONIA Observation Period, the SONIA reference rate for such day.
- (I) If, in respect of any London Banking Day in the relevant SONIA Observation Period, the applicable SONIA reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then (unless the Principal Paying Agent or the Calculation Agent, as applicable, has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to Condition 5(e) below, if applicable) the SONIA reference rate in respect of such London Banking Day shall be: (i) the Bank of England’s Bank Rate (the “Bank Rate”) prevailing at 5.00 p.m. (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads).
- (II) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be:
- (a) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Floating Interest Period from that which applied to the last preceding Floating Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Floating Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Floating Interest Period); or
- (b) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Notes for the first scheduled Floating Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Floating Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Floating Interest Period).
- (III) If the Notes become due and payable in accordance with Condition 11, the final Rate of Interest shall be calculated for the Floating Interest Period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the date on which the Notes become so due and payable, and such Rate of Interest shall continue to apply to the Notes for so long as interest continues to accrue thereon as provided in Condition 5(b)(2).

*Index Determination*

- (B) Where "Screen Rate Determination" is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the "Reference Rate" is specified as being Compounded Daily SONIA, and "Index Determination" is specified as being applicable, the Rate of Interest for each Floating Interest Period will be the Compounded Daily SONIA rate for such Floating Interest Period as

determined by reference to the screen rate or index for Compounded Daily SONIA administered by the administrator of the SONIA reference rate that is published or displayed by such administrator or other information service from time to time at the relevant time on the relevant Interest Determination Date, as further specified in the applicable Final Terms (the "SONIA Compounded Index") and in accordance with the following formula, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards, plus or minus (as specified in the applicable Final Terms) the Margin (if any), all as determined and calculated by the Principal Paying Agent or the Calculation Agent, as applicable.

Compounded Daily SONIA rate =

$$\left( \frac{\text{SONIA Compounded Index}_y}{\text{SONIA Compounded Index}_x} - 1 \right)^x \frac{365}{d}$$

where:

"x" denotes that the relevant SONIA Compounded Index is the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of the relevant Floating Interest Period;

"y" denotes that the relevant SONIA Compounded Index is the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the Interest Payment Date for such Floating Interest Period, or such other date as when the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Floating Interest Period);

"d" is the number of calendar days from (and including) the day in relation to which x is determined to (but excluding) the day in relation to which y is determined; and

"Relevant Number" is as specified in the applicable Final Terms.

If the SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service at the relevant time on the relevant Interest Determination Date as specified in the applicable Final Terms, the Compounded Daily SONIA rate for the applicable Floating Interest Period for which SONIA Compounded Index is not available shall be "Compounded Daily SONIA" determined in accordance with Condition 5(b)(5A)(A) above as if Index Determination is not specified as being applicable in the applicable Final Terms. For these purposes, the Relevant Number specified in the applicable Final Terms shall be the "Observation Look-Back Period" and the "Observation Method" shall be deemed to be "Shift" as if Index Determination is not specified as being applicable and these alternative elections had been made.

(6) *Minimum and/or Maximum Rate of Interest*

If the applicable Final Terms specifies a minimum Rate of Interest for any Floating Interest Period, then, in the event that the Rate of Interest in respect of any such Floating Interest Period determined in accordance with the above provisions is less than such minimum Rate of Interest, the Rate of Interest for such Floating Interest Period shall be such minimum Rate of Interest. If the applicable Final Terms specifies a maximum Rate of Interest for any Floating Interest Period, then, in the event that the Rate of Interest in respect of any such Floating Interest Period determined in accordance with the above provisions is greater than such



maximum Rate of Interest, the Rate of Interest for such Floating Interest Period shall be the maximum Rate of Interest.

Unless otherwise stated in the applicable Final Terms, the minimum Rate of Interest shall be deemed to be zero.

(7) *Business Day, Interest Determination Date and Relevant Screen Page*

- (A) In this Condition, “Business Day” has the meaning given to it in Condition 5(c).
- (B) In this Condition, “Interest Determination Date” has the meaning set out in the applicable Final Terms.
- (C) In this Condition, “Relevant Screen Page” has the meaning set out in the applicable Final Terms.

(8) *Determination of Rate of Interest and Calculation of Interest Amount*

The Principal Paying Agent or the Calculation Agent, as applicable, will, as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and/or calculate the Interest Amount payable on the Floating Rate Notes for the relevant Floating Interest Period as soon as practicable after calculating the same.

Unless otherwise specified in the applicable Final Terms, the Interest Amount payable on the Floating Rate Notes for the relevant Floating Interest Period will be calculated by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Notes represented by such Global Note or (B) such Registered Notes, in each case, unless “Calculation to be on a Calculation Amount Basis” is specified as being applicable in the applicable Final Terms in which case the Rate of Interest shall be applied to the Calculation Amount; or
- (B) in the case of Floating Rate Notes which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note which is:

- (i) a Bearer Note in definitive form; or
- (ii) (A) represented by a Global Note or (B) a Registered Note in definitive form, where in each case, “Calculation to be on a Calculation Amount Basis” is specified as being applicable in the applicable Final Terms,

is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Bearer Note or such Global Note or Registered Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

The determination of the Rate of Interest and calculation of each Interest Amount by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of manifest error) be final and binding upon all parties.

(9) *Notification of Rate of Interest and Interest Amount*

The Principal Paying Agent or the Calculation Agent, as applicable, will cause the Rate of Interest and the Interest Amount for each Floating Interest Period and the relevant Interest

Payment Date to be notified, other than where the Reference Rate is specified in the applicable Final Terms as being “Compounded Daily SONIA”. to the Issuer and, in the case of Floating Rate Notes which are listed on a stock exchange, that stock exchange as soon as possible but in any event not later than the second Business Day after their determination and will cause notice of such information to be given to the holders of the Notes of this Series in accordance with Condition 16 not later than the fourth Business Day after their determination and, in the case of Floating Rate Notes referencing Compounded Daily SONIA, in the case of notice to each of the Issuer, any stock exchange and in accordance with Condition 16 as provided above, the Principal Paying Agent or the Calculation Agent, as applicable, will cause such notice to be given as soon as possible after the determination of the relevant Rate of Interest and Interest Amount, and no later than the second London Banking Day (as defined in Condition 5(b)(5A) above) after their determination. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notification as aforesaid in the event of an extension or shortening of the Floating Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Notes affected thereby are for the time being listed.

(10) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Principal Paying Agent or the Calculation Agent will (in the absence of default, bad faith or manifest error by them or any of their directors, officers, employees or agents) be binding on the Issuer, the Guarantor (where the relevant Issuer is ASB Finance), the Principal Paying Agent, the Calculation Agent, the Paying Agents and all holders of the Notes of this Series and Coupons relating thereto and (in the absence of any default, bad faith or manifest error as referred to above) no liability to the Issuer, the Guarantor (where the relevant Issuer is ASB Finance) or the holders of the Notes of this Series and Coupons relating thereto shall attach to the Principal Paying Agent or the Calculation Agent in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition.

(11) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of a Floating Interest Period in the applicable Final Terms, the Rate of Interest for such Floating Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Floating Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Floating Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

“Designated Maturity” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(c) **Day Count Fraction and Business Day Convention**

(i) *Day Count Fraction*

“Day Count Fraction” means, unless otherwise specified in the applicable Final Terms:

- (1) if “Actual/Actual (ISDA)” is specified in the applicable Final Terms, the actual number of days in, for the purposes of Condition 5(a), the Fixed Interest Period or, if interest is required to be calculated for a period (the “Relevant Period”) other than a full Interest Period, the Relevant Period, as the case may be, and, for the purposes of Condition 5(b), the Floating Interest Period, in each case divided by 365 (or, if any portion of the relevant period falls in a leap year, the sum of (A) the actual number of days in that portion of the relevant period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the relevant period falling in a non-leap year divided by 365);
- (2) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in, for the purposes of Condition 5(a), the Fixed Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(b), the Floating Interest Period, in each case divided by 365;
- (3) [This Condition is no longer applicable]
- (4) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in, for the purposes of Condition 5(a), the Fixed Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(b), the Floating Interest Period, in each case divided by 360;
- (5) if “30/360 (Floating)”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls:

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls; “M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (6) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in, for the purposes of Condition 5(a), the Fixed Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(b), the Floating Interest Period, in each case divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls:

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls; “M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

- (7) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
- (A) in the case of Notes where the number of days in the Interest Period or the Relevant Period, as the case may be, from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year;

“Determination Period” means the period from (and including) a Determination Date (as specified in the applicable Final Terms) to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

- (8) if “30/360 (Fixed)” or “30/360, unadjusted” is specified in the applicable Final Terms, the number of days in the Interest Period or the Relevant Period, as the case may be, (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.
- (9) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in, for the purposes of Condition 5(a), the Fixed Interest Period or the Relevant Period, as the case may be, and, for the purposes of Condition 5(b), the Floating Interest Period, in each case divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls:

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls; “M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D2 will be 30.

(ii) *Business Day Convention*

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then if the Business Day Convention specified is:

- (1) in the case where a Specified Period is specified in accordance with Condition 5(b)(1)(B) above, the Floating Rate Convention, such Interest Payment Date (A) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (b) below shall apply mutatis mutandis or (B) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (a) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (b) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition:

“Business Day” means (unless otherwise stated in the applicable Final Terms):

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and, if any Additional Business Centre(s) (other than TARGET2) is specified in the applicable Final Terms, in such Additional Business Centre(s);
- (B) if TARGET2 is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (“TARGET2”) is open; and
- (C) either (1) in relation to any sum payable in a Specified Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of

the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which TARGET2 is open.

- (d) Where a Zero Coupon Note becomes due and repayable prior to the Maturity Date and is not paid when due, the amount due and repayable shall be the Amortised Face Amount of such Note as determined in accordance with Condition 6(e). As from the Maturity Date any overdue principal of such Note shall bear interest at a rate per annum equal to the Accrual Yield. Such interest shall continue to accrue (as well after as before any judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the holder of such Note and (B) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 16 that it has received all sums due in respect thereof up to that date. Such interest will be calculated as provided for the relevant calculation to be made in respect of the applicable Day Count Fraction in Condition 6(e).

(e) **Benchmark Discontinuation**

Notwithstanding the provisions in Conditions 5(b) above, if the Issuer (acting in good faith and in a commercially reasonable manner) determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 5(e) shall apply.

(i) *Successor Rate or Alternative Rate*

If there is a Successor Rate, then the Issuer shall, prior to the date which is five Business Days prior to the relevant Interest Determination Date, notify the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 5(e)(ii)) subsequently be used by the Principal Paying Agent or the Calculation Agent, as applicable, in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5(e)).

If there is no Successor Rate but the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Alternative Rate, then the Issuer shall, prior to the date which is five Business Days prior to the relevant Interest Determination Date, notify the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 5(e)(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5(e)).

(ii) *Adjustment Spread*

If, in the case of a Successor Rate, an Adjustment Spread is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, then the Issuer shall, prior to the date which is five Business Days prior to the relevant Interest Determination Date, notify the Principal Paying Agent or the

Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders of such Adjustment Spread and the Principal Paying Agent or the Calculation Agent, as applicable, shall apply such Adjustment Spread to the Successor Rate for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate.

If, in the case of a Successor Rate where no such Adjustment Spread is formally recommended or provided as an option by any Relevant Nominating Body, or in the case of an Alternative Rate, the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Adjustment Spread in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be), then the Issuer shall, prior to the date which is five Business Days prior to the relevant Interest Determination Date, notify the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders of such Adjustment Spread and the Principal Paying Agent or the Calculation Agent, as applicable, shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

If no such recommendation or option has been made (or made available) by any Relevant Nominating Body, or the Issuer so determines that there is no such Adjustment Spread in customary market usage in the international debt capital markets and the Issuer further determines, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), then the Adjustment Spread shall be:

- (1) the Adjustment Spread determined by the Issuer, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, as being the Adjustment Spread recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (2) if there is no such industry standard recognised or acknowledged, such Adjustment Spread as the Issuer, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

Following any such determination of the Adjustment Spread, the Issuer shall, prior to the date which is five Business Days prior to the relevant Interest Determination Date, notify the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders of such Adjustment Spread and the Principal Paying Agent or the Calculation Agent, as applicable, shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be)

for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iii) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5(e) and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its discretion (A) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "Benchmark Amendments") and (B) the terms of the Benchmark Amendments, then the Issuer and the Principal Paying Agent or the Calculation Agent, as applicable, shall agree without any requirement for the consent or approval of Noteholders to the necessary modifications to these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice, subject to the Issuer having to give notice thereof to the Noteholders in accordance with Condition 16 and any Benchmark Amendments not increasing the obligations or duties, or decreasing the rights or protections, of the Principal Paying Agent or the Calculation Agent, as applicable, in these Conditions and/or the Agency Agreement unless agreed between the Issuer and the Principal Paying Agent or the Calculation Agent, as applicable.

Notwithstanding any other provision of this Condition 5, if in the Principal Paying Agent's or Calculation Agent's opinion, as applicable, there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5, the Principal Paying Agent or Calculation Agent, as applicable, shall promptly notify the Issuer thereof and the Issuer shall direct the Principal Paying Agent or Calculation Agent, as applicable, in writing as to which alternative course of action to adopt. If the Principal Paying Agent or Calculation Agent, as applicable, is not promptly provided with such direction, or is otherwise unable to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Principal Paying Agent or Calculation Agent, as applicable, shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so.

In connection with any such modifications in accordance with this Condition 5(e)(iii), if and for so long as the Notes are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange. Notwithstanding any other provision of this Condition 5(e), no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the treatment of any relevant Series of Subordinated Notes as Tier 2 Capital.

Any Benchmark Amendments determined under this Condition 5(e)(iii) shall be notified promptly by the Issuer to the Principal Paying Agent or the Calculation Agent, as applicable, and, in accordance with Condition 16, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Amendments.

(iv) *Independent Adviser*



In the event the Issuer is to consult with an Independent Adviser in connection with any determination to be made by the Issuer pursuant to this Condition 5(e), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 5(e) shall act in good faith and in a commercially reasonable manner and (in the absence of fraud or wilful default) shall have no liability whatsoever to the Issuer or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 5(e) or otherwise in connection with the Notes.

If the Issuer consults with an Independent Adviser as to whether there is an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of that Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud or wilful default) the Issuer shall have no liability whatsoever to the Noteholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination.

No Independent Adviser appointed in connection with the Notes (acting in such capacity), shall have any relationship of agency or trust with the Noteholders.

(v) *Survival of Original Reference Rate Provisions*

Without prejudice to the obligations of the Issuer under this Condition 5(e), the Original Reference Rate and the fallback provisions provided for in Conditions 5(b), the Agency Agreement and the applicable Final Terms, as the case may be, will continue to apply unless and until the Issuer has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with the relevant provisions of this Condition 5(e).

(vi) *Definitions*

In this Condition 5(e):

“Adjustment Spread” means either a spread, or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread may in either case be positive or negative and is to be applied to the Successor Rate or the Alternative Rate (as the case may be) where the Original Reference Rate is replaced with the Successor Rate or the Alternative Rate (as the case may be).

“Alternative Rate” means an alternative benchmark or screen rate which the Issuer determines in accordance with this Condition 5(e) is used in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes.

“Benchmark Event” means the earlier to occur of:

- (A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered;
- (B) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to such specified date;
- (C) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued, is prohibited from being used or is no longer representative, or that its use is subject to restrictions or adverse consequences or, where such discontinuation, prohibition, restrictions or adverse consequences are to apply from a specified date after the making of any public statement to such effect, the later of the date of the making of such public statement and the date falling six months prior to such specified date; and
- (D) it has or will prior to the next Interest Determination Date become unlawful for the Calculation Agent, any Paying Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under Regulation (EU) No. 2016/1011, if applicable).

“Independent Adviser” means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

“Original Reference Rate” means the benchmark or screen rate (as applicable) originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate);

“Relevant Nominating Body” means, in respect of a benchmark or screen rate (as applicable):

- (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (iii) a group of the

aforementioned central banks or other supervisory authorities, or (iv) the Financial Stability Board or any part thereof; and

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## **6 Redemption and Purchase**

### **(a) Final Redemption**

Unless previously redeemed or purchased and cancelled as provided below, each Note of this Series will be redeemed at its Final Redemption Amount in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

### **(b) Redemption for Tax Reasons**

Subject to Condition 6(f), the Notes of this Series may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes) or on any Interest Payment Date (in the case of Floating Rate Notes), on giving not less than 30 nor more than 60 days' notice in accordance with Condition 16 (which notice shall be irrevocable), at the Early Redemption Amount provided in, or calculated in accordance with, paragraph (f) or (g) (as applicable) below, together with (if provided in such paragraphs) interest accrued up to, but excluding, the date fixed for redemption, if (i) the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 9 or the Guarantor (in the case of Notes issued by ASB Finance) would be unable for reasons outside its control to procure payment by ASB Finance and in making payment itself would be required to pay such additional amounts or (ii) in order to reduce the applicable level of any New Zealand non-resident withholding tax (under current law or change of law) to zero, the Issuer becomes obliged to pay approved issuer levy at a rate exceeding the rate of the levy being charged at the date of issue of the Notes under section 86J of the Stamp and Cheque Duties Act 1971 of New Zealand or incurs any other cost in excess of that applicable under New Zealand law at the date of issue of the Notes, in each case as a result of any change in, or amendment to, the laws or regulations of a Taxing Jurisdiction (as defined in Condition 9), or any change in the application or official interpretation of such laws or regulations (including the manner of exercising any official discretion thereunder), which change or amendment becomes known generally or to the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor on or after the Issue Date (or, in the case of a second or subsequent Tranche of Notes of this Series, the Issue Date for the original Tranche) provided that no such notice of redemption shall be given in respect of the Notes of this Series earlier than 90 days prior to the earliest date on which the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor would be obliged to pay such additional amounts and, for the purpose only of determining the earliest date on which such notice may be given, it shall be deemed that a payment, in respect of which the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor would be obliged to pay such additional amounts, is due in respect of the Notes of this Series on the day on which any such change or amendment becomes effective.

### **(c) Redemption at the Option of the Issuer (Issuer Call)**

This Condition 6(c) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons), such option being referred to as an “Issuer Call”. The applicable Final Terms contains provisions applicable to any Issuer Call and must be read in conjunction with this Condition 6(c) for full information on any Issuer Call. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount, any minimum or maximum amount of Notes which can be redeemed and the applicable notice periods.

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may on any Optional Redemption Date specified in the applicable Final Terms at its option, on giving not less than the period of notice specified in the applicable Final Terms to the holders of the Notes of this Series (which notice shall be irrevocable and shall specify the date fixed for redemption and where any such period of notice is expressed as a specified number of business days, the expression “business day” shall have the meaning given in Condition 7(g)) in accordance with Condition 16, redeem all or from time to time some only of the Notes of this Series then outstanding on the relevant Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together with (in the case of Fixed Rate Notes) interest accrued to, but excluding, the relevant Optional Redemption Date.

In the event of a redemption of some only of such Notes, such redemption must be for an amount being not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount (if any) specified in the applicable Final Terms. In the case of a partial redemption of Notes, Notes to be redeemed will be selected individually by lot (without involving any part only of a Bearer Note) not less than 40 days prior to the date fixed for redemption. In the case of a partial redemption where some or all of the Notes are represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, such redemption with respect to those Notes will take place in accordance with the procedures of Euroclear and/or Clearstream, Luxembourg from time to time. Each notice of redemption will specify the date fixed for redemption and, in the case of a partial redemption, the aggregate nominal amount, and, where some or all of the Notes are in definitive form, the serial numbers, of the Notes to be redeemed and, in each case, the aggregate nominal amount of the Notes of this Series which will be outstanding after the partial redemption. In addition, in the case of a partial redemption of a Series of Notes which includes Registered Notes, the Issuer will publish an additional notice of redemption not less than 80 nor more than 95 days before the date fixed for redemption which notice will specify the period during which exchanges or transfers of Notes may not be made as provided in Condition 2.

**(d) Redemption at the Option of the Noteholders (Investor Put)**

This Condition 6(d) applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an “Investor Put”. The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 6(d) for full information on any Investor Put. In particular, the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

If Investor Put is specified as being applicable in the applicable Final Terms, upon any Noteholder giving to the Issuer in accordance with Condition 16 not less than the period of notice specified in the applicable Final Terms (the “notice period”), the Issuer will, upon the expiry of such notice redeem in whole (but not in part) the Notes the subject of the notice on the Optional Redemption Date and at the Optional Redemption Amount together with (in the case of Fixed Rate Notes) interest accrued up to, but excluding, the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form, and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) on any business day (as defined in Condition 7(g)) falling within the notice period a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or from the Registrar (a “Put Notice”) and, in the case of a Put Notice in respect of Bearer Notes, in which the holder must specify a bank account outside New Zealand to which payment is to be made under this Condition. If this Note is in definitive form, the Put Notice must be

accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

A Put Notice or other notice given by a holder of any Note pursuant to this Condition 6(d), once delivered, shall be irrevocable and the Issuer shall redeem all Notes delivered therewith on the applicable redemption date.

(e) **Zero Coupon Notes**

- (1) The amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to paragraph (b), (c) or (d) above or upon it becoming due and repayable as provided in Condition 11 shall be an amount (the “Amortised Face Amount”) calculated in accordance with the formula for the Accrual Method specified in the applicable Final Terms:

Linear Accrual: Amortised Face Amount = Reference Amount x (1+ Accrual Yield x y)

Compounding Accrual: Amortised Face Amount = Reference Amount x (1+Accrual Yield)<sup>y</sup>

where:

“Reference Amount” means:

- (A) the product of the Issue Price and:
- (i) in the case of a Zero Coupon Note represented by a Global Note where the Zero Coupon Notes are being redeemed in full, the aggregate Outstanding Principal Amount of the Notes represented by such Global Note, unless “Calculation to be on a Calculation Amount Basis” is specified as being applicable in the applicable Final Terms; or
  - (ii) in the case of a Zero Coupon Note in definitive form or where some only of the Zero Coupon Notes are being redeemed or where “Calculation to be on a Calculation Amount Basis” is specified as being applicable in the applicable Final Terms, the Calculation Amount; and
- (B) where the Specified Denomination of:
- (i) a Zero Coupon Note in definitive form; or
  - (ii) the Global Note or a Zero Coupon Note represented by a Global Note, as applicable, where “Calculation to be on a Calculation Amount Basis” is specified as being applicable in the applicable Final Terms or the Reference Amount is otherwise to be determined by reference to the Calculation Amount,

is a multiple of the Calculation Amount, the Reference Amount in respect of such Zero Coupon Note or such Global Note shall be the product of the amount (determined in the manner provided above) for the Calculation

Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding;

“Accrual Yield” means the rate specified as such in the applicable Final Terms; and

“y” is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (Fixed) or 30/360 unadjusted (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (Fixed) (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

- (2) If the amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to paragraph (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 11 is improperly withheld or refused, the amount due and repayable in respect of such Note shall be the amount calculated as provided in Condition 6(e)(1) above as though the references therein to the date fixed for the redemption or the date upon which such Note becomes due and payable were replaced by references to the date which is the earlier of:
- (a) the date on which all amounts due in respect of such Note have been paid; and
  - (b) the date on which the full amount of the moneys payable in respect of such Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 16.

(f) **Early Redemption Amounts**

For the purposes of paragraph (b) above and Condition 11, unless otherwise indicated in the applicable Final Terms, Notes will be redeemed at their Early Redemption Amount, being (1) in the case of Fixed Rate Notes or Floating Rate Notes the Final Redemption Amount or (2) in the case of Zero Coupon Notes at the Amortised Face Amount of such Notes determined in accordance with paragraph (e) above, in each case in the relevant Specified Currency together with, in the case of Fixed Rate Notes redeemed pursuant to paragraph (b) above, interest accrued to, but excluding, the date fixed for redemption.

(g) **Purchase and Cancellation**

The Issuer or (where the relevant Issuer is ASB Finance) the Guarantor may at any time purchase Notes of this Series (provided that all unmatured Coupons appertaining to such Notes, if in definitive bearer form, are attached thereto or surrendered therewith) in any manner and at any price.

All Notes of this Series together, in the case of definitive Notes in bearer form, with all unmatured Coupons appertaining thereto, purchased by or on behalf of the Issuer (other than those Notes purchased in the ordinary course of the business of dealing in securities) will be cancelled forthwith.

## **7 Payments and Exchange of Talons**

### **(a) Payments in respect of definitive Bearer Notes**

- (1) Payments of principal and interest (if any) in respect of definitive Bearer Notes (if issued) will (subject as provided below) be made against surrender (or, in the case of part payment only, presentation and endorsement) of definitive Bearer Notes or Coupons (which expression, in this Condition and Condition 10, shall not include Talons), as the case may be, at any specified office of any Paying Agent outside New Zealand.
- (2) All payments of principal and interest with respect to definitive Bearer Notes will be made outside New Zealand and (except as otherwise provided in paragraph (d) below) the United States. Payments in any currency other than euro in respect of definitive Bearer Notes will (subject as provided below) be made by transfer to an account (in the case of payment in Yen to a non-resident of Japan, a non-resident account) in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of the Specified Currency (or, if the Specified Currency is New Zealand dollars or U.S. dollars, in London or another place outside New Zealand and (except as otherwise provided in paragraph (d) below) the United States) provided that if at any time such payments cannot be so made, then payments will be made outside New Zealand and (except as otherwise provided in paragraph (d) below) the United States in such other manner as the Issuer or, as the case may be, the Guarantor (where the relevant Issuer is ASB Finance) may determine and notify in accordance with Condition 16. Payments in euro in respect of definitive Bearer Notes will be made by transfer to a euro account outside New Zealand and (except as otherwise provided in paragraph (d) below) the United States (or any other account outside New Zealand and (except as otherwise provided in paragraph (d) below) the United States to which euro may be credited or transferred) specified by the payee.

### **(b) Payments in respect of Registered Notes**

Payments of principal in respect of Registered Notes (whether or not in global form) will (subject as provided in this Condition) be made against presentation and surrender of such Registered Notes at the specified office outside New Zealand of the Registrar by a cheque in the Specified Currency drawn on a bank in the principal financial centre of the country of the Specified Currency. Payments of interest in respect of Registered Notes will (subject as provided in this Condition) be made by a cheque in the Specified Currency drawn on a bank in the principal financial centre of the country of the Specified Currency and posted on the business day in the city in which the Registrar has its specified office immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Registered Note appearing on the register of holders of the Registered Notes maintained by the Registrar (the "Register") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date") at his address shown on the register on the Record Date. Upon application of the holder to the specified office of the Registrar not less than three business days in the city in which the Registrar has its specified office before the due date for any payment in respect of a Registered Note, the payment of principal and/or interest may be made (in the case of payment of principal against presentation and surrender of the relevant Registered Note as provided above) by transfer on the due date to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country

of the Specified Currency subject to the provisions of the following two sentences. If the Specified Currency is New Zealand dollars, payment will be made (in the case of a transfer to a bank account) by transfer to an account in London or another place outside New Zealand and, if the Specified Currency is Yen, payment will be made (in the case of payment to a non-resident of Japan) by cheque drawn on, or by transfer to a non-resident account. If the Specified Currency is euro, payment will be made in euro to a euro account outside New Zealand (or any other account outside New Zealand to which euro may be credited or transferred, as the case may be), specified by the payee.

(c) **Payments in respect of global Bearer Notes**

- (1) Payments of principal and interest (if any) in respect of Notes represented by any global Bearer Note will (subject as provided below) be made in the manner specified in the relevant global Note against presentation and endorsement or surrender, as the case may be, of such global Note at the specified office of any Paying Agent outside New Zealand. A record of each payment made on such global Note, distinguishing between any payment of principal and interest, will be made on such global Note by the Paying Agent to which such global Note is presented for the purpose of making such payment, and such record shall (save in the case of manifest error) be conclusive evidence that the payment in question has been made.
- (2) The holder of a global Bearer Note shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer or, as the case may be, the Guarantor (where the relevant Issuer is ASB Finance) will be discharged by payment to, or to the order of, the holder of such global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Notes must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor (where the relevant Issuer is ASB Finance) to, or to the order of, the holder of the relevant global Note. Subject to Condition 12, no person other than the holder of a global Bearer Note shall have any claim against the Issuer or, as the case may be, the Guarantor (where the relevant Issuer is ASB Finance) in respect of any payments due on that global Note.

(d) **Payments of interest in U.S. dollars in respect of Bearer Notes**

Notwithstanding the foregoing, payments of interest in U.S. dollars in respect of Bearer Notes will only be made at the specified office of any Paying Agent in the United States (which expression, as used herein, means the United States of America (including the States and District of Columbia and its possessions)) (1) if (A) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount of interest on the Bearer Notes in the manner provided above when due, (B) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (C) such payment is then permitted under United States law and (2) at the option of the relevant holder if such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(e) **Payments subject to applicable laws**

Payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or any official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law



implementing such an intergovernmental agreement) (collectively referred to as "FATCA"), and any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on or in respect of the Notes with respect to any such withholding or deduction.

(f) **Unmatured Coupons and Talons**

(1) Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined in subparagraph (2)) and save as provided in Condition 7(e)) should be presented for redemption together with all unmaturing Coupons (which expression shall include Coupons falling to be issued on exchange of Talons which will have matured on or before the relevant redemption date) appertaining thereto, failing which, the amounts of any missing unmaturing Coupons (or, in the case of payment of principal not being made in full, that proportion of the aggregate amount of such missing unmaturing Coupons that the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupons at any time in the period expiring 10 years after the Relevant Date (as defined in Condition 9) for the payment of such principal, whether or not such Coupon would otherwise have become void pursuant to Condition 10 or, if later, five years from the due date for payment of such Coupon. Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

(2) Upon the due date for redemption of any Floating Rate Note or Long Maturity Note in definitive bearer form, any unmaturing Coupons or Talons relating to such Note (whether or not attached) shall become void and no payment or exchange, as the case may be, shall be made in respect of them. Where any such Note is presented for redemption without all unmaturing Coupons or Talons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require. A Long Maturity Note is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Fixed Interest Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

(g) **Payments due on non-business days**

If any date for payment of principal, interest or any other payment in respect of any Bearer Note or Coupon is not a business day, then the holder thereof shall not be entitled to payment at the place of presentation of the amount due until either (A) if the Payment Business Day Convention is specified as Following Business Day Convention in the applicable Final Terms, the next following business day or (B) if the Payment Business Day Convention is specified as Modified Following Business Day Convention in the applicable Final Terms, the next day which is a business day unless it would thereby fall into the next calendar month, in which event the holder shall be entitled to such payment at the place of presentation on the immediately preceding business day (in each case, unless otherwise specified in the applicable Final Terms) and shall not be entitled to any interest or other sum in respect of any such postponed payment.

If any date for payment of principal, interest or any other amount in respect of any Registered Note is not a business day, then the holder thereof shall not be entitled to payment, in the case of principal, at the place of presentation or, in the case of interest or any other amount, by transfer to an account specified by the holder until either (A) if Following Business Day Convention is specified in the applicable Final Terms, the next following business day or (B) if Modified Following Business Day Convention is specified in the applicable Final Terms,

the next day which is a business day unless it would thereby fall into the next calendar month, in which event the holder shall be entitled to payment at the place of presentation or to such account as applicable on the immediately preceding business day (in each case, unless otherwise specified in the applicable Final Terms) and shall not be entitled to any interest or other sum in respect of any such postponed payment.

In this Condition “business day” means, subject as provided in the applicable Final Terms:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) in the case of Notes in definitive form only, the relevant place of presentation;
  - (B) any Additional Financial Centre (other than TARGET2) specified in the applicable Final Terms; and
  - (C) if TARGET2 is specified as an Additional Financial Centre in the applicable Final Terms, a day on which TARGET2 is open, and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (2) in relation to any sum payable in euro, a day on which TARGET2 is open.

(h) **Payment of accrued interest**

If the due date for redemption of any interest bearing Bearer Note in definitive form is not a due date for the payment of interest relating thereto, interest accrued in respect of such Note from, and including, the last preceding due date for the payment of interest (or, if none, from the Interest Commencement Date) will be paid only against surrender (or, in the case of part payment, presentation and endorsement) of such Note.

(i) **Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Paying Agent in Luxembourg (or any other Paying Agent notified by the Issuer to the Noteholders in accordance with Condition 16 for the purposes of this paragraph) in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Bearer Note in definitive form to which it appertains) a further Talon, subject to the provisions of Condition 10. Each Talon shall, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the Coupon sheet in which that Talon was included on issue matures.

(j) **Initial Paying Agents**

The initial Principal Paying Agent and the other initial Paying Agents in respect of this Series of Notes are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer may at any time vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will, so long as any of the Notes of this Series is outstanding, maintain:

- (i) a Principal Paying Agent,

- (ii) a Paying Agent (which may be the Principal Paying Agent) in a jurisdiction within Europe, and
- (iii) so long as any Notes of this Series are admitted to the official list of the United Kingdom Financial Conduct Authority (the “FCA”) and to trading on the London Stock Exchange plc’s market for listed securities or on another stock exchange, a Paying Agent (which may be the Principal Paying Agent) having a specified office in London or other place as may be required by that stock exchange.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in paragraph (d) of this Condition. Notice of any variation, termination or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 16.

- (k) All payments in respect of the Notes in RMB will be made solely by credit to a RMB account maintained by the payee at a bank in Hong Kong or such other financial centre(s) as may be specified in the applicable Final Terms as RMB Settlement Centre(s) in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of RMB in Hong Kong or any relevant RMB Settlement Centre(s)).

(l) **RMB Currency Event**

If “RMB Currency Event” is specified as being applicable in the applicable Final Terms and a RMB Currency Event, as determined by the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor, as the case may be, acting in good faith, exists on a date for payment of any amount in respect of any Note or Coupon, the Issuer’s or (where the relevant Issuer is ASB Finance) the Guarantor’s obligation to make a payment in RMB under the terms of the Notes or the Guarantee (in the case of Notes issued by ASB Finance), as the case may be, may be replaced by an obligation to pay such amount in the Relevant Currency converted using the Spot Rate for the relevant Rate Calculation Date.

Upon the occurrence of a RMB Currency Event, the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor, as the case may be, shall give notice as soon as practicable to the Noteholders in accordance with Condition 16 stating the occurrence of the RMB Currency Event, giving details thereof and the action proposed to be taken in relation thereto.

For the purpose of this Condition 7(l) and unless stated otherwise in the applicable Final Terms:

“Governmental Authority” means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of Hong Kong;

“Rate Calculation Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Auckland, Wellington, Hong Kong, London and New York City;

“Rate Calculation Date” means the day which is two Rate Calculation Business Days before the due date of the relevant payment under the Notes or (where the relevant Issuer is ASB Finance) the Guarantee, as the case may be;

“Relevant Currency” means U.S. dollars or such other currency as may be specified in the applicable Final Terms;

“RMB Currency Events” means any one of RMB Illiquidity, RMB Non-Transferability and RMB Inconvertibility;

“RMB Illiquidity” means the general RMB exchange market in Hong Kong becomes illiquid as a result of which the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor, as the case may be, cannot obtain sufficient RMB in order to make a payment under the Notes or (where the relevant Issuer is ASB Finance) the Guarantee, as the case may be, as determined by the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor, as the case may be, in a commercially reasonable manner following consultation with two independent foreign exchange dealers of international repute active on the RMB exchange market in Hong Kong;

“RMB Inconvertibility” means the occurrence of any event that makes it impossible for the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor, as the case may be, to convert any amount due in respect of the Notes or (where the relevant Issuer is ASB Finance) the Guarantee, as the case may be, into RMB on any payment date at the general RMB exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor, as the case may be, to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor, as the case may be, due to an event beyond the control of the Issuer, to comply with such law, rule or regulation);

“RMB Non-Transferability” means the occurrence of any event that makes it impossible for the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor, as the case may be, to deliver RMB between accounts inside Hong Kong or from an account inside Hong Kong to an account outside Hong Kong (including where the RMB clearing and settlement system for participating banks in Hong Kong is disrupted or suspended), other than where such impossibility is due solely to the failure of the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor, as the case may be, to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date of the first Tranche of the relevant Series and it is impossible for the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor, as the case may be, due to an event beyond its control, to comply with such law, rule or regulation);

“Spot Rate” means, unless specified otherwise in the applicable Final Terms, the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter RMB exchange market in Hong Kong for settlement in two Rate Calculation Business Days, as determined by the RMB Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Rate Calculation Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the RMB Calculation Agent shall determine the rate taking into consideration all available information which the RMB Calculation Agent deems relevant, including pricing information obtained from the RMB non-deliverable exchange market in Hong Kong or elsewhere and the CNY/U.S. dollar exchange rate in the PRC domestic foreign exchange market.

**8** [This Condition is no longer applicable]

**9 Taxation**

All payments of, or in respect of, principal and interest on the Notes of this Series by or on behalf of the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“Taxes”) imposed or levied by or on behalf of any Taxing Jurisdiction unless such Taxes are required by law to be withheld or deducted. In that event, the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor will pay such additional amounts of, or in respect of, principal and/or interest as will result (after deduction of the Taxes) in payment to the holders of the Notes of this Series

and/or the Coupons relating thereto of the amounts which would otherwise have been payable in respect of the Notes of this Series or, as the case may be, Coupons relating thereto, except that no such additional amounts shall be payable with respect to any Note of this Series or Coupon relating thereto:

- (a) the holder of which is subject to such Taxes in respect of such Note or Coupon by reason of being connected with a Taxing Jurisdiction other than by reason only of the holding of the Note or Coupon or the receipt of payment thereon;
- (b) for or on account of (i) New Zealand resident withholding tax, or (ii) New Zealand non-resident withholding tax imposed at a resident withholding tax rate as a consequence of a holder deriving interest under such Note jointly with one or more other persons at least one of which is a resident of New Zealand for income tax purposes;
- (c) if such withholding or deduction may be avoided (and has not been so avoided) by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in New Zealand, unless the holder of which proves that he is not entitled so to comply or to make such declaration or claim;
- (d) the holder of which is an associated person of the Issuer for New Zealand income tax purposes; or
- (e) presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such period of 30 days.

For the avoidance of doubt, in no event will the Issuer, the Guarantor (where the relevant Issuer is ASB Finance), Paying Agent or any other person be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to FATCA.

Prior to any interest payment date or the maturity date of the Notes of this Series, any holder who is a resident of New Zealand for income tax purposes, a person who carries on business in New Zealand through a fixed establishment (as defined for New Zealand income tax purposes) in New Zealand and holds the Notes for the purpose of the business carried on by that fixed establishment, or a registered bank (as defined for New Zealand income tax purposes) engaged in business through a fixed establishment in New Zealand (a "New Zealand Holder"):

- (a) must notify the Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and a Paying Agent (1) that the New Zealand Holder is the holder of a Note and (2) whether it derives beneficially interest under a Note jointly with any other person; and
- (b) must notify the Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and a Paying Agent of any circumstances, and provide the Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and the Paying Agent with its New Zealand tax file number and any information (including notifying whether it has 'RWT-exempt status' (as that term is defined in the Income Tax Act 2007 of New Zealand)), that may enable the Issuer or, as the case may be, the Guarantor, to make the payment of interest to the New Zealand Holder without deduction on account of New Zealand resident withholding tax.

The New Zealand Holder must notify the Issuer and (where the relevant Issuer is ASB Finance) the Guarantor, prior to any interest payment date or the maturity date of the Notes of any change in the New Zealand Holder's circumstances from those previously notified that could affect the Issuer's, as the case may be, or the Guarantor's payment obligations in respect of such Note.

Only a New Zealand Holder will be obliged to make the notifications referred to above.

By accepting payment of the full face amount of any Note on its maturity:

- (a) a New Zealand Holder agrees to indemnify the Issuer and, where the relevant Issuer is ASB Finance, the Guarantor for all purposes in respect of any liability that the Issuer or, as the case may be, the Guarantor may incur for not deducting any amount from such payment on account of New Zealand resident withholding tax; and
- (b) in the case of a Note in respect of which a person, who is not a New Zealand Holder, derives a beneficial interest jointly with one or more persons, and one or more of those persons is tax resident in New Zealand, such non-New Zealand Holder agrees to indemnify the Issuer and (where the relevant Issuer is ASB Finance) the Guarantor for all purposes in respect of any liability that the Issuer or, as the case may be, the Guarantor may incur for not deducting any amount from such payment on account of New Zealand non-resident withholding tax applicable to such non-New Zealand Holder.

The “Relevant Date” in relation to any Note or Coupon of this Series means whichever is the later of:

- (i) the date on which payment in respect of such Note or Coupon first becomes due and payable; or
- (ii) if the full amount of the moneys payable in respect of such Note or Coupon has not been duly received by the Principal Paying Agent on or prior to such date, the date on which notice is duly given to the Noteholders of this Series in accordance with Condition 16 that such moneys have been so received.

The “Taxing Jurisdiction” in relation to any Note or Coupon of this Series means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or New Zealand or any political subdivision or any authority thereof or therein having power to tax.

References in these Conditions to principal and interest shall be deemed also to refer (as appropriate) (i) to any additional amounts which may be payable under this Condition 9, (ii) in relation to Zero Coupon Notes, to the Amortised Face Amount and (iii) to any premium which may be payable in respect of the Notes.

Where used in this Condition, “interest” means interest (as defined for New Zealand income tax purposes in relation to withholding taxes), which under current legislation includes the excess of the redemption amount over the issue price of any Note as well as coupon interest paid on such Note.

## **10 Prescription**

Claims for payment of principal under the Notes (whether in bearer or registered form) shall be prescribed upon the expiry of 10 years, and claims for payment of interest (if any) in respect of the Notes (whether in bearer or registered form) shall be prescribed upon the expiry of five years, in each case from the Relevant Date (as defined in Condition 9) therefor subject to the provisions of Condition 7. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 7.

## **11 Events of Default**

If any one or more of the following events (each an “Event of Default”) shall occur and be continuing:

- (a) the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor fails to pay the principal of the Notes of this Series when due or fails to pay any interest due thereon within 14 days of the due date; or
- (b) the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor defaults in performance or observance of or compliance with any of its other undertakings set out in the Notes of this Series or (where the relevant Issuer is ASB Finance) the Guarantee which default is incapable of remedy or which, if capable of remedy, is not remedied within 30 days after notice of such default shall have been given to the Issuer and the Guarantor (if the relevant Issuer is ASB Finance) by a Noteholder; or
- (c) [This paragraph is no longer applicable];
- (d) the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor becomes insolvent or it is unable to pay its debts as they mature or the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor applies for or consents to or suffers the appointment of a liquidator or receiver of the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor or the whole or any part of the undertaking, property, assets or revenues of the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors; or
- (e) any law is passed the effect of which is to dissolve the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor, or ASB Bank ceases to carry on a general banking business in New Zealand or ceases to be authorised to carry on a general banking business within New Zealand; or
- (f) where the relevant Issuer is ASB Finance, the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect,

then any holder of a Note may, by written notice to the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor at the specified office of the Principal Paying Agent, effective upon the date of receipt thereof by the Principal Paying Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at the amount provided in, or calculated in accordance with, Condition 6(f), together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

**12** [This Condition is no longer applicable].

**13 Meetings of Noteholders; Modifications of Conditions; Waiver**

The Agency Agreement contains provisions for convening meetings of holders of the Notes of this Series to consider any matters affecting their interests, including modifications of the terms and conditions of the Notes of this Series and the Agency Agreement. Any such modification must be authorised by an Extraordinary Resolution which is defined in the Agency Agreement to mean a resolution passed by a majority consisting of not less than three-quarters of the votes cast at a meeting of the holders of the Notes of this Series duly convened and held. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in nominal amount of the Notes of this Series for the time being outstanding or, at any adjourned meeting, one or more persons being or representing the holders of the Notes of this Series whatever the nominal amount of Notes of this Series so held or represented; provided that at any meeting the business of which includes the modification of certain terms, including any reduction or cancellation of, or modification of the method of calculating, the amount payable in respect of the Notes of this Series, any modification of, or of the method of calculating, the date of payment of principal or interest in respect of the Notes of this Series or any modification of

the currency of payment of the Notes of this Series or the Coupons relating thereto, the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting, not less than one-third, in nominal amount of Notes of this Series for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than 75 per cent. of the votes cast on such resolution, or (ii) a resolution in writing signed by or on behalf of all the holders of the Notes, shall, in each case, be effective as an Extraordinary Resolution of the holders of the Notes. A resolution duly passed by the holders of the Notes of this Series will be binding on all the holders of the Notes of this Series (whether present at any meeting and whether or not they voted on the resolution) and on all the holders of Coupons relating thereto.

The Principal Paying Agent and the Issuer may agree without the consent of the holders of the Notes of this Series or the holders of Coupons relating thereto to any modifications to the terms and conditions of the Notes of this Series or the Coupons relating thereto or to the provisions of the Agency Agreement which in the opinion of the Issuer are of a formal, minor or technical nature, are made to correct a manifest error or (not being such a modification as is mentioned in the proviso to the third sentence of the preceding paragraph) are not prejudicial to the interests of the holders of the Notes of this Series.

## **14 Substitution**

### **(a) Substitution of the Issuer**

- (1) The Issuer may, without the consent or sanction of the Noteholders, the Couponholders or the Talonholders, agree to the substitution in place of the Issuer as the principal debtor under the Notes of the Guarantor (where the relevant Issuer is ASB Finance) or any other corporation (hereinafter in this Condition referred to as the “Substituted Company”) provided that:
  - (i) a deed poll and such other documents (if any) shall be executed by the Issuer and the Substituted Company as may be necessary to give full effect to the substitution (together, the “Documents”) and (without limiting the generality of the foregoing) pursuant to which the Substituted Company shall undertake in favour of each Noteholder, Couponholder and Talonholder to be bound by these Conditions and the provisions of the Agency Agreement and the Deed of Covenant as if the Substituted Company had been named in the Notes, the Agency Agreement and the Deed of Covenant as the principal debtor in respect of the Notes in place of the Issuer (or any previous substitute);
  - (ii) if the Substituted Company is not the Guarantor (in the case of Notes issued by ASB Finance), a deed poll and such other documents (if any) shall be executed pursuant to which the Guarantor shall unconditionally and irrevocably guarantee (the “New Guarantee”) in favour of each Noteholder and Couponholder the payment of all sums payable by the Substituted Company as such principal debtor on the same terms mutatis mutandis as the Guarantee;
  - (iii) any applicable solicited credit rating of the Substituted Company is the same or higher than any such rating of the Issuer immediately prior to the substitution;
  - (iv) each stock exchange or market on which the Notes are listed shall have confirmed in writing that following the proposed substitution of the Substituted Company the Notes will continue to be listed on such stock exchange or market;



- (v) without prejudice to the generality of paragraphs (b)(1)(i) and (ii) of this Condition, where the Substituted Company is incorporated, domiciled or resident in a territory other than the United Kingdom or New Zealand an undertaking or covenant shall be given by the Substituted Company in terms corresponding to the provisions of Condition 9 with the addition to or substitution of the references to the United Kingdom or New Zealand or any political sub-division thereof or authority thereof or therein having power to tax by references to that other territory or any political sub-division thereof or any authority thereof or therein having power to tax in which the Substituted Company is incorporated, domiciled or resident and Condition 6(b) shall be modified so that references to such latter territory are added to or substituted for the United Kingdom or New Zealand;
- (vi) the Documents shall contain a warranty and representation by the Substituted Company and (if the Substituted Company is not the Guarantor where the relevant Issuer is ASB Finance) the Guarantor that (A) the Substituted Company and (if the Substituted Company is not the Guarantor where the relevant Issuer is ASB Finance) the Guarantor have obtained all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Company of liability as principal debtor in respect of, and of its obligations under, the Documents and the Notes and for the giving of the New Guarantee (in the case of Notes issued by ASB Finance) (if applicable); (B) such approvals and consents are at the time of substitution in full force and effect; and (C) the obligations assumed by the Substituted Company under the Documents (and by the Guarantor ((in the case of Notes issued by ASB Finance) under the New Guarantee (if applicable))) are legal, valid and binding in accordance with their respective terms;
- (vii) the Issuer shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Company and (if the Substituted Company is not the Guarantor (where the relevant Issuer is ASB Finance)) the Guarantor (where the relevant Issuer is ASB Finance) from a leading firm of lawyers in the country of incorporation of the Substituted Company to the effect that the Documents constitute legal, valid and binding obligations of the Substituted Company, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar;
- (viii) the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Company and (if the Substituted Company is not the Guarantor (in the case of Notes issued by ASB Finance)) the Guarantor from a leading firm of New Zealand lawyers to the effect that the Documents (including the New Guarantee (in the case of Notes issued by ASB Finance) (if applicable)) constitute legal, valid and binding obligations of the Issuer and (in the case of Notes issued by ASB Finance if the Substituted Company is not the Guarantor) the Guarantor, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar;

- (ix) the Issuer or (where the relevant Issuer is ASB Finance) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Issuer, the Substituted Company and (if the Substituted Company is not the Guarantor (in the case of Notes issued by ASB Finance)) the Guarantor from a leading firm of English lawyers to the effect that the Documents (including the New Guarantee (in the case of Notes issued by ASB Finance) (if applicable)) constitute legal, valid and binding obligations of the parties thereto under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Company for the Issuer and to be available for inspection by Noteholders, Couponholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar; and
  - (x) if the Substituted Company is incorporated in a jurisdiction other than England and Wales, it shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes or the Documents.
- (2) Upon the execution of the Documents (including the New Guarantee (in the case of Notes issued by ASB Finance) (if applicable)) and compliance with the requirements referred to in paragraph (a)(1) of this Condition, the Substituted Company shall be deemed thenceforth to be named in the Notes as principal debtor in place of the Issuer (or of any previous substitute under these provisions), and the Notes shall thereupon be deemed to be amended in such manner as shall be necessary to give effect thereto. The execution of the Documents and compliance with such requirements shall operate to release the Issuer (or such previous substitute as aforesaid) from all of its obligations in respect of the Notes.
  - (3) The Documents (including the New Guarantee (in the case of Notes issued by ASB Finance) (if applicable)) shall be deposited with and held by the Principal Paying Agent and the Registrar for so long as any Note remains outstanding and for so long as any claim made against the Substituted Company or the Guarantor (where the relevant Issuer is ASB Finance) by any Noteholder, Couponholder or Talonholder in relation to the Notes or the Documents (including the New Guarantee (in the case of Notes issued by ASB Finance) (if applicable)) shall not have been finally adjudicated, settled or discharged. The Substituted Company and (in the case of Notes issued by ASB Finance if the Substituted Company is not the Guarantor) the Guarantor (where the relevant Issuer is ASB Finance) shall acknowledge in the Documents the right of every Noteholder, Couponholder and Talonholder to the production of the Documents (including the New Guarantees (in the case of Notes issued by ASB Finance) (if applicable)) for the enforcement of any of the Notes or the Documents (including the New Guarantees (in the case of Notes issued by ASB Finance) (if applicable)).
  - (4) Not later than 14 days after the execution of the Documents (including the New Guarantee (in the case of Notes issued by ASB Finance) (if applicable)) and compliance with the requirements referred to in paragraph (a)(1) of this Condition, the Substituted Company shall give notice thereof to the Noteholders in accordance with Condition 16.

(b) **Substitution of the Guarantor**

This Condition 14(b) only applies to Notes issued by ASB Finance.

- (1) The Guarantor may, without the consent or sanction of the Noteholders, the Couponholders or the Talonholders, agree to the substitution in place of the Guarantor

as guarantor in respect of the Notes of any other corporation (hereinafter in this Condition referred to as the “Substituted Guarantor”) provided that:

- (i) a deed poll and such other documents (if any) shall be executed pursuant to which the Substituted Guarantor shall unconditionally and irrevocably guarantee (the “New Guarantee”) in favour of each Noteholder and Couponholder the payment of all sums payable by the Issuer in respect of the Notes in each case on the same terms mutatis mutandis as the Guarantee;
  - (ii) any applicable solicited credit rating of the Substituted Guarantor is the same or higher than any such rating of the Guarantor immediately prior to the substitution;
  - (iii) each stock exchange or market on which the Notes are listed shall have confirmed in writing that following the proposed substitution of the Substituted Guarantor the Notes will continue to be listed on such stock exchange or market;
  - (iv) the New Guarantee shall contain a warranty and representation by the Substituted Guarantor that (A) the Substituted Guarantor has obtained all necessary governmental and regulatory approvals and consents necessary for or in connection with the giving of the New Guarantee; (B) such approvals and consents are at the time of substitution in full force and effect; and (C) the obligations assumed by the Substituted Guarantor under the New Guarantee are legal, valid and binding in accordance with their respective terms;
  - (v) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Guarantor and the Substituted Guarantor from a leading firm of lawyers in the country of incorporation of the Substituted Guarantor to the effect that the New Guarantee constitutes legal, valid and binding obligations of the Substituted Guarantor, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the Guarantor and to be available for inspection by Noteholders, Couponholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar;
  - (vi) the Guarantor shall have delivered or procured the delivery to the Principal Paying Agent and the Registrar a copy of a legal opinion addressed to the Guarantor and the Substituted Guarantor from a leading firm of English lawyers to the effect that the New Guarantee constitutes legal, valid and binding obligations of the Substituted Guarantor under English law, such opinion to be dated not more than seven days prior to the date of substitution of the Substituted Guarantor for the Guarantor and to be available for inspection by Noteholders, Couponholders and Talonholders at the specified offices of the Principal Paying Agent and the relevant Registrar; and
  - (vii) if the Substituted Guarantor is incorporated in a jurisdiction other than England and Wales, it shall have appointed a process agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the New Guarantee.
- (2) Upon the execution of the New Guarantee and compliance with the requirements referred to in paragraph (b)(1) of this Condition, the Substituted Guarantor shall be deemed thenceforth to be named in the Notes as guarantor in place of the Guarantor (or of any previous substitute under these provisions), and the Notes shall thereupon

be deemed to be amended in such manner as shall be necessary to give effect thereto. The execution of the New Guarantee and compliance with such requirements shall operate to release the Guarantor (or such previous substitute as aforesaid) from all of its obligations in respect of the Guarantee.

- (3) The New Guarantee shall be deposited with and held by the Principal Paying Agent and the Registrar for so long as any Note remains outstanding and for so long as any claim made against the Substituted Guarantor by any Noteholder, Couponholder or Talonholder in relation to the Notes or the New Guarantee shall not have been finally adjudicated, settled or discharged. The Substituted Guarantor shall acknowledge in the New Guarantee the right of every Noteholder, Couponholder and Talonholder to the production of the New Guarantees for the enforcement of any of the Notes or the New Guarantee.
- (4) Not later than 14 days after the execution of the New Guarantee and compliance with the requirements referred to in paragraph (b)(1) of this Condition, the Issuer shall give notice thereof to the Noteholders in accordance with Condition 16.

## **15 Replacement of Notes and Coupons**

If any Note (including a global Note) or Coupon is mutilated, defaced, stolen, destroyed or lost, it may be replaced at the specified office of the Principal Paying Agent on payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacement Notes or Coupons will be issued.

## **16 Notices**

- (a) All notices regarding Registered Notes of this Series (if any) will be valid if mailed to the holders (or the first named of joint holders) at their respective addresses in the register of holders and will be deemed to have been given on the fourth weekday after the date of mailing.
- (b) All notices regarding the Bearer Notes of this Series (if any) will be valid if published in one leading London daily newspaper (which is expected to be the Financial Times) or, if this is not practicable, one other English language daily newspaper with general circulation in Europe and in the United Kingdom and shall, if published more than once, be deemed to be given on the date of the first such publication. Holders of Coupons appertaining to Bearer Notes in definitive form of this Series will be deemed for all purposes to have notice of the contents of any notice given to the holders of the Bearer Notes of this Series in accordance with this paragraph (b).
- (c) Until such time as any definitive Notes are issued, there may, so long as all the global Notes for this Series are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted, in relation only to this Series, for such publication as aforesaid the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg, as appropriate, for communication by it or them to the holders of the Notes of this Series. Any such notice shall be deemed to have been given to the holders of the Notes of this Series on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as the case may be.
- (d) Notwithstanding paragraph (b) of this Condition 16, in any case where the identity and addresses of all the holders of Bearer Notes in definitive form is known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.
- (e) Notices to be given to the Issuer by any holder of Notes under Condition 6(d) shall be in writing and given by lodging the same, together with the relative definitive Note or Notes, with the Principal Paying Agent (in the case of definitive Bearer Notes) or the Registrar (in

the case of definitive Registered Notes). Whilst any Notes are represented by a global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, such notices may be given by a holder of any Notes so represented to the Principal Paying Agent or the Registrar via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent or the Registrar, as the case may be, and Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

## **17 Further Issues**

The Issuer shall be at liberty from time to time without the consent of the holders of the Notes of this Series or the Coupons (if any) relating thereto to create and issue further Notes ranking *pari passu* in all respects (or in all respects save for the Issue Date or Interest Commencement Date, as the case may be, the Issue Price and the amount of the first payment of interest (if any) on such further Notes) and so that the same shall be consolidated and form a single series with the outstanding Notes of a particular Series (including the Notes of this Series).

## **18 Disapplication of Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of any Note but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **19 Governing Law**

The Notes of this Series, Coupons and Talons (if any) relating thereto, the Agency Agreement, the Deed of Covenant, the Guarantee and any non-contractual obligations arising out of or in connection with the Notes of this Series, Coupons and Talons (if any) relating thereto, the Agency Agreement, the Deed of Covenant and the Guarantee are governed by, and will be construed in accordance with, English law.

The courts of each of England and New Zealand are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes of this Series and Coupons and Talons relating thereto, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes of this Series and Coupons and Talons relating thereto and accordingly any legal action or proceedings arising out of or in connection with the Notes of this Series and Coupons and Talons relating thereto and any non-contractual obligations arising out of or in connection with the Notes of this Series and Coupons and Talons relating thereto may be brought in such courts.

Each of the Issuer and (in the case of Notes issued by ASB Finance) the Guarantor agrees that the service of process in any action which may be instituted in England based on any of such Notes, Coupons or Talons (including any action relating to any non-contractual obligations arising out of or in connection with any of such Notes, Coupons or Talons) may be served on it by being delivered to ASB Finance Limited, London Branch (currently at 1 New Ludgate, 60 Ludgate Hill, London EC4M 7AW, United Kingdom).

## **20 CMU Notes**

Where the Notes are CMU Notes, these Conditions shall be modified as specified in this Condition 20 and to the extent any provision of these Conditions is otherwise inconsistent with the terms of this Condition 20 it shall be deemed to have been modified accordingly.

References in these Conditions to the Principal Paying Agent, the Registrar, a Paying Agent and a Transfer Agent shall, unless the context otherwise requires, be construed as a reference to the CMU lodging and paying agent appointed in relation to the CMU Notes as specified in the applicable Final Terms (the “CMU Lodging and Paying Agent”).

References in these Conditions to Euroclear and Clearstream, Luxembourg shall, unless the context otherwise requires, be construed as a reference to the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the “CMU Service”).

In this Condition “CMU Notes” means Notes denominated in any currency which the CMU Service accepts for settlement from time to time that are, or are intended to be, initially cleared through the CMU Service.

#### *Payments*

If a Note is held through the CMU Service, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU Service in accordance with the rules of the CMU Service (the “CMU Rules”) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU Service in a relevant CMU Instrument Position Report (as defined in the CMU Rules) or any other relevant notification by the CMU Service (which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) (the “CMU Accountholders”).

The CMU Accountholders at the direction of the bearer or the registered holder of a Note held through the CMU Service shall be the only persons entitled to receive payments in respect of such Note and the Issuer or, as the case may be, the Guarantor (where the relevant Issuer is ASB Finance) will be discharged by payment to, or to the order of, such CMU Accountholder, in respect of each amount so paid. Each of the persons shown in the records of the CMU Service as the beneficial holder of a particular nominal amount of CMU Notes must look solely to the CMU Service for its share of each payment so made by the Issuer or, as the case may be, the Guarantor (where the relevant Issuer is ASB Finance) to the order of the bearer or the registered holder of such Note.

### **Use of Proceeds**

The net proceeds from each issue of Notes issued by ASB Finance will be on-lent to the Guarantor, to be applied by the Guarantor for its general corporate purposes, which include making a profit. The net proceeds from each issue of Notes issued by ASB Bank will be applied for its general corporate purposes, which include making a profit. If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## **ASB Finance Limited**

ASB Finance is a wholly owned subsidiary of ASB, incorporated for the purpose of raising funds from offshore debt markets to finance operations of ASB.

ASB Finance was incorporated in New Zealand with limited liability on 18 October 1994 pursuant to the Companies Act 1993 (New Zealand) with the company number 652448. ASB Finance is governed by, and operates within the ambit of and as required by, its constitution, the Companies Act 1993 (New Zealand), and the Financial Reporting Act 2013 (which constitute the corporate governance regime of New Zealand applicable to ASB Finance).

The London branch of ASB Finance was established in July 2006. The primary activities of the London branch of ASB Finance are to raise funds from offshore debt markets under approved debt issuance programmes and on-lend those funds to ASB.

ASB Finance does not have an audit committee.

As at the date of this Programme Circular, ASB Finance has been rated AA- by S&P and A1 by Moody's.

### **Directors of ASB Finance Limited**

The directors of ASB Finance, the business address of each of whom should be regarded for the purposes of this Programme Circular as being the same as the registered office of ASB and their principal outside activities, where significant, are set out below. The directors of ASB Finance may change from time to time.

#### **C (Chandu) Bhindi**

Mr Bhindi is the General Manager Treasury of ASB. He joined ASB in February 2017 after 7 years with CBA, where he held the positions of Head of the Financial Institutions Group for Australia and New Zealand and Global Head of the Diversified Financials Sector.

Mr Bhindi has over 20 years' broad commercial and corporate finance experience, including senior positions with Credit Suisse and Westpac Banking Corporation.

#### **C R (Carl) Ferguson**

Mr Ferguson was appointed as the Chief Risk Officer of ASB in July 2018. Prior to that date he held the position of ASB's Chief Internal Auditor, leading and managing ASB's internal audit and assurance function. He has also previously held roles within ASB as General Manager Product and Strategy, Retail Banking, and General Manager Management Information, Financial Services, as well as other roles within CBA.

Mr Ferguson has over 16 years' experience within the financial services industry across banking, funds management and insurance.

#### **J E (Jon) Raby**

Mr Raby is the Chief Financial Officer of ASB. He joined ASB in March 2012 after 2 years as Chief Financial Officer for CBA's Retail Banking and Enterprise Services Divisions. Prior to that he was Acting Chief Executive Officer and Chief Financial Officer at Sovereign Assurance Company Limited.

Mr Raby has an extensive background in the financial services industry across New Zealand, Australia, the UK and South Africa.

### **Conflicts of Interest**

ASB Finance has in place procedures whereby any actual or potential conflicts between the directors' duties to the company and their other interests are declared and managed. As at the date of this



Programme Circular, there are no actual or potential conflicts of interest between the directors' duties to ASB Finance and their other interests and/or duties.

## **ASB Bank Limited**

### **Overview**

ASB Bank is a full service, nationally operating bank. ASB Bank is a wholly owned subsidiary of ASB Holdings Limited which in turn is 100 per cent. owned by CBA.

ASB Bank was re-registered pursuant to the Companies Re-registration Act 1993 on 30 June 1995 with the company number 398445. ASB Bank is governed by, and operates within the ambit of and as required by, its constitution, the Companies Act 1993 (New Zealand), the Reserve Bank of New Zealand Act 1989 (the "RBNZ Act"), the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013 (which constitute the corporate governance regime of New Zealand applicable to ASB Bank).

ASB Bank's registered office is at Level 2, ASB North Wharf, 12 Jellicoe Street, Auckland 1010, New Zealand, telephone number +64 9377 8930.

ASB Bank's Board of Directors (the "Board") and management operate autonomously from the Board of Directors and management of CBA.

The RBNZ has set minimum regulatory capital requirements for banks that are consistent with Basel III developed by the BCBS. These requirements define what is acceptable as capital and provide for methods of measuring the risks incurred by the ASB Group. ASB Bank must comply with RBNZ minimum capital adequacy ratios under its conditions of registration as a registered bank under the Reserve Bank of New Zealand Act 1989.

As at 31 December 2019, ASB Bank's consolidated CET1 capital ratio was 11.7 per cent., its Tier One capital ratio was 13.5 per cent. and its Total Capital ratio was 14.2 per cent. against RBNZ requirements of 4.5 per cent., 6 per cent. and 8 per cent. respectively.

As at the date of this Programme Circular, ASB Bank has been rated AA- by S&P, A1 by Moody's and A+ by Fitch.

### **History**

The Auckland Savings Bank was founded in June 1847.

Following deregulation of the banking industry in late 1986, it became a full-service bank offering personal, corporate and business banking services and treasury operations, and changed its name to ASB Bank in August 1987. As a result of the Trustee Banks Restructuring Act 1988, ASB Bank was incorporated on 16 August 1988 in New Zealand.

CBA acquired a 75 per cent. shareholding in February 1989, with the ASB Bank Community Trust retaining a 25 per cent. shareholding.

In 1992 ASB Bank commenced its national expansion programme by moving outside its traditional Auckland and Northland areas of operation.

On 30 March 1999, the direct shareholding of ASB Bank changed from Commonwealth Investments New Zealand Limited (75 per cent.) and ASB Bank Community Trust (25 per cent.) to being a wholly owned subsidiary of ASB Group Limited; ASB Group Limited then being owned by CBA (75 per cent.) and the ASB Bank Community Trust (25 per cent.).

On 3 October 2000, CBA purchased the remaining 25 per cent. of ASB Group Limited from the ASB Bank Community Trust.

Effective 1 July 2001, CBA restructured its New Zealand operations and moved the ultimate New Zealand ownership of ASB Bank to ASB Holdings Limited. Commonwealth Bank of Australia owns 100 per cent. of ASB Holdings Limited, which in turn owns 100 per cent. of ASB Bank.

## **Business Overview**

ASB Bank is a full service, nationally operating bank and financial services company. It provides a seamless, total service that covers a comprehensive range of financial solutions that can be tailored to the needs of more than 1.6 million corporate, business, rural and personal customers.

Significant segments of ASB Bank's business operations at the date of this Programme Circular include the following:

### *Retail Banking*

This segment provides a range of services to personal customers. In addition, net income is attributed to this segment for the distribution of wealth management products through the retail distribution network.

### *Business Banking*

This segment provides services to commercial, rural and small business customers.

### *Corporate Banking*

This segment provides services to corporate customers and transactional banking services for non-retail customers. It also comprises ASB Bank's financial markets activities, including financial instruments trading and sales of financial instruments to customers bank wide.

### *Private Banking, Wealth and Insurance*

This segment provides securities, investment and insurance services to customers, and a personalised banking service to high net worth individuals.

## **Board Audit & Risk Committee**

The Board Audit & Risk Committee (the "BARC") assists the Board in carrying out its responsibilities concerning financial reporting and control, conformance with legal requirements, the identification and prudent management of risk and the good governance of ASB Bank in relation to those matters.

All non-executive directors are members of the BARC. The current chairman of the BARC is Dame Therese Walsh.

The role of the BARC is to:

- Assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to financial reporting and control, conformance with legal requirements affecting members of the ASB Group, the identification and prudent management of the risks to which members of the ASB Group are or may become subject, and the good governance of the ASB Group in relation to those matters, including the oversight of:
  - the integrity of external financial reporting;
  - financial management;
  - internal control systems;
  - accounting policy and practice;
  - the risk management framework and monitoring compliance with that framework;
  - related party transactions;
  - compliance with applicable laws and standards; and
  - without limiting the generality of the foregoing, compliance with RBNZ standards relating to external financial reporting.
- Ensure the quality, credibility and objectivity of the accounting process, financial reporting and regulatory disclosure.

- Oversee and monitor the performance of the internal and external auditor. The Board has approved the application to the ASB Group of the CBA Group External Auditor Services Policy. That policy relates to the engagement of the external audit firm for non-audit work. The objective of the policy is to avoid prejudice to the independence of the auditor and to prevent undue reliance by the auditor on revenue from the Bank. The policy ensures that the auditor does not:
  - Assume the role of management;
  - Become an advocate for their own client; or
  - Audit work that comprises a direct output of their own professional expertise.

Under the policy the auditor will not provide the following services:

- The design or implementation of internal controls over financial reporting and accounting records;
  - Bookkeeping or services relating to accounting records or financial statements;
  - Financial information systems design and implementation;
  - Appraisal or valuation and fairness opinions;
  - Actuarial services;
  - Internal audit outsourcing services;
  - Executive recruitment or extensive human resource functions;
  - Acting as a broker-dealer, promoter or underwriter;
  - Legal services;
  - Assurance or other services relating to remediation activities connected to regulatory investigations or potential contraventions of legislation;
  - Advice on deal structuring and related documentation; or
  - Tax planning and strategic advice.
- Provide a structured reporting line for internal audit and ensure the objectivity and independence of internal audit. The Chief Internal Auditor reports to the BARC through its chairman.
  - Consider any policy of the CBA Group relevant to the role of the BARC and, if deemed appropriate, adopt or recommend that the Board adopt (as applicable) the policy as a policy of the ASB Group.
  - Act as a formal forum for free and open communication between the Board, the internal and external auditors and management.
  - Deal with any other matter which the Board may from time to time delegate to the BARC.

### **Overview of Commonwealth Bank of Australia**

CBA is ASB Bank's ultimate parent through its ownership of ASB Holdings Limited. CBA is incorporated in Australia and is an authorised deposit-taking institution under the Banking Act 1959 (Cth) (the "Australian Banking Act"). CBA is one of Australia's leading financial services providers, offering services including retail, business and institutional banking, funds management, insurance and broking. CBA is one of the largest companies listed on the Australian Securities Exchange.

CBA does not guarantee the obligations of the ASB Group.

### **Limits on CBA's ability to provide financial support to the Bank**

CBA is subject to prudential regulation by APRA and other regulatory bodies. Under APRA's Prudential Standards, CBA's ability to provide material financial support to ASB Bank is subject to

certain requirements and, unless APRA provides otherwise, CBA must comply with, among other prudential requirements, APS 222. APS 222 currently includes the following prudential requirements, noting that after a period of consultation APRA released revised requirements in August 2019 which will apply from 1 January 2022:

- CBA’s exposure to ASB Bank (being a “related ADI” as defined in APS 222) must not exceed 50 per cent. of CBA’s Level 1 Total Capital, and its aggregate exposures to all related ADIs (including ASB Bank and other overseas based equivalents) must not exceed 150 per cent. of that capital base;
- CBA must not hold unlimited exposures to ASB Bank (i.e. no general guarantee covering any of its obligations);
- CBA must not enter into cross-default clauses whereby a default by ASB Bank on an obligation (whether financial or otherwise) triggers or is deemed to trigger a default by CBA on its obligations;
- When determining limits on acceptable levels of exposure to ASB Bank, the Board of Directors of CBA must have regard to:
  - The level of exposures that would be approved to third parties of broadly equivalent credit status; and
  - The impact on CBA’s stand-alone capital and liquidity positions, and its ability to continue operating, in the event of a failure by ASB Bank or any other related entity to which it is exposed.

In August 2019 APRA released revisions to APS 222 which were to apply from 1 January 2021. In April 2020, in response to COVID-19, APRA deferred the implementation date for the revised requirements to 1 January 2022. The revisions to APS 222 expand the definition of a related entity has been expanded and reduces exposure limits to such related entities. A key revision is a reduction of related ADI exposures to 25 per cent. of CBA’s Level 1 Tier One capital.

In addition, APRA limits the level of financial exposures that can be provided to New Zealand’s four largest banks, including ASB Bank, by their Australian parent banks. By January 1 2022 (delayed from 1 January 2021 due to COVID-19) no more than 5 per cent. of CBA’s Level 1 Tier One capital base can comprise non-equity exposure levels to ASB Bank. Exposures in excess of this limit must reduce by at least 20 per cent. each year over the five year transitional period and may not increase above the exposures as at 30 June 2015. This limit does not include holdings of capital instruments or eligible contingent funding support provided to ASB Bank during times of financial stress.

APRA has also stated that it will allow, on terms agreeable to APRA, CBA to provide contingent funding support to ASB Bank during times of financial stress. At present, only covered bonds meet APRA’s criteria for contingent funding arrangements.

## **Recent Developments**

As the outbreak of the COVID-19 virus escalated into a global pandemic in March 2020, New Zealand Government implemented increasingly severe restrictions both on movement within New Zealand and between New Zealand and other countries. While restrictions on movement within New Zealand have been lifted as of the date of this Programme Circular, strict restrictions on entering New Zealand remain in place, with entry limited to New Zealand citizens and residents and all people entering New Zealand required to quarantine for at least 14 days on arrival.

The COVID-19 pandemic has had and is expected to continue to have a significant negative impact on the New Zealand economy, with industries such as tourism and related sectors particularly affected, as well as those industries impacted by the reduction in global trade more generally. See *“Risk Factors – Factors that may affect ASB’s ability to fulfil its obligations under Notes issued under the Programme and the Guarantee – The COVID-19 pandemic is causing a downturn in the New*

*Zealand and global economies that could adversely impact ASB's business, financial condition, liquidity, results of operations and prospects."*

The New Zealand Government has introduced schemes such as the Business Finance Guarantee Scheme, the Small Business Cashflow Scheme, the Business Debt Hibernation Scheme, the six-month Home Loan Deferral Scheme and the Wage Subsidy Scheme to provide financial support for businesses and individuals. The extent to which these measures may be effective in mitigating the impact of the COVID-19 pandemic remains uncertain. The impact of the COVID-19 pandemic and these initiatives on ASB, its customers and suppliers also remains uncertain. See "*Risk Factors – Factors that may affect ASB's ability to fulfil its obligations under Notes issued under the Programme and the Guarantee – ASB may incur losses associated with its counterparty exposures and counterparty lending*".

For the quarter ended 31 March 2020, ASB recorded an impaired asset expense of NZ\$153.2 million compared with a corresponding expense for the previous quarter of NZ\$9.9 million, the increase being driven largely by the impact of the COVID-19 pandemic on New Zealand's economy and ASB's customers. Depending on the continued impact of the COVID-19 pandemic, further impaired asset expenses may need to be made in future periods.

## Reconciliation of Statutory Profit to Cash Profit and certain performance measures calculated on a Cash Profit basis

The following table includes the reconciliation of the ASB Group's Statutory Profit to Cash Profit for the years ended 30 June 2019 and 2018 and certain performance measures calculated on a Cash Profit basis as at 30 June 2019 and 2018. This information should not be considered in isolation from, or as a substitute for, financial information presented in the audited consolidated financial statements of ASB Bank for the year ended 30 June 2019 (including the notes thereto and the independent auditor's report thereon) (together, the "ASB Financial Statements") and should be read in conjunction with the ASB Financial Statements.

For the year ended 30 June	2019	2018 <sup>1</sup>
<b>Reconciliation of statutory profit to cash profit</b>	(NZ\$ millions)	
<b>Net profit after tax ("Statutory Profit")</b>	1,274	1,177
Reconciling items		
Hedging and International Financial Reporting Standards ("IFRS") volatility <sup>2</sup>	(9)	(8)
Notional inter-group charges <sup>3</sup>	(36)	(35)
Reporting structure differences <sup>4</sup>	(53)	(5)
Tax on reconciling items and prior period adjustments <sup>5</sup>	15	14
<b>Cash net profit after tax ("Cash Profit")</b>	1,191	1,143
For the year ended 30 June	2019	2018 <sup>1</sup>
<b>Performance<sup>6</sup></b>		
Return on average total equity <sup>7</sup>	15.2%	15.0%
Return on average total assets <sup>8</sup>	1.2%	1.2%

<sup>1</sup> Certain comparatives have been restated to ensure consistency with the current period's presentation.

<sup>2</sup> Hedging and IFRS volatility includes unrealised fair value gains or losses on economic hedges that do not qualify for hedge accounting and also includes unrealised fair value gains or losses on the ineffective portion of economic hedges that do qualify for hedge accounting under IFRS. Fair value gains or losses on all of these economic hedges are excluded from Cash Profit since the asymmetric recognition of the gains or losses does not affect ASB's performance over the life of the hedge.

<sup>3</sup> Notional inter-group charges represents the recognition of a notional cost of capital from CBA and other allocated costs which are not included in Statutory Profit.

<sup>4</sup> The results of certain business units and the gain on sale of Paymark Limited are excluded from Cash Profit for management reporting purposes, but included in Statutory Profit.

<sup>5</sup> Taxation on reconciling items and prior period adjustments is the tax relating to the reconciling items set out under "Reconciling items" above, which are reflected on a pre-tax basis.

<sup>6</sup> These performance metrics are calculated on a Cash Profit basis. The Cash Profit basis is used by management to present a clear view of the ASB Group's underlying operating results, excluding items that introduce volatility and/or one-off distortions of the ASB Group's current period performance. These items, such as hedging and IFRS volatility, are calculated consistently with the prior year disclosures and do not discriminate between positive and negative adjustments. A list of items excluded from statutory profit is provided in the reconciliation of the Cash Profit above.

<sup>7</sup> Return on average total equity is calculated as Cash Profit divided by the average total equity (being, in relation to each financial year ended 30 June (each a "Financial Year"), the average of total shareholders' equity as at the last day of the Financial Year and the last day of the previous Financial Year).

Net interest margin <sup>9</sup>	2.21%	2.24%
Total operating expenses as a percentage of total operating income <sup>10</sup>	35.6%	36.0%

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<sup>8</sup> Return on average total assets is calculated as Cash Profit divided by the average total assets (being, in relation to each Financial Year, the average of total assets as at the last day of the Financial Year and last day of the previous Financial Year, in each case excluding assets allocated to other CBA business units for management reporting purposes).

<sup>9</sup> Net interest margin is calculated as net interest earnings on a Cash Profit basis divided by the average total interest earning and discount bearing assets (being, in relation to each Financial Year, the average daily balance of total interest earning and discount bearing assets during that Financial Year, excluding assets allocated to other CBA business units for management reporting purposes).

<sup>10</sup> Total operating expenses as a percentage of total operating income is calculated as total operating expenses, divided by total operating income (both on a Cash Profit basis).



## **SUPERVISION AND REGULATION OF ASB BANK LIMITED AND ASB FINANCE LIMITED**

### **The supervisory role of the RBNZ**

The RBNZ Act requires the RBNZ to exercise its powers of registration of banks and prudential supervision of registered banks for the purposes of:

- promoting the maintenance of a sound and efficient financial system; or
- avoiding significant damage to the financial system that could result from the failure of a registered bank.

The RBNZ's policy around the registration of banks aims to ensure that only financial institutions of appropriate standing and repute are able to become registered banks. Subject to this requirement, the RBNZ has stated that it intends to keep to a minimum any impediments to the entry of new registered banks, in order to encourage competition in the banking system.

The RBNZ's supervisory functions are aimed at encouraging the soundness and efficiency of the financial system as a whole, and are not aimed at preventing individual bank failures or at protecting creditors. The RBNZ seeks to achieve this by drawing on and enhancing disciplines that are naturally present in the market.

As a consequence, the RBNZ places considerable emphasis on its quarterly "dashboard" and on banks' own six-monthly disclosure statements, which make information on financial performance and risk positions publicly available, and that directors attest to certain key matters in every disclosure statement. These measures are intended to strengthen market disciplines and to ensure that responsibility for the prudent management of banks lies with those who the RBNZ considers are best placed to exercise that responsibility – the directors and management of the banks.

The main elements of the RBNZ's supervisory role include:

- requiring all banks to comply with certain minimum prudential requirements, which are applied through conditions of registration. These include constraints on connected exposure, minimum capital adequacy requirements and minimum standards for liquidity risk management;
- monitoring each registered bank's financial condition and compliance with its conditions of registration, principally on the basis of published disclosure statements and regulatory reporting to RBNZ. This monitoring is intended to ensure that the RBNZ maintains familiarity with the financial condition of each bank and the banking system as a whole, and maintains a state of preparedness to invoke crisis management powers should this be necessary;
- consulting with the senior management of registered banks;
- using crisis management powers available to it under the RBNZ Act to intervene where a bank distress or failure situation threatens the soundness of the financial system;
- assessing whether a bank is carrying on business prudently;
- issuing guidelines on banks' compliance with anti-money laundering and countering financing of terrorism requirements;
- monitoring banks' outsourcing arrangements to determine whether a bank's management of risks associated with outsourcing are appropriately managed;
- issuing guidelines on banks' internal capital adequacy process and liquidity policy;

- issuing guidelines on corporate governance; and
- maintaining close working relationships with parent bank supervisors (such as APRA in Australia) on bank-specific issues, policy issues and general matters relating to the condition of the financial system in New Zealand and in the countries where parent banks are domiciled.

The disclosure statements that are required to be issued semi-annually by registered banks contain comprehensive corporate details, together with full financial statements at the full year, and unaudited interim financial statements at the half-year. The financial statements are subject to full external audit (other than the capital adequacy and regulatory liquidity disclosures which are subject to review by the external auditor) at the end of each financial year and a limited scope review at the end of each financial half-year. Each bank director is required to sign his or her bank's disclosure statements and to make certain attestations. A bank and its directors may incur criminal and civil penalties if the bank's disclosure statement contains information that is held to be false or misleading.

In connection with the publication of quarterly financial information, the RBNZ publishes a 'dashboard' of information on New Zealand locally incorporated banks on its website.

The RBNZ requires all registered banks to obtain and maintain a credit rating from an approved organisation and publish that rating in its disclosure statements. In addition, the RBNZ has wide reaching powers to obtain further information, data and forecasts in connection with its supervisory functions, and to require that information, data, and forecasts be audited.

It also possesses a number of crisis management powers. Those powers include recommending that a bank's registration be cancelled, investigating the affairs of a registered bank, requiring that a registered bank consult with the RBNZ, giving directions to a registered bank, removing, replacing or appointing a director of a registered bank or recommending that a registered bank be subject to statutory management.

If a registered bank is declared to be subject to statutory management, no person may, amongst other things:

- commence or continue any action or other proceedings including proceedings by way of counterclaim against that bank;
- issue any execution, attach any debt, or otherwise enforce or seek to enforce any judgment or order obtained in respect of that bank;
- take any steps to put that bank into liquidation; or
- exercise any right of set-off against that bank.

As part of the RBNZ's supervisory powers, a person must obtain the written consent of the RBNZ before giving effect to a transaction resulting in that person acquiring or increasing a "significant influence" over a registered bank. "Significant influence" means the ability to directly or indirectly appoint 25 per cent. or more of the board of directors of a registered bank (or other persons exercising the powers of management) or a qualifying interest (for example, legal or beneficial ownership) in 10 per cent. or more of its voting securities.

In assessing applications for consent to acquire a significant influence over a registered bank, the RBNZ has stated that it will have regard to the same matters as are relevant in assessing an application for registration as a registered bank. In giving its consent, the RBNZ may impose such terms and conditions as it thinks fit.

## **ASB Finance**

ASB Finance is not a registered bank, and so is not directly subject to the conditions of registration imposed by the RBNZ, nor is it directly regulated by the RBNZ under the RBNZ Act. However, ASB Finance is part of the banking group for purposes of ASB Bank's registration.

### **Regulatory environment in New Zealand**

In New Zealand, significant regulatory changes are under review or development for the financial services industry. This review and development has been delayed by the New Zealand regulators to allow the banking industry time to respond to COVID-19 demands. These changes are being led by the RBNZ, the FMA and the New Zealand Government. Some examples impacting ASB Bank are set out below.

RBNZ and FMA led:

#### *Review into Bank Conduct and Culture*

- The RBNZ and FMA undertook a conduct and culture review of New Zealand banks and published a report of their findings in November 2018. The report found that there were only a small number of issues related to poor conduct by bank staff across the industry, and that issues relating to system or process weaknesses were more commonplace. On this basis, the RBNZ and the FMA's view was that conduct and culture issues do not appear to be widespread in New Zealand banks at this time. The report noted that the FMA and the RBNZ were concerned about the way in which the banks in New Zealand identify and remediate conduct related issues and risks in their businesses. The report also identified weaknesses in the governance and management of conduct risks in those banks.
- The FMA began in May 2018 a thematic review on bank incentive structures and published its review in November 2018. The FMA found, among other things, that the incentives of salespeople across the New Zealand banking industry are highly sales focused, meaning that there is a risk of the occurrence of inappropriate sales practices. However, it also noted that across the banking industry, significant changes are being made to incentive schemes.
- Each individual bank received a specific report detailing the RBNZ's and the FMA's (as applicable) observations and recommendations for both of these areas. ASB Bank provided its response and plan to address the RBNZ and FMA observations and recommendations in March 2019.

RBNZ led:

#### *Open Bank Resolution and Depositor Protection Scheme*

- The RBNZ established the Open Bank Resolution in 2013. In 2019, it announced an intention to establish a depositor protection scheme, to provide further options to statutory managers and to help protect customers in the event of a bank failure. This scheme has yet to be established.

New Zealand Government led:

#### *Review of the RBNZ Act*

- The New Zealand Treasury has commenced a review of the RBNZ Act which is intended to ensure that the RBNZ's frameworks provide the most efficient and effective model for a central bank in New Zealand.

#### *Regulatory changes*

- In 2019, the New Zealand Government announced that it intended to fast-track regulatory changes to cover conduct and product marketing across banking, finance and insurance sectors and create a more customer-centric regime. These regulatory changes have been delayed as a result of COVID-19.

- This includes the Financial Services Legislation Amendment Act 2019 to implement a new regulatory regime for financial advice. This Act comes into force on a date (no later than 1 May 2021) appointed by Order in Council. While the effective date was originally intended to be in 2020, it has been delayed until March 2021 as a result of COVID-19.
- In addition, the Financial Markets Conduct (Conduct of Institutions) Amendment Bill is currently before New Zealand's Parliament. This bill is designed to:
  - require financial institutions (including banks) to be licensed by the FMA;
  - require financial institutions and intermediaries to comply with a fair conduct principle and a fair conduct programme to be established by those financial institutions in respect of all their products and services; and
  - regulate incentives, including prohibiting incentives based on volume or value sales targets.
- Aspects of the Credit Contracts and Consumer Finance Act 2003 are also in the process of being amended to further enhance responsible lending requirements. Other than provisions in relation to high-cost lenders, the changes not currently in force have generally been delayed until October 2021 at the earliest.
- The New Zealand Government has also introduced a range of changes to various laws to mitigate the impacts of COVID-19.

## **Directors of ASB Bank Limited**

The directors of ASB Bank, the business address of each of whom should be regarded for the purposes of this Programme Circular as being the same as that of ASB Bank and their principal outside activities, where significant, are set out below. The directors of ASB Bank may change from time to time.

### **G.R. (Gavin) Walker ONZM (Chairman)**

B.C.A., CFInstD.  
Auckland, New Zealand

External Directorships: Australian Investment Exchange Limited, Commonwealth Securities Limited, Lion Pty Limited and Walker Consulting Group Limited.

Gavin was appointed as Chairman of ASB Bank on 1 August 2011.

Gavin is a former investment banker with 25 years' experience having worked in Australia and New Zealand in the capacity of Chief Executive Officer, Bankers Trust.

At the date of this Programme Circular he serves on the following boards: Chairman of ASB Bank and Commonwealth Securities Limited, both owned by CBA, Chairman of Kirin Holdings (Japan) International Advisory Board and Independent Director on the Lion Pty Limited Board.

Gavin was formerly Chairman of Sovereign Assurance Company Limited, Chairman of the UFB Steering Committee (charged with monitoring the rollout of ultra-fast broadband throughout New Zealand by 2019), and Guardian / Chair of the New Zealand Superannuation Fund. He has also held former leadership / director roles in non-profit organisations including the New Zealand Rugby Union (the "NZRU") and the Arts Foundation.

### **V.A.J. (Vittoria) Shortt (Managing Director and Chief Executive Officer)**

BMS, F.C.A.  
Auckland, New Zealand

Directorships: ASB Holdings Limited.

Vittoria was appointed as Chief Executive Officer of ASB Bank in February 2018 and as Managing Director of ASB Bank in 5 March 2018.

Vittoria joined CBA in 2002 and gained experience in leadership roles across the retail banking businesses of CBA and Bankwest, including customer-facing, operations and strategy roles such as CBA's Chief Marketing Officer and Chief Executive Retail, Bankwest. In 2015 Vittoria was appointed the CBA Group Executive, Marketing and Strategy. In this role Vittoria was responsible for CBA's Corporate Strategy, Mergers and Acquisitions, Advanced Analytics, Customer Advocacy and Marketing. Vittoria's career began in New Zealand, working in Corporate Finance and Mergers and Acquisitions with Deloitte and Carter Holt Harvey.

Vittoria is a member of Chief Executive Women Australia and holds a Bachelor of Management Studies majoring in Accounting and Finance from Waikato University in New Zealand. She is also a Fellow Chartered Accountant with the Institute of Chartered Accountants, Australia and New Zealand.

### **S.M. (Scott) Bartlett**

Auckland, New Zealand

External Directorships: Kordia Limited and Kordia New Zealand Limited.

Scott was appointed as a Director of ASB Bank on 3 June 2019.

Scott is the Chief Executive Officer of Kordia Group Limited, a state-owned enterprise and leading provider of mission-critical technology and cyber security services to government and corporate customers throughout New Zealand, Australia and the wider Pacific region. In addition, Scott currently sits on the Council at the University of Waikato, a role he took on in late 2018.

Scott has held various leadership roles in the telecommunications and technology industries, including Chief Executive Officer of Orcon, and Chief Executive Officer of Quik Internet. Previously, he sat on the Boards of the Pacific Telecommunications Council and C.O.D.E (Centre of Digital Excellence) at the University of Auckland Business School. Scott was also a Director of the New Zealand Telecommunications Forum (TCF) and the Number Administration Deed (NAD), and a councillor for Internet NZ.

**S.R.S. (Simon) Blair**

B.A. (Hons), GradDip.B.A., M.Sc.  
Auckland, New Zealand

External Directorships: BoCommlife Insurance Company Limited and BUPA Chile S.A.

Simon was appointed as a Director of ASB Bank on 1 October 2012.

Simon's career has been spent in the health care and financial services industries. Prior to his appointment as a Director he worked at CBA for ten years with over five years as Group Executive, International Financial Services. During this period he was also the Group Executive responsible for Bankwest. Prior to his Group Executive appointment he was Managing Director and Chief Executive Officer of Sovereign Assurance Company Limited for three years. Before joining CBA Simon was Chief Operating Officer of Medibank Private in Australia and had been Chief Executive Officer of Australia's largest hospital group. Simon has also been Chief Executive Officer of two other large healthcare companies in New Zealand and Australia and previously held executive roles with both the World Bank and the International Finance Corporation based in Washington, DC. His previous board appointments include Bank of Hangzhou Co. Limited, Sovereign Assurance Company Limited, and The British United Provident Association Limited.

**R.M. (Rod) Carr**

BCom (Hons), LLB (Hons), MBA, MA, PhD  
Christchurch, New Zealand

External Directorships: Waingawa Forest Corporation Limited, JRC (NZ) Limited and Otakaro Limited.

Dr Carr was appointed as a Director of ASB Bank on 12 September 2018.

Dr Carr was Vice-Chancellor at the University of Canterbury from February 2009 until he retired from that position in January 2019. Previously, he was Managing Director of Jade Software Corporation Limited and had a distinguished career in the banking sector, which included roles as Acting Governor of the RBNZ and Chair of the board of the RBNZ.

Dr Carr holds a PhD in Insurance and Risk Management and a Master of Arts in Applied Economics and Managerial Science from The Wharton School, University of Pennsylvania; a MBA in Money and Financial Markets from Columbia University, New York; and undergraduate honours degrees in Law and in Economics from the University of Otago in New Zealand.

**D.A.K. (David) Cohen**

B.A., LLB, FAPI  
Sydney, Australia

External Directorships: Nil.

David was appointed as a Director of ASB Bank on 11 February 2019.

David is CBA's Deputy Chief Executive Officer. He commenced in this role in November 2018. David also chairs the Board of Commissioners of PT Bank Commonwealth, CBA's retail and business banking operation based in Jakarta, Indonesia. David is responsible for the CBA Group's core customer relations functions, Group Customer Relations and Group Customer Advocacy, and oversees the CBA Group's Mergers and Acquisitions team and the International Financial Services business. In addition to his business responsibilities, David also supports the Chief Executive Officer on CBA Group wide

initiatives to build a better bank for the future with a focus on building and enhancing CBA's engagement with government, regulators, industry and community groups. He is a member of the CBA Executive Leadership Team.

Prior to this role David was the CBA Group Chief Risk Officer, a position he commenced in July 2016. In that role he was responsible for effective risk management across all risk types and risk governance across the CBA Group.

David joined CBA in 2008 as Group General Counsel and was responsible for advising the CBA Chief Executive Officer and the CBA Board on legal matters, and leading the CBA Group's legal team. In 2011 he took on responsibility for Human Resources and from 2012 he led the Corporate Affairs function with responsibility for government affairs, communications, sustainability and corporate governance. Prior to joining CBA, David had been General Counsel of AMP Limited since 2003. Before joining AMP Limited he was a partner with law firm Allens Arthur Robinson for 12 years.

### **Dame Therese Walsh DNZM**

B.C.A., F.C.A

Wellington, New Zealand

External Directorships: Air New Zealand Limited, Contact Energy Limited, Therese Walsh Consulting Limited and On Being Bold Limited.

Dame Therese was appointed as a Director of ASB Bank on 13 October 2015.

Dame Therese is Chairman of Air New Zealand Limited and a Director of Contact Energy Limited. She is also Pro-Chancellor of Victoria University, and a member of the board of Antarctica NZ. Previously she was the Head of NZ for the ICC Cricket World Cup 2015, and the Chief Operating Officer for Rugby New Zealand 2011 Limited, the company established by the NZRU and the New Zealand Government to deliver the Rugby World Cup Tournament in 2011. She has also held a number of Government advisory roles, been a Director of NZX Limited, NZ Cricket and Save the Children NZ, was the Chief Financial Officer at the NZRU, and held a senior role with KPMG.

### **Conflicts of Interest**

ASB Bank has in place procedures whereby any actual or perceived conflicts between the directors' duties to the company and their other interests are declared and managed. As at the date of this Programme Circular, there are no actual or potential conflicts of interest between the directors' duties to ASB Bank and their other interests and/or duties.

## **Subscription and Sale**

The Dealers have in an Amended and Restated Programme Agreement dated 3 July 2020 (as modified and/or supplemented and/or restated from time to time, the “Programme Agreement”) agreed with the Issuers a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement for any particular purchase will extend to those matters stated under “*Form of the Notes*” and “*Conditions of the Notes*” above. In the Programme Agreement, each Issuer has agreed to reimburse the Dealers for certain of their expenses. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to issue and purchase Notes under the Programme Agreement in certain circumstances prior to payment to the relevant Issuer.

The selling restrictions agreed between the Issuers and the Dealers are set out in a Schedule of Selling Restrictions dated 3 July 2020 and are summarised below. The restrictions may be amended from time to time by agreement between the relevant Issuer and the Dealers. The selling restrictions are as follows:

### **United States of America**

The Notes and, in the case of Notes issued by ASB Finance, the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or the securities laws of any state or jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bearer Notes are subject to U.S. federal tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### **Prohibition of sales to EEA and UK Retail Investors**

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Programme Circular as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:



- (a) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”);
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”); and
- (b) the expression an “offer” includes 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 for the Notes.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area and the United Kingdom (each, a “Relevant State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Programme Circular as completed by the final terms in relation thereto to the public in that Relevant State, except that it may make an offer of such Notes to the public in that Relevant State:

- (A) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (B) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (C) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in sub-paragraphs (A) to (C) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision the expression an “offer of Notes to the public” in relation to any Notes in any Relevant 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 for the Notes; and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the

issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or, in the case of Notes issued by ASB Finance, the Guarantor; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **The Grand Duchy of Luxembourg**

In addition to the cases described in the Public Offer Selling Restriction under the Prospectus Regulation selling restrictions in which the Dealers can make an offer of Notes to the public in an European Economic Member State (including the United Kingdom and the Grand Duchy of Luxembourg), the Dealers can also make an offer of Notes to the public in the Grand Duchy of Luxembourg:

- (a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;
- (b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and
- (c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 16 July 2019 relating to prospectuses for securities and the Prospectus Regulation) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the Commission de surveillance du secteur financier as competent authority in Luxembourg in accordance with the Prospectus Regulation.

### **Belgium**

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a "Belgian Consumer") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

### **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 each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not 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.

### **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the “Corporations Act”)) in relation to the Programme or any Notes has been or will be lodged with the Australian Securities and Investments Commission (the “ASIC”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that in connection with the distribution of each Tranche of Notes it:

- (a) will not make (directly or indirectly) any offer or invitation in Australia or any offer or invitation which is received in Australia in relation to the issue, sale or purchase of any Notes; and
- (b) has not distributed or published, and will not distribute or publish, any information memorandum, advertisement, disclosure document or other offering material relating to the Notes in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 for the Notes or its foreign currency equivalent (in either case disregarding moneys, if any, lent by the relevant Issuer or other person offering the Notes or its associates (within the meaning of those expressions in Part 6D.2 of the Corporations Act)), or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act, (ii) the offer or invitation is not made to a person who is a retail client (as defined in section 761G or 761GA of the Corporations Act), (iii) such action complies with all applicable laws, regulations and directives and (iv) such action does not require any document to be lodged or registered with ASIC.

### **New Zealand**

No action has been taken to permit the Notes to be offered or sold to any retail investor, or otherwise under any regulated offer, in terms of the Financial Markets Conduct Act 2013 of New Zealand (the “FMCA”). In particular, no product disclosure statement or limited disclosure document under the FMCA has been or will be prepared or lodged in New Zealand in relation to the Notes.

Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered and will not directly or indirectly offer, sell or deliver any Note in New Zealand and it will not distribute any offering memorandum or advertisement in relation to any offer of Notes, in New Zealand other than to “wholesale investors” as that term is defined in clauses 3(2)(a), (c) and (d) of Schedule 1 to the FMCA, being a person who is:

- (i) an “investment business”;
- (ii) “large”; or
- (iii) a “government agency”,

in each case as defined in Schedule 1 to the FMCA. For the avoidance of doubt, Notes may not be offered or transferred to, among others, any “eligible investors” (as defined in clause 41 of Schedule 1 to the FMCA) or to any person who, under clause 3(2)(b) of Schedule 1 to the FMCA, meets the investment activity criteria specified in clause 38 of that Schedule.

In addition, no person may distribute any offering material or advertisement (as defined in the FMCA) in relation to any offer of Notes in New Zealand other than to such persons as referred to in the paragraph above.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Notes to persons whom it believes to be:

- (a) persons who are resident in New Zealand for New Zealand income tax purposes;
- (b) persons who carry on business in New Zealand through a fixed establishment (as defined for New Zealand income tax purposes) in New Zealand and hold the Notes for the purposes of a business carried on through that fixed establishment; or
- (c) a registered bank engaged in business through a fixed establishment in New Zealand,

unless such persons certify that they have ‘RWT-exempt status’ (as that term is defined in the Income Tax Act 2007 of New Zealand) and provide a New Zealand tax file number to such Dealer (in which event the Dealer shall provide details thereof to the relevant Issuer or to a Paying Agent).

### **Republic of Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Notes may be offered, sold or delivered, nor may copies of this Programme Circular (including the applicable Final Terms) or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the "Prospectus Regulation") and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the “Italian Financial Services Act”) and the regulations of the Commissione Nazionale per le Società e la Borsa of Italy (the “CONSOB”); or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11973 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Programme Circular (including the applicable Final Terms) or any other document relating to the Notes in the Republic of Italy under sub-paragraphs (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Italian Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “Banking Act”); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the 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) it has not issued or had in its possession for the purposes of issue, and will not issue, or have in its possession for the purposes of issue, 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.

### **Macau**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Notes have been or will be registered or otherwise authorised for public offer under the Financial System Act of Macau (Decree-Law no. 32/93M of July 5, 1993) (the “Financial System Act”) or promoted, distributed, sold or delivered in Macau, and no document relating to any Notes will be distributed or circulated in Macau, except by Macau licensed entities following notification to the Macau Monetary Authority and under the terms of, and in compliance with, the Financial System Act and any other laws, guidelines and recommendations in Macau that may apply from time to time to the offer and sale of any Notes in Macau.

### **Republic of Korea**

The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in the Republic of Korea (“Korea”) under the Financial Investment Services and Capital Markets Act (the “FSCMA”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered (and will not offer, sell or deliver) any Notes, directly or indirectly, or offered or sold (and will not offer or sell) any Notes to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA, the Foreign Exchange Transaction Law and the decrees and regulations thereunder. Furthermore, the Notes may not be resold to Korean residents unless the purchaser of the Notes complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the Notes. The aggregate nominal amount of the Notes divided by the specified denomination of the Notes (the “Specified Denomination”), and the number of Notes offered in Korea or to a resident in Korea, shall in each case be less than 50.

By purchasing the Notes, each Noteholder will be deemed to represent, warrant and agree that for a period of one year from the issue date thereof, the Notes, may not be sub-divided into smaller denominations than the Specified Denomination.

### **Singapore**

Each Dealer has acknowledged that and each further Dealer appointed under the Programme will be required to acknowledge that this Programme Circular has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Programme Circular or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) 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 of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA 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) of the SFA or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) pursuant to Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the applicable Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and in the MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **The PRC**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Notes in the PRC, except as permitted by the applicable laws or regulations of the PRC.

### **Taiwan**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that the Notes (i) have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of the Republic of China (“Taiwan”) and/or other regulatory authority of Taiwan pursuant to the relevant securities laws and regulations and (ii) may not be offered, issued or sold within Taiwan through a public offering or in circumstances that constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or any other relevant laws and regulations that require a registration or filing with, or approval of, the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Notes in Taiwan.

### **General**

No action (other than the approval of this Programme Circular as an approved prospectus for the purposes of the Prospectus Regulation by the FCA) has been taken by the relevant Issuer or any of the Dealers that would, or is intended to, permit an offer of any Notes in any country or jurisdiction where any such action for that purpose is required.

Accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will

result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

Without prejudice to the generality of the preceding paragraph each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as provided in the Programme Agreement, it will obtain any consent, approval or permission which is required for the offer, purchase or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such offers, purchases or sales and it will comply with all such laws and regulations.

## **General Information**

### **1 Admission of the Notes to the Official List**

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading by the London Stock Exchange will be admitted separately as and when issued, subject only to the issue of a global Note or Notes representing the Notes of such Tranche. Application has been made to the FCA for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of such Notes is expected to be granted on or around 8 July 2020.

### **2 Authorisation**

The establishment of the Programme was authorised by the Managing Director of CBA. ASB Finance's accession to the Programme was authorised by the board of directors of ASB Finance and by the shareholder of ASB Finance. The increase of the size of the Programme to its present limit of U.S.\$70,000,000,000 was authorised by the Chief Financial Officer of CBA, the board of directors of ASB Finance and by the shareholder of ASB Finance.

ASB Bank's guarantee of ASB Finance's payment obligations under the Notes was authorised by the board of directors of ASB Bank. ASB Bank's accession to the Programme as an Issuer was authorised by the board of directors of ASB Bank.

The update of the Programme has been duly authorised by the board of directors of ASB Finance and by the shareholder of ASB Finance and the General Manager Treasury of ASB Bank (acting under delegated authority).

### **3 Consents**

No authorisations, consents or approvals are required by the Issuers from government agencies or other official bodies in New Zealand in connection with the creation of the Programme, the issue of any Notes thereunder or the execution and delivery (where applicable) of the Programme Agreement, the Guarantee, the Agency Agreement and the Deed of Covenant or the performance by the Issuers or the Guarantor of their respective obligations thereunder.

### **4 Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ASB Finance or ASB Bank is aware) during the twelve months immediately preceding the date of this Programme Circular which may have or have had in the recent past a significant effect on the financial position or profitability of (i) ASB Finance or (ii) ASB Group.

### **5 Significant or Material Change**

Since 30 June 2019, the last day of the financial period in respect of which the most recent audited financial statements have been published, there has been no significant change in the financial performance or financial position of ASB Finance, nor, since 30 June 2019, the last day of the financial period in respect of which the most recent audited financial statements have been published, has there been any material adverse change in the prospects of ASB Finance.

Since 31 December 2019, the last day of the financial period in respect of which the most recent independently reviewed financial statements have been published, save as disclosed in this Programme Circular in the risk factors entitled "*The COVID-19 pandemic is causing a downturn in the New Zealand and global economy, and could adversely impact ASB's*



*business, financial condition, liquidity, results of operations and prospects*” and “*ASB may incur losses associated with its counterparty exposures and counterparty lending*” in the section entitled “*Risk Factors – Factors that may affect ASB’s ability to fulfil its obligations under Notes issued under the Programme and the Guarantee*” on pages 11 – 12, respectively, and the section entitled “*ASB Bank Limited – Recent Developments*” on pages 93 – 94, there has been no significant change in the financial performance or financial position of the ASB Group, taken as a whole, nor, since 30 June 2019, the last day of the financial period in respect of which the most recent audited financial statements have been published, save as disclosed in the Programme Circular in the risk factors entitled “*The COVID-19 pandemic is causing a downturn in the New Zealand and global economy, and could adversely impact ASB’s business, financial condition, liquidity, results of operations and prospects*” and “*ASB may incur losses associated with its counterparty exposures and counterparty lending*” in the section entitled “*Risk Factors – Factors that may affect ASB’s ability to fulfil its obligations under Notes issued under the Programme and the Guarantee*” on pages 11 – 12, respectively, and the section entitled “*ASB Bank Limited – Recent Developments*” on pages 93 – 94, has there been any material adverse change in the prospects of the ASB Group, taken as a whole.

## **6 Audited Financial Statements**

ASB Finance’s financial statements for the years ended 30 June 2018 and 30 June 2019 were audited as described in the audit report thereon, without qualification, by PricewaterhouseCoopers New Zealand, Chartered Accountants, of 188 Quay Street, Auckland, New Zealand. The auditors of ASB Finance have no material interest in ASB Finance.

ASB Bank’s consolidated financial statements for the years ended 30 June 2018 and 30 June 2019 were audited, without qualification, by PricewaterhouseCoopers New Zealand, Chartered Accountants, of 188 Quay Street, Auckland, New Zealand. The auditors of ASB Bank have no material interest in ASB Bank.

## **7 Euroclear and Clearstream, Luxembourg**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN and, if applicable, the FISN and/or CFI Code for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be contained in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg, is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

## **8 Documents Available for Inspection**

Copies of the following documents will, when published, be available for inspection on the Issuers’ website at <https://www.asb.co.nz/legal/emtn-programme.html> for so long as the Programme remains in existence:

- (i) the Constitution of the Issuers and of the Guarantor;
- (ii) the Guarantee, the Agency Agreement, the Deed of Covenant and the Schedule of Forms (as modified and/or supplemented and/or restated from time to time) dated 3 July 2019 (which contains the forms of the Notes, Coupons and Talons); and
- (iii) this Programme Circular, any supplementary listing particulars published and each Final Terms relating to Notes admitted to the Official List.

## **9 New Zealand Taxation**

The following is a general description of certain New Zealand tax considerations as at the date hereof relating to the Notes. It does not purport to be a complete analysis of all tax

considerations relating to the Notes, whether in that country or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes, and the consequences of such actions under the tax laws of those countries.

#### *New Zealand Resident Withholding Tax*

A deduction on account of New Zealand resident withholding tax will be made from the payment of interest (as defined for New Zealand income tax purposes in relation to withholding taxes) made by the relevant Issuer under the Notes (and, where the relevant Issuer is ASB Finance, by the Guarantor under the Guarantee) where:

- (a) the recipient is:
  - (i) a resident of New Zealand for income tax purposes;
  - (ii) a person who carries on business in New Zealand through a fixed establishment (as defined for New Zealand income tax purposes) in New Zealand and holds the Notes for the purpose of the business carried on by that fixed establishment; or
  - (iii) a registered bank (as defined for New Zealand income tax purposes) engaged in business through a fixed establishment in New Zealand,(a "New Zealand Holder"); and
- (b) at the time of such payment the New Zealand Holder does not have 'RWT-exempt status' (as that term is defined in the Income Tax Act 2007 of New Zealand).

Prior to any interest payment date or the maturity date of any of the Notes, any New Zealand Holder:

- (i) must notify the relevant Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and a Paying Agent (i) that the New Zealand Holder is the holder of a Note and (ii) whether it derives beneficially interest under a Note jointly with any other person; and
- (ii) must notify the relevant Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and a Paying Agent of any circumstances, and provide the relevant Issuer, the Guarantor (where the relevant Issuer is ASB Finance) and the Paying Agent with its New Zealand tax file number and any information (including notifying whether it has 'RWT-exempt status'), that may enable the relevant Issuer (or the Guarantor, as the case may be) to make the payment of interest to the New Zealand Holder without deduction on account of New Zealand resident withholding tax.

The New Zealand Holder must notify the relevant Issuer (and the Guarantor where the relevant Issuer is ASB Finance), prior to any interest payment date or the maturity date of the Notes of any change in the New Zealand Holder's circumstances from those previously notified that could affect the relevant Issuer's or the Guarantor's, as the case may be, payment obligations in respect of such Note.

Only a New Zealand Holder will be obliged to make the notifications referred to above.

#### *New Zealand Non-Resident Withholding Tax*

In respect of any Note held by a person who is not a New Zealand Holder, New Zealand law requires the Issuer under the Notes or the Guarantor under the Guarantee of Notes issued by ASB Finance to deduct New Zealand non-resident withholding tax from the payment of interest in respect of such a Note. However, the Issuer and the Guarantor may, and intend (for so long as the relevant party does not incur any increased cost or detriment from doing so) to reduce the

applicable rate of non-resident withholding tax to zero per cent. by registering the Notes or the Programme under which the Notes are issued with the New Zealand Inland Revenue whereby the Notes will be a “registered security” (as defined for New Zealand tax purposes), and paying, on the relevant party’s own account, an approved issuer levy (which is currently equal to two per cent. of the relevant interest payment).

Where interest is paid in respect of a Note and the recipient:

- (a) is not a New Zealand Holder; and
- (b) derives such interest jointly with one or more persons, and one or more of those persons is a New Zealand resident for New Zealand income tax purposes,

the approved issuer levy regime will not apply to reduce the rate of non-resident withholding tax to nil in respect of interest paid to the non-New Zealand Holder. Subject to any applicable double tax treaty, the New Zealand non-resident withholding tax imposed will equate to the applicable rate of New Zealand resident withholding tax.

#### *Indemnity and Other Taxation Matters*

By accepting payment of the full face amount of any Note on its maturity:

- (a) a New Zealand Holder agrees to indemnify the Issuer and, where the relevant Issuer is ASB Finance, the Guarantor for all purposes in respect of any liability that the Issuer or, as the case may be, the Guarantor may incur for not deducting any amount from such payment on account of New Zealand resident withholding tax; and
- (b) in the case of a Note under which a person, who is not a New Zealand Holder, derives a beneficial interest jointly with one or more persons, and one or more of those persons is tax resident in New Zealand, such non-New Zealand Holder agrees to indemnify the Issuer and (where the relevant Issuer is ASB Finance) the Guarantor for all purposes in respect of any liability that the Issuer or, as the case may be, the Guarantor may incur for not deducting any amount from such payment on account of New Zealand non-resident withholding tax applicable to such non-New Zealand Holder.

A Noteholder will not become resident, or deemed to be resident, or domiciled, in New Zealand for New Zealand income tax purposes by reason only of the holding of a Note or the execution, performance, delivery and/or enforcement of the Notes.

New Zealand has no wealth, estate or inheritance taxes, or gift duty. There is no New Zealand goods and services tax (which is a type of value added tax) payable in respect of payments in consideration for the issue of Notes or the transfer of a Note.

No stamp, registration, documentary or other similar tax is payable in New Zealand in respect of the issue of Notes or in relation to any enforcement proceedings in respect of the Notes brought in the Courts of New Zealand.

Neither the Issuer nor, where the relevant Issuer is ASB Finance, the Guarantor makes any statement about the treatment for taxation purposes of payments or receipts in respect of Notes. Persons contemplating acquiring Notes should consult their tax advisers as to the consequences (including the withholding tax consequences) relating to the acquisition, retention and disposition of Notes.

## **10 United Kingdom Taxation**

The following applies only to persons who are the beneficial owners of the Notes and is a summary of the Issuers’ understanding of current United Kingdom law and published HM Revenue & Customs’ (“HMRC”) practice relating only to United Kingdom withholding tax treatment of payments of interest (as that term is understood for United Kingdom tax purposes) in respect of the Notes. It does not deal with any other United Kingdom taxation

implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes that does not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax. If interest paid on the Notes does have a United Kingdom source, then payments may be made without deduction or withholding on account of United Kingdom income tax in the following circumstances.

Payments of interest on the Notes may be made without deduction of or withholding for or on account of United Kingdom income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed on a "recognised stock exchange", interest on the Notes will be payable without withholding or deduction for or on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes that have a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to any other available exemptions or reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the relevant Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

## **11 The Proposed Financial Transactions Tax**

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common financial transactions tax (the "FTT") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

## **12 Foreign Account Tax Compliance Withholding**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” (as defined by FATCA), investment funds and other non-U.S. persons may be required to withhold on certain payments it makes (“foreign passthru payments”) to persons that fail to meet certain certification, reporting or related requirements. ASB Bank and the London branch of ASB Finance are each classified as a foreign financial institution. A number of jurisdictions (including the UK and New Zealand) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions.

Under the provisions of IGAs as currently in effect, a foreign financial institution, investment funds and other non-U.S. persons in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining passthru payments are published in the U.S. Federal Register and Notes issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

## **13 Common Reporting Standard**

The Organisation for Economic Co-operation and Development Standard for Automatic Exchange of Financial Account Information (the “CRS”) requires certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. Noteholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a competent authority agreement may provide this information to other jurisdictions that have signed a competent authority agreement.

Prospective investors should consult their tax advisers on how the CRS may apply to such investor.

## **14 Post-issuance information**

Save as set out in the Final Terms, the relevant Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

## **15 Dealers transacting with ASB Finance and ASB Bank**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for ASB Finance and ASB Bank and their respective affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ASB Finance and ASB Bank and their respective affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers routinely hedge their credit exposure to the Issuers consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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