



Australia and New Zealand Banking Group Limited

Australian Business Number 11 005 357 522
(Incorporated with limited liability in Australia and registered in the State of Victoria)
as Issuer

ANZ National Bank Limited

(incorporated with limited liability in New Zealand)
as Issuer and Guarantor of Notes issued by ANZ National (Int'l) Limited

ANZ National (Int'l) Limited

(incorporated with limited liability in New Zealand)
as Issuer

US\$60,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Base Prospectus (the "**Programme**"), Australia and New Zealand Banking Group Limited ("**ANZBGL**"), ANZ National Bank Limited ("**ANZNBL**") and ANZ National (Int'l) Limited ("**ANZNIL**") (each an "**Issuer**" and together the "**Issuers**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue euro medium term notes (the "**Notes**"). The payment of all amounts due in respect of any Notes issued by ANZNIL will be unconditionally and irrevocably guaranteed by ANZNBL (the "**Guarantor**"). The Notes issued by ANZNBL or ANZNIL are not guaranteed by ANZBGL. Subject to compliance with all relevant laws, regulations and directives, the Notes will have a minimum maturity of one month and no maximum maturity. The aggregate principal amount of Notes outstanding will not at any time exceed US\$60,000,000,000 (or the equivalent in other currencies), provided that ANZBGL may not at any time have Notes outstanding over US\$50,000,000,000 and ANZNBL and ANZNIL may not at any time have Notes outstanding, when aggregated, over US\$10,000,000,000.

This Base Prospectus has been approved by the United Kingdom Financial Services Authority (the "**FSA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Notes under the Programme during the period of twelve months after the date hereof. This Base Prospectus constitutes three Base Prospectuses for the purposes of Article 5.4 of the Prospectus Directive. Application has been made to the London Stock Exchange plc (the "**London Stock Exchange**") for such Notes to be admitted to trading on the Regulated Market of the London Stock Exchange. This Base Prospectus supersedes and replaces in its entirety the Base Prospectus dated 21 July 2009 (as supplemented) for each of ANZBGL, ANZNBL and ANZNIL with regard to their euro medium term note programme. Any Notes issued under the Programme on or after the date of this Base Prospectus are issued subject to the provisions described herein. The Programme provides that Notes may be issued on the basis that they will not be admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system or may or may not be admitted to listing, trading and/or quotation by such other or further listing authorities, stock exchanges and/or quotation systems as may be agreed between the relevant Issuer and the relevant Dealer (as defined below). The relevant Final Terms applicable to any issue of Notes will specify whether or not such Notes will be admitted to the Official List of the FSA and admitted to trading on the Regulated Market of the London Stock Exchange (and/or admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system). The London Stock Exchange's Regulated Market is a regulated market for the purpose of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**").

Any person (an "**Investor**") intending to acquire or acquiring any Notes from any other person (an "**Offeror**") should be aware that, in the context of an offer to the public as defined in section 102B of the FSMA, the relevant Issuer may be responsible to the Investor for this Base Prospectus under section 90 of the Financial Services and Markets Act 2000 (the "**FSMA**"), only if that Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is authorised by that Issuer. If the Offeror is not authorised by that Issuer, the Investor should check with the Offeror whether anyone is responsible for this Base Prospectus for the purposes of section 90 of the FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents it should take legal advice.

The Notes are unsecured direct obligations of the relevant Issuer and may be issued as unsubordinated Notes ("**Unsubordinated Notes**") or, where ANZBGL is the Issuer, as subordinated dated Notes ("**Subordinated Dated Notes**") or subordinated undated notes ("**Subordinated Undated Notes**"), and together with the Subordinated Dated Notes, "**Subordinated Notes**") as specified in the applicable Final Terms, see "Summary of the Programme — Status of the Notes". Notes may be issued in bearer or registered form as specified in the relevant Final Terms. Each Series (as defined below) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (a "**Temporary Global Note**") or a permanent global note in bearer form (a "**Permanent Global Note**") and each Temporary Global Note and Permanent Global Note, a "**Bearer Global Note**"). Notes in registered form will be represented by a global registered certificate (a "**Registered Global Note**") or by registered certificates in definitive form (each a "**Certificate**"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Series. Bearer Global Notes and Registered Global Notes (each a "**Global Note**") may be deposited on the issue date with a common depository on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). The provisions governing the exchange of interests in Bearer Global Notes or Registered Global Notes for other Global Notes and for Notes and Certificates in definitive form, respectively, are described in "Form of the Notes".

Notes that have a denomination of less than EUR 50,000 may be issued under the Programme.

THERE ARE CERTAIN RISKS RELATED TO AN INVESTMENT IN NOTES ISSUED UNDER THE PROGRAMME, WHICH INVESTORS SHOULD ENSURE THEY FULLY UNDERSTAND (SEE "RISK FACTORS" ON PAGE 15 OF THIS BASE PROSPECTUS).

Arranger

Deutsche Bank

Dealers

Australia and New Zealand Banking Group Limited
BNP PARIBAS
Credit Suisse
Deutsche Bank
HSBC
BofA Merrill Lynch
RBC Capital Markets

Barclays Capital
Citi
Daiwa Capital Markets Europe Limited
Goldman Sachs International
J.P. Morgan
Morgan Stanley
UBS Investment Bank

The date of this Base Prospectus is 2 June 2010.

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Base Prospectus and to the best of the knowledge of each of the Issuers and the Guarantor (which have taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. This paragraph should be read in conjunction with the third paragraph on page 1 of this Base Prospectus.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

An Investor intending to acquire or acquiring any Notes from an Offeror will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The relevant Issuer will not be a party to any such arrangements with Investors (other than the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Investor must look to the Offeror at the time of such offer for the provision of such information.

In respect of ANZBGL, this Base Prospectus, excluding the information set forth under "ANZ National (Int'l) Limited" on pages 102 and 103, information incorporated by reference in respect of ANZNBL and ANZNIL, "Supervision and Regulation of ANZ National Bank Limited and ANZ National (Int'l) Limited" on pages 104 to 110, "ANZ National Bank Limited" on pages 95 to 101, and the statements in respect of ANZNBL and ANZNIL under "Taxation — New Zealand" on pages 115 and 116 and "General Information" on pages G-1 to G-3, comprises a base prospectus issued in compliance with the Prospectus Directive for the purpose of giving information with regard to the issue of Notes by ANZBGL under the Programme during the period of twelve months after the date hereof. In respect of ANZNBL, this Base Prospectus, excluding information incorporated by reference in respect of ANZBGL and ANZNIL (save for information solely in respect of ANZNBL), the information set forth under "Australia and New Zealand Banking Group Limited and its Subsidiaries" on pages 82 to 89, "Supervision and Regulation of Australia and New Zealand Banking Group Limited" on pages 90 to 94, "ANZ National (Int'l) Limited" on pages 102 and 103 and the statements in respect of ANZBGL under "Taxation — Australia" on pages 111 to 115 and in respect of ANZBGL and ANZNIL under "General Information" on pages G-1 to G-3, comprises a base prospectus issued in compliance with the Prospectus Directive for the purpose of giving information with regard to the issue of Notes by ANZNBL under the Programme during the period of twelve months after the date hereof. In respect of ANZNIL, this Base Prospectus, excluding information incorporated by reference in respect of ANZBGL (save for information solely in respect of ANZNIL and ANZNBL), the information set forth under "Australia and New Zealand Banking Group Limited and its Subsidiaries" on pages 82 to 89, "Supervision and Regulation of Australia and New Zealand Banking Group Limited" on pages 90 to 94, and the statements in respect of ANZBGL under "Taxation — Australia" on pages 111 to 115 and in respect of ANZBGL under "General Information" on pages G-1 to G-3, comprises a base prospectus issued in compliance with the Prospectus Directive for the purposes of giving information with regard to the issue of Notes by ANZNIL under the Programme during the period of twelve months after the date hereof.

This Base Prospectus should be read and construed together with any amendments or supplements hereto and with any other information and documents incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Final Terms. This Base Prospectus shall be read and construed on the basis that such information is incorporated in, and forms part of, the Base Prospectus.

In relation to any Tranche, the aggregate nominal amount of the Notes of such Tranche, the interest (if any) payable in respect of the Notes of such Tranche, the issue price and any other terms and conditions not contained herein which are applicable to such Tranche will be set out in the relevant Final Terms which, with respect to the Notes listed on the London Stock Exchange, will be delivered to the FSA and the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

Subject to the paragraphs above, each of the Issuers and the Guarantor has confirmed to the Dealers set out in the Summary of the Programme below that this Base Prospectus (including for this purpose, each relevant Final Terms) contains all information relating to itself and its subsidiaries which is (in the context of the Programme and the issue, offering, sale and, where applicable, the guarantee of the Notes by it) material; that such information in respect of it and its subsidiaries is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein by it are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to ensure that such information, opinions, predictions or intentions are (in the context of the Programme and the issue, offering, sale and, where applicable, the guarantee of the Notes by it) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing. Each of the Issuers and the Guarantor have further confirmed to the Dealers that this Base Prospectus, together with, in relation to any Tranche of Notes, the applicable Final Terms, contains all information necessary to enable investors to make an informed assessment of its and its subsidiaries' assets and liabilities, final position, profit and losses and prospects and the rights attaching to the relevant Notes.

Following the publication of this Base Prospectus, a supplementary prospectus may be prepared by the Issuers and the Guarantor and approved by the FSA in accordance with Article 16 of the Prospectus Directive in connection with any subsequent issue of Notes in the event of any significant new factor, material mistake or, inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes.

Neither this Base Prospectus nor any Final Terms constitutes an offer of, or an invitation to subscribe for or purchase, any Notes by any of the Issuers, the Guarantor, the Dealers or the Arranger and should not be considered as a recommendation by the Issuers, the Guarantor, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the relevant Issuer and, where applicable, the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus in connection with the issue or sale of 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 or the Arranger (each as defined below). Neither the delivery of this Base Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of any of the Issuers or the Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of any of the Issuers or the Guarantor since the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offer, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuers, the Guarantor, the Dealers and the Arranger to inform themselves about and to observe any such restrictions.

Neither the Notes nor the Guarantee (as defined below) have been and neither will be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction in the United States, and may include Notes in bearer form that are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons (each as defined in Regulation S under the Securities Act). For a description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus or any Final Terms, see "Subscription and Sale."

The Dealers and the Arranger have not separately verified the information contained in this Base Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Base Prospectus. Neither this Base Prospectus nor any information nor any document incorporated by reference herein are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, the Dealers or the Arranger that any recipient of this Base Prospectus or any information or document incorporated by reference herein should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Base Prospectus or any other financial statements and its purchase of Notes should be based upon any such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of any of the Issuers or the Guarantor during the life of the arrangements contemplated by this Base Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms or a drawdown prospectus (a "**Drawdown Prospectus**") in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by a Final Terms or is a Drawdown Prospectus which specifies that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or Final Terms or Drawdown Prospectus, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the relevant Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for that Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Notes issued by an Issuer will not be deposit liabilities of that Issuer, in the case of ANZBGL in Australia, in the case of ANZNBL in New Zealand and in the case of ANZNIL in New Zealand or the United Kingdom.

There are references in this Base Prospectus to the credit ratings of the Issuers and Notes. A credit rating is not a recommendation to buy, sell or hold the Notes and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency.

Credit ratings in respect of the Notes or the Issuers are for distribution only to persons who are not a "retail client" within the meaning of section 761G of the Corporations Act 2001 of Australia and are also sophisticated investors, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 of the Corporations Act 2001 of Australia and, in all cases, in such circumstances as may be permitted by acceptable law in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive the Base Prospectus and anyone who receives the Base Prospectus must not distribute it to any person who is not entitled to receive it.

In connection with the issue of any Tranche (as defined in Conditions of the Notes) of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may 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, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. 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 be ended 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 Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

In this Base Prospectus, unless otherwise specified, references to a "Member State" are references to a Member State of the European Economic Area, references to "A\$", "\$", "dollars" or "¢" are to the lawful currency of Australia, references to "euro" or "€" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time, references to "NZ\$" are to the lawful currency of New Zealand, references to "Sterling" are to the lawful currency of the United Kingdom, references to "US\$" or "US dollars" are to the lawful currency of the United States of America, and references to "Yen" are to the lawful currency of Japan.

The "Guarantee" means the ANZNBL guarantee in favour of ANZNIL (described on page 39 of this Base Prospectus.)

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INFORMATION INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

In respect of ANZBGL, ANZNBL and ANZNIL, for the purpose of any issues of Notes under this Base Prospectus which are to be consolidated and form a single Series with an existing Tranche or Series of Notes, the terms and conditions of the Notes as set out in the section entitled "Conditions of the Notes" on the following specified pages of the base prospectuses, supplementary prospectus and offering circulars of ANZBGL, ANZNBL and ANZNIL:

- (1) Pages 38 to 78 of the Base Prospectus dated 21 July 2009;
- (2) Pages 25 to 57 of the Base Prospectus dated 18 July 2008;
- (3) Pages 24 to 56 of the Base Prospectus dated 25 September 2007;
- (4) Pages 10 to 56 of the of the Supplementary Prospectus dated 23 March 2007 (supplementing and amending the Base Prospectus dated 25 September 2006);
- (5) Pages 19 to 46 of the Base Prospectus dated 25 September 2006;
- (6) Pages 16 to 42 of the Base Prospectus dated 3 October 2005;
- (7) Pages 13 to 38 of the Offering Circular dated 20 May 2005;
- (8) Pages 13 to 38 of the Offering Circular dated 28 September 2004; and
- (9) Pages 13 to 38 of the Offering Circular dated 10 August 2004.

In respect of ANZBGL:

- (i) the audited annual consolidated financial statements (including the auditor's report thereon and notes thereto) in respect of the years ended 30 September 2008 and 2009 (set out on pages 60 to 190 and pages 72 to 198 respectively of the 2008 and 2009 Annual Reports of ANZBGL); and
- (ii) the unaudited interim consolidated financial statements (including the auditor's report thereon and notes thereto) in respect of the half-year ended 31 March 2010 (set out on pages 76 to 109 of ANZBGL's 2010 Consolidated Financial Report Dividend Announcement and Appendix 4D).

In respect of ANZNBL:

- (i) the audited annual consolidated financial statements (including the auditor's report thereon and notes thereto) in respect of the years ended 30 September 2008 and 2009 (set out on pages 5 to 110 and 118 and on pages 6 to 118 and 126 to 127, respectively of the ANZ National Bank Limited General Disclosure Statements for the years ended 30 September 2008 and 2009); and
- (ii) the interim financial statements (including the notes to the financial statements and the Independent Review Report) in respect of the six months ended 31 March 2010 (set out on pages 6 to 128 and 137 of the ANZ National Bank Limited General Disclosure Statement for the six months ended 31 March 2010).

In respect of ANZNIL:

- (i) the audited annual financial statements (including the auditors' report thereon and notes thereto) in respect of the years ended 30 September 2008 and 2009; and
- (ii) the unaudited interim financial statements in respect of the six months ended 31 March 2010.

Any statement contained in this Base Prospectus or in any document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus. For the purposes of the prospectus rules enacted under Section 73A of the FSMA, any documents incorporated by reference into the above documents do not form part of this Base Prospectus.

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Notes should be based on a consideration of the Base Prospectus as a whole, including the information and documents incorporated by reference. No civil liability attaches to any of the Issuers or the Guarantor solely on the basis of the summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Words and expressions defined or used in "Conditions of the Notes" below shall have the same meanings in this summary.

Issuers	Australia and New Zealand Banking Group Limited (" ANZBGL " and, together with its subsidiaries, the " Group " or " ANZ "), ANZ National Bank Limited (" ANZNBL ") and ANZ National (Int'l) Limited (" ANZNIL "), each either acting through its head office or through any branches as specified in the relevant Final Terms.
Guarantor	ANZNBL (in the case of Notes issued by ANZNIL). The Notes issued by ANZNBL or ANZNIL are not guaranteed by ANZBGL.
Risk Factors	There are certain factors that may affect the ability of any Issuer to fulfil its obligations under Notes and the Guarantor's ability to fulfil its obligations under the Guarantee. These are set out under "Risk Factors" below and include changes in economic conditions, investment markets and regulatory and legal environments. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes. These are also set out under "Risk Factors" below and include the fact that Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Notes and market risks.
Description	Euro Medium Term Note Programme.
Programme Size	US\$60,000,000,000 (or the equivalent in other currencies at the date of issue) outstanding at any one time, provided that ANZBGL may not at any time have Notes outstanding over US\$50,000,000,000 and ANZNBL and ANZNIL may not at any time have Notes outstanding, when aggregated, over US\$10,000,000,000. The Issuers may increase the size of the Programme in accordance with the terms of the Programme Agreement.
Arranger	Deutsche Bank AG, London Branch
Dealers	Australia and New Zealand Banking Group Limited Barclays Bank PLC BNP PARIBAS Citigroup Global Markets Limited Credit Suisse Securities (Europe) Limited Daiwa Capital Markets Europe Limited

	<p>Deutsche Bank AG, London Branch Goldman Sachs International The Hongkong and Shanghai Banking Corporation Limited HSBC Bank plc J.P. Morgan Securities Ltd. Merrill Lynch International Morgan Stanley & Co. International plc Royal Bank of Canada Europe Limited UBS Limited</p> <p>and any other Dealers appointed in accordance with the Programme Agreement.</p>
Fiscal Agent.....	Deutsche Bank AG, London Branch
Final Terms or Drawdown Prospectus	Notes issued under the Programme may be issued either (1) pursuant to this Base Prospectus and associated Final Terms or (2) pursuant to a Drawdown Prospectus with a particular Tranche of Notes.
Redenomination, Renominalisation and/or Consolidation	The relevant Final Terms may provide that certain Notes denominated in a currency that may be replaced by the euro, may be subject to redenomination, renominalisation and/or consolidation with other Notes then denominated in euro.
Form of Notes.....	Notes may be issued in bearer form (" Bearer Notes ") or in registered form (" Registered Notes ") as described in "Form of Notes".
Clearing Systems	Euroclear, Clearstream, Luxembourg and, in relation to any Tranche of Notes, such other clearing system as may be agreed between the relevant Issuer and the relevant Dealer, as will be specified in the relevant Final Terms.
Currencies	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in such currencies as the relevant Issuer and the relevant Dealers agree.
Maturities	<p>Subject to compliance with all relevant laws, regulations and directives, the Notes will have a minimum maturity of one month.</p> <p>Notes issued by ANZNBL or ANZNIL having a maturity of less than one year, where either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by ANZNBL or, as the case may be, by ANZNIL.</p>

Denomination	Notes will be issued in such denominations as may be specified as the Specified Denomination(s) in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. See “Summary of the Programme — Maturities” above.
Fixed Rate Notes	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes	Floating Rate Notes will bear interest set separately for each Series at a rate, and in the respective Interest Period, as specified in the relevant Final Terms.
Index Linked Notes	Payments in respect of principal or interest in respect of Index Linked Redemption Notes and Index Linked Interest Notes respectively, will be calculated by reference to such stock or commodity or other index, currency exchange rate and/or formula as the relevant Issuer and the relevant Dealer or other purchaser may agree.
Zero Coupon Notes	Zero Coupon Notes may be issued at their Nominal Amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum or a minimum Rate of Interest or both.
Redemption by Instalments	The relevant Final Terms may provide that Notes are redeemable in two or more instalments (“ Instalment Notes ”) and will set out the dates on which, and the amounts in which, such Notes may be redeemed.
Optional Redemption	The relevant Final Terms will state whether the relevant Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the relevant Issuer and/or the holders, and if so the terms applicable to such redemption.
Status of the Notes	The Notes may be issued as Unsubordinated Notes or, where ANZBGL is the Issuer, as Subordinated Dated Notes or Subordinated Undated Notes as specified in the applicable Final Terms.
Unsubordinated Notes	The Unsubordinated Notes constitute direct, unconditional and unsecured obligations of the relevant Issuer ranking <i>pari passu</i> among themselves and (save for certain debts of the relevant Issuer required to be preferred by the relevant law, including (but not limited to) in the case of ANZBGL, those in respect of ANZBGL’s deposit liabilities in Australia and various debts due to the Australian Prudential Regulation Authority (“ APRA ”) and the Reserve Bank of Australia (“ RBA ”) required to be preferred by Australian law) with all other present and future unsubordinated and unsecured obligations of the relevant Issuer, all as described in “Conditions of the Notes — Status and Guarantee — Unsubordinated Notes”.
Subordinated Dated Notes	The Subordinated Dated Notes constitute direct, unsecured and subordinated obligations of ANZBGL ranking <i>pari passu</i>

among themselves. The claims of holders of Subordinated Dated Notes will, in the event of the winding up of ANZBGL, be subordinated in right of payment to all Unsubordinated Creditors as described in "Conditions of the Notes — Status and Guarantee — Subordinated Dated Notes".

In respect of Subordinated Dated Notes, prior to the winding-up of ANZBGL, the obligation of ANZBGL to make payments (including of any principal, premium, additional amounts and interest) on the Subordinated Dated Notes will be conditional on ANZBGL being Solvent (as defined in "Conditions of the Notes — Interest and other calculations — Definitions") at the time of, and immediately after, such payment by ANZBGL. Any such failure to pay will not be considered an event of default for the purposes of the Subordinated Dated Notes. The Subordinated Dated Notes will not be deposit liabilities in Australia of ANZBGL and the Conditions do not limit the amount of the liabilities ranking senior to any Subordinated Dated Notes which may be incurred or assumed by ANZBGL from time to time, whether before or after the Issue Date of the relevant Subordinated Dated Notes.

Subordinated Undated Notes

The Subordinated Undated Notes constitute direct, unsecured and subordinated obligations of ANZBGL ranking *pari passu* among themselves. Prior to the winding up of ANZBGL, the Subordinated Undated Notes are perpetual and do not have a maturity date. The claims of holders of Subordinated Undated Notes will, in the event of the winding up of ANZBGL, be subordinated in right of payment to all Unsubordinated Creditors and Subordinated Dated Creditors as described in "Conditions of the Notes — Status and Guarantee — Subordinated Undated Notes", but senior in point of subordination to the obligations of ANZBGL in respect of the claims of the holders of any subordinated obligations which rank or are expressed to rank junior to the claims of the Subordinated Undated Creditors.

In respect of Subordinated Undated Notes, prior to the winding-up of ANZBGL, the obligation of ANZBGL to make payments (including of interest, deferred interest and additional amounts) on the Subordinated Undated Notes will be at the option of ANZBGL and, unless APRA has given its prior written approval, will be conditional on ANZBGL being Solvent at the time of, and immediately after, such payment by ANZBGL and the amount of any payment not exceeding the Distributable Profits (as defined in "Conditions of the Notes — Interest and other calculations — Conditions of Payment — Subordinated Undated Notes") of ANZBGL. Any such failure to pay will not be considered an event of default for the purposes of the Subordinated Undated Notes. Deferred Interest does not accrue interest for the period during which it remains unpaid and a Subordinated Undated Noteholder has no claim in respect of interest on that unpaid interest. If ANZBGL fails to pay in full interest on the Subordinated Undated Notes on any Interest Payment Date

	then ANZBGL may not pay any interest on, declare or pay any dividends, distributions or interest on any other securities or instruments of ANZBGL that by their terms rank or are expressed to rank, equally with or junior to the Subordinated Undated Notes unless and until ANZBGL has paid such unpaid interest in full.
Status of the Guarantee	Notes issued by ANZNIL will be unconditionally and irrevocably guaranteed by the Guarantor. The Guarantee constitutes direct, unconditional and unsecured obligations of the Guarantor which (save for certain debts of the Guarantor required to be preferred by law) will at all times rank <i>pari passu</i> among themselves and equally with all other unsubordinated and unsecured obligations of the Guarantor. The Notes issued by ANZNBL and ANZNIL are not guaranteed by ANZBGL.
Negative Pledge	None
Cross Default	The terms and conditions of the Unsubordinated Notes will contain a cross default provision as more fully set out in "Conditions of the Notes — Events of Default". The terms of the Subordinated Notes will contain no cross default.
Withholding Tax	All payments of principal and interest in respect of the Notes will be made free and clear of all withholding taxes of the jurisdiction of incorporation of the relevant Issuer and, where applicable, the Guarantor, and/or, where the relevant Issuer is acting through its branch, the jurisdiction, country or territory in which the branch through which the relevant Issuer is acting as specified in the relevant Final Terms is located unless such withholding is required by law. In that event, the relevant Issuer or, where applicable, the Guarantor shall pay additional amounts to the Noteholders as shall result in receipt by those Noteholders of such amounts as would have been received by them had no such withholding been required, except that no such additional amounts shall be payable with respect to any Note in the circumstances described in "Conditions of the Notes — Taxation".
Governing Law	English law, except that the subordination provisions applicable to the Subordinated Notes of ANZBGL will be governed by, and construed in accordance with, the laws of the State of Victoria and the Commonwealth of Australia.
Listing and Admission to Trading	Each Series may be admitted to the Official List of the FSA and admitted to trading on the London Stock Exchange's Regulated Market and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the relevant Issuer and the relevant Dealer and specified in the relevant Final Terms. Unlisted Notes may also be issued under this Programme.
Selling Restrictions	Australia, Japan, New Zealand, the European Economic Area (including the United Kingdom), United States, Hong Kong and such other restrictions as may be required in connection

with the offering and sale of a particular Tranche of Notes. See "Subscription and Sale".

Each of the Issuers are Category 2 for the purposes of Regulation S under the Securities Act.

RISK FACTORS

Introduction

Any investment in the Notes issued under the Programme will involve risks including those described in this section. All principal or material risks that have been identified by the Issuers and the Guarantor are included in this section. Prospective investors should carefully consider the following discussion of the risk factors and the other information in this Base Prospectus and consult their own financial and legal advisers about the risks associated with the Notes before deciding whether an investment in the Notes is suitable for them. Prospective investors should be aware that the risks set forth below are not exhaustive (as these will not include those risks that have not been identified by the Issuers) and should carefully consider the following factors in addition to the matters set out elsewhere in this Base Prospectus before investing in the Notes offered under this Base Prospectus.

As at the date of this Base Prospectus, the Issuers and the Guarantor believe that the following risk factors may affect the Issuers' abilities to fulfil their obligations, or the Guarantor's ability to perform its obligations, under or in respect of the Notes and could be material for the purpose of assessing the market risks associated with the Notes.

If any of the following factors actually occurs, the trading price of the Notes of the relevant Issuer could decline and an investor could lose all or part of its investment. These factors are contingencies that may or may not occur and the Issuers are not in a position to express a view on the likelihood of any such contingency occurring.

Words and expressions defined in the "Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

Risks relating to the Notes and the market generally

The Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have 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 Base Prospectus or any applicable supplement;
- have 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 such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and

appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

There is no prior or active trading market for the Notes and such trading market may not develop

Each Tranche of Notes will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche of Notes, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Accordingly, the Issuer cannot predict, or give any assurance as to, whether an active or liquid trading market for any particular Tranche of Notes will develop or be sustained. In addition to the creditworthiness, many factors affect the trading market for, and trading value of, the Notes. These factors may include among other things:

- the complexity and volatility of any index or formula applicable to the Notes;
- the method of calculating the principal, premium and interest in respect of the Notes;
- the time remaining to the stated maturity of the Notes;
- the outstanding amount of the Notes;
- any redemption features of the Notes;
- the amount of other debt securities linked to any index or formula applicable to the Notes;
- the financial condition and results of the relevant Issuer's operations;
- investor confidence and market liquidity; and
- the level, direction and volatility of market interest rates generally.

There may be a limited number of buyers when an investor decides to sell the Notes. This may affect the price an investor receives for such Notes or the ability to sell such Notes at all. In addition, Notes that are designed for specific investment objectives or strategies often experience a more limited trading market and more price volatility than those not so designed.

The Notes may be de-listed, which may materially affect an investor's ability to resell

Any Notes that are listed on the London Stock Exchange or any other listing authority, stock exchange or quotation system may be de-listed. If any Notes are delisted, the relevant Issuer is obliged to endeavour promptly to obtain an alternative listing. Although no assurance is made as to the liquidity of the Notes as a result of listing on the London Stock Exchange or any other listing authority, stock exchange or quotation system, delisting the Notes may have a material adverse effect on a Noteholder's ability to resell the Notes in the secondary market.

Credit rating may not reflect all risks of an investment in the Notes

The credit ratings of the Notes may not reflect the potential impact of all risks related to the structure and other factors on any trading market for, or trading value of, the Notes. In addition, real or anticipated changes in the credit rating of the relevant Issuer or any Notes will generally affect any trading market for, or trading value of, the Notes.

The Notes may be redeemed prior to maturity

In the event that the relevant Issuer, or the Guarantor, if applicable, would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the relevant Issuer's taxing jurisdiction, or Guarantor's taxing jurisdiction, if applicable, or any authority therein or thereof having power to tax, the Issuer may redeem all of the relevant Notes in accordance with the Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specifies that the Notes are redeemable at the relevant Issuer's option in certain other circumstances the relevant Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Because the Global Notes will be held by or on behalf of Euroclear, Clearstream, Luxembourg and/or an Alternative Clearing System, investors will have to rely on their procedures for transfer, payment and communication with the relevant Issuer and/or the Guarantor

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository for Euroclear, Clearstream, Luxembourg and/or a clearing system other than Euroclear or Clearstream, Luxembourg (an "**Alternative Clearing System**"). Apart from the circumstances described in the relevant Global Note, investors will not be entitled to Notes in definitive form. Euroclear, Clearstream, Luxembourg and/or any relevant Alternative Clearing System will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear, Clearstream, Luxembourg and/or any relevant Alternative Clearing System.

While the Notes are represented by one or more Global Notes, the relevant Issuer and the Guarantor, if applicable, will discharge its payment obligations under the Notes by making payments to the common depository for Euroclear, Clearstream, Luxembourg and/or any relevant Alternative Clearing System for distribution to their relevant account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear, Clearstream, Luxembourg and/or any relevant Alternative Clearing System to receive payments under the relevant Notes. The Issuers and the Guarantor have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear, Clearstream, Luxembourg and/or any relevant Alternative Clearing System to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Notes will not have a direct right under the Global Notes to take enforcement action against the relevant Issuer, or the Guarantor, if applicable, in the event of a default under the relevant Notes but will have to rely upon their rights under the Deed of Covenant.

EU Savings Directive and other Withholding Tax Obligations

If, pursuant to the European Council Directive 2003/48/EC on the taxation of savings income (see "Taxation — European Union Savings Directive" below), a payment in respect of a Note were to be made by or collected through a person in a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person by or through whom a payment in respect of the Note is made or received would be obliged to pay additional amounts with respect to such Note as a result of the imposition of such withholding tax (see Condition 7 of the Notes). The Issuers

and, if applicable, the Guarantor will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive (see Condition 6(e)).

There may be other occasions in other jurisdictions in which an amount of, or in respect of, tax is required to be withheld from a payment in respect of any Note and in respect of which neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to such Note as set out in Condition 7 (*Taxation*) of the Notes (see “Conditions of the Notes” below).

Subordinated Notes

Although Subordinated Dated Notes and Subordinated Undated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a significant risk that an investor holding Subordinated Dated Notes or Subordinated Undated Notes may lose some or all of its investment should ANZBGL become insolvent.

The Conditions do not limit the amount of the liabilities ranking senior to any Subordinated Notes which may be incurred or assumed by ANZBGL from time to time, whether before or after the Issue Date of the relevant Subordinated Notes.

Subordinated Dated Notes

If in the case of any particular Tranche of Notes issued by ANZBGL the relevant Final Terms specify that the Notes are Subordinated Dated Notes and ANZBGL is declared insolvent and a winding up proceeding is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors but excluding any obligations in respect of Subordinated Notes) in full before it can make any payments on the relevant Notes. If this occurs, ANZBGL may not have enough assets remaining after these payments to pay amounts due under the relevant Subordinated Dated Notes.

In addition, prior to the winding-up of ANZBGL, ANZBGL is only permitted to make payments (including of principal, premium, additional amounts and interest) on the relevant Notes if it is Solvent (in accordance with, and as defined in, Condition 4(k) of the Notes) at the time of such payment and if it would be Solvent immediately after any such payment. Any failure by ANZBGL to make a payment when due on the relevant Notes if it is not Solvent at the time of such payment or would not be Solvent immediately after such payment, will not constitute an Event of Default (as defined in Condition 9(b)(ii) of the Notes) in respect of the relevant Notes.

Subordinated Undated Notes

If in the case of any particular Tranche of Notes issued by ANZBGL the relevant Final Terms specify that the Notes are Subordinated Undated Notes, and ANZBGL is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to all its other creditors (including unsecured creditors and holders of Subordinated Dated Notes, but excluding any obligations in respect of Subordinated Undated Notes) in full before it can make any payments on the relevant Subordinated Undated Notes. If this occurs, ANZBGL may not have enough assets remaining after these payments to pay amounts due under the relevant Subordinated Undated Notes.

In addition, prior to the winding-up of ANZBGL, ANZBGL is under no obligation to redeem the Notes at any time (as the Subordinated Undated Notes are perpetual and do not have a maturity date), ANZBGL can defer the payments of interest at any time at its discretion and is only permitted (but not obliged) to make payments of interest, Deferred Interest (as defined in Condition 4(k)) and any additional amounts on the relevant Subordinated Undated Notes, if it is Solvent (in accordance with, and as defined in, Condition 4(k) of the Notes) at the time of such payment and if it would be Solvent immediately after any such payment and if the amount of such payments do not exceed its Distributable Profits (as defined in Condition 4(o)). Any failure by

ANZBGL to make a payment of interest when due on the relevant Notes will not constitute an Event of Default (as defined in Condition 9(b)(iii) of the Notes) in respect of the relevant Notes. Holders of Subordinated Undated Notes have no right to apply for the winding up or administration of ANZBGL, or cause a receiver or receiver and manager to be appointed in respect of ANZBGL, on the grounds that ANZBGL failed to make, or is or may become unable to make, a payment of interest (including any Deferred Interest) under those Subordinated Undated Notes.

Any deferral of interest payments will likely have an adverse effect on the market price of the Subordinated Undated Notes. In addition, as a result of the interest deferral provisions of the Subordinated Undated Notes, the market price of such Notes may be more volatile than the market price of other debt securities on which the original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in ANZBGL's financial condition. There is a risk that an investor in Subordinated Undated Notes may receive a lesser return on those Subordinated Undated Notes than on other debt securities where interest is not deferred or no return on those Subordinated Undated Notes.

If so specified in the relevant Final Terms, payments of interest under the Subordinated Undated Notes may be fully franked. However, there is no guarantee that ANZBGL will have sufficient franking credits to fully frank such payments of interest. If a payment of interest on any such Subordinated Undated Notes is unfranked or partially franked, then the payment of interest may be increased to fully compensate for the unfranked component.

If the Subordinated Undated Notes cease to qualify as Upper Tier 2 Capital (as defined in Condition 4(o)), ANZBGL may at its option, subject to the prior written approval of the Australian Prudential Regulation Authority ("**APRA**"), redeem all, but not some only, of the Subordinated Undated Notes of the relevant Series at the Early Redemption Amount together with interest (including any Deferred Interest) accrued to the date fixed for redemption as more fully described in Condition 5(c) (Redemption Purchase and Options — Redemption for Regulatory Reasons).

If so specified in the relevant Final Terms, ANZBGL may issue Subordinated Undated Notes which include a call right allowing ANZBGL, subject to the prior written approval of APRA, to redeem the Subordinated Undated Notes early for certain taxation reasons, including (if specified in the relevant Final Terms) where ANZBGL determines (supported by a tax opinion from tax advisers of recognised standing in the relevant jurisdiction) that interest payable on the Subordinated Undated Notes may not be allowed as a deduction in any relevant taxing jurisdiction for income tax purposes or, if the interest on the Subordinated Undated Notes is adjusted because it is unfranked or partially franked. Exercise of the call right will trigger repayment of the outstanding principal and interest in accordance with the provisions of the relevant Final Terms.

No obligation to pay additional amounts

If any payments of interest on any such Subordinated Undated Notes which are specified in the relevant Final Terms to be frankable to a holder who is not an Australian resident are unfranked or partially franked and ANZBGL is required to deduct and withhold any dividend withholding tax, then, notwithstanding the obligations described in Condition 7(a), ANZBGL will not pay any additional amounts to the relevant holder in respect of amounts so deducted or withheld, unless so specified in the Final Terms.

An investment in Notes linked to an index, exchange rate, securities etc. entails significant risks not associated with a similar investment in conventional fixed rate or floating rate debt securities

An investment in Notes the terms of which provide that the principal, premium, if any, and/or interest payable and/or securities deliverable, is linked to one or more currencies or composite currencies (including exchange rates and swap indices between currencies or composite currencies), commodities, securities, basket of securities or securities indices, interest rates or other indices (each an "**index**" and together, the "**indices**"), either directly or inversely (the

“**indexed Notes**”), entails significant risks that are not associated with investments in a conventional fixed rate or floating rate debt security including:

- the market price of such indexed Notes may be volatile;
- no interest may be payable on the indexed Notes;
- payments of principal or interest on the indexed Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such indexed Notes or even zero;
- an index may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if an index is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the index on principal or interest payable will likely be magnified; and
- the timing of changes in an index may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the index, the greater the effect on yield.

These risks include the possibility that an index or indices may be subject to significant changes, that the resulting interest rate will be less than that payable on a conventional fixed or floating rate debt security issued by the relevant Issuer at the same time, that the repayment of principal and/or premium, if any, and/or delivery of securities can occur at times other than that expected by the investor, that, in certain circumstances, the indexed Notes may cease to bear interest and that prospective investors could lose all or a substantial portion of their investment, if any, payable on the maturity date. These risks depend on a number of interrelated factors, including economic, financial and political events, over which the relevant Issuer has no control.

Additionally, if the formula used to determine the amount of principal, premium, if any, and/or interest payable and/or securities deliverable with respect to such indexed Notes contains a multiplier or leverage factor, the effect of any change in the applicable index or indices will be magnified. In recent years, values of certain indices have been highly volatile; such volatility in the past is not necessarily indicative, however, of fluctuations that may occur in the future.

Any optional redemption feature of any indexed Notes might affect their market value. Since the relevant Issuer may be expected to redeem indexed Notes when prevailing interest rates are relatively low, prospective investors generally will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate that is as high as the current interest rate on the indexed Notes.

An investment in equity-linked Notes may bear similar market risks to a direct equity investment and investors should take advice accordingly

The secondary market, if any, for indexed Notes will be affected by a number of factors independent of the relevant Issuer’s creditworthiness, including the complexity and volatility of the index or indices, the creditworthiness of the specified entity or entities, the fluctuation of exchange rates, the method of calculating the principal, premium, if any, and/or interest in respect of indexed Notes, the time remaining to the maturity of such indexed Notes, the outstanding amount of such indexed Notes, any redemption features of such indexed Notes, the amount of other debt securities linked to such index or indices and the level, direction and volatility of market interest rates generally. Such factors also will affect the market value of indexed Notes.

In addition, certain indexed Notes may be designed for specific investment objectives or strategies and, therefore, may have a more limited secondary market and may experience more price

volatility than conventional debt securities. Investors may not be able to sell such indexed Notes readily or at prices that will enable them to realise their anticipated yield. Prospective investors should not purchase such indexed Notes unless they understand and are able to bear the risks that such indexed Notes may not be readily saleable, that the value of such indexed Notes will fluctuate over time and that such fluctuations may be significant.

Finally, the relevant Issuer's credit ratings may not reflect the potential impact of the various risks that could affect the market value of the indexed Notes. Accordingly, prospective investors should consult their own financial and legal advisors as to the risks an investment in the indexed Notes may entail and the suitability of the Indexed Notes in light of their particular circumstances.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse floating rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse floating rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/floating rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts 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. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Partly-paid Notes

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment and not receiving any interest on the Notes.

Modification and waivers and substitution

The Conditions of the Notes (see “Conditions of the Notes” above) contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Exchange rate risks and exchange controls

The Issuers will pay principal and interest on the Notes 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 or the Specified 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. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in fixed rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate Notes.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to 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 advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks relating to the Issuers’ and the Guarantor’s businesses

Each of the Issuers’ and the Guarantor’s business activities are subject to risks that can adversely impact its business, future performance and financial condition. Prospective investors should carefully consider the risks and the other information in this Base Prospectus before investing in an Issuer’s Notes. The risks and uncertainties described below are not the only ones an Issuer or the Guarantor may face. Additional risks and uncertainties that an Issuer or the Guarantor is unaware of, or that an Issuer or the Guarantor currently deems to be immaterial, may also become important factors that affect it. If any of the following risks actually occur, an Issuer’s and/or the Guarantor’s business, results of operations or financial condition could be materially adversely affected, with the result that the trading price of an Issuer’s Notes could decline and investors could lose all or part of their investment.

If applicable, references in this section to the “**Group**” are to be taken as references to each of the Issuers and/or the Guarantor (as the context requires), and all references to “**securities**” include the Notes.

Changes in general business and economic conditions, including disruption in regional or global credit markets, may adversely affect the Group's results

The Group's financial performance is primarily influenced by the economic conditions and the level of business activity in the major countries and regions in which it trades, i.e., Australia, New Zealand, the Asia Pacific Region, Europe and the United States of America. The Group's financial results can be negatively affected by changes to these economic and business conditions.

The economic and business conditions that prevail in the Group's major trading markets are affected by domestic and international economic events, political events and by movements and events that occur in global financial markets.

The impact of the Global Financial Crisis ("**GFC**") in 2008 and 2009 saw a sudden and prolonged dislocation in credit and capital markets, a contraction in global economic activity and the creation of many challenges for financial services institutions worldwide that still persist in 2010.

The economic effects of the GFC in Australia included weakened retail sales, declines in personal and business credit growth, lower growth in housing credit and subdued business and consumer confidence. While some of these economic factors have since improved, there is no certainty as to the future sustainability of these improvements.

The New Zealand economy contracted sharply in 2008 and in the first quarter of 2009, and economic conditions in Australia, New Zealand and some Asia Pacific countries remain difficult in 2010, especially in the rural, commercial and corporate sectors.

Should the difficult economic conditions of these countries persist or worsen, asset values in the housing, commercial or rural property markets could decline, unemployment could rise and corporate and personal incomes could suffer. Also, deterioration in global markets, including equity, property and other asset markets, could impact the Group's customers and the security the Group holds against loans and other credit exposures which may impact its ability to recover some loans and other credit exposures.

All or any of these negative economic and business impacts could cause a reduction in demand for the Group's products and services and/or an increase in loan and other credit defaults and bad debts, which could adversely affect the Group's financial performance.

The Group's financial performance could also be adversely affected if it were unable to adapt cost structures, products, pricing or activities in response to a drop in demand or lower than expected revenues. Similarly, higher than expected costs (including credit costs) could be incurred because of adverse changes in the economy, general business conditions or the operating environment in the countries in which it operates.

Other economic and financial factors or events which may adversely affect the Group's performance and results, include, but are not limited to, volatility in commodity prices, foreign exchange rates and interest rates, changes in inflation and monetary supply, fluctuations in both debt and equity capital markets and decreasing consumer and business confidence.

Geo-political instability, such as threats of, potential for, or actual conflict, occurring around the world, may also adversely affect global financial markets, general economic and business conditions and the Group's ability to continue operating or trading in a country, which in turn may negatively impact the Group's financial performance.

An appreciation in the Australian or New Zealand dollar relative to other currencies could negatively impact Australian or New Zealand economies, including agricultural exports and international tourism, whereas a depreciation would increase debt service obligations in Australia or New Zealand dollar terms. Also, depreciation in the value of the New Zealand dollar against the Australian dollar could have a negative effect on the financial results of the Group's New Zealand businesses, which includes ANZNBL.

There can be no assurance that actions of the Australian, New Zealand, United States and other foreign governments and regulatory bodies to stabilise financial markets will achieve the intended effect

In response to the financial crises affecting the banking system and financial markets in 2008 and 2009, and the rapid deterioration of global financial conditions generally, the Australian Federal Government and the New Zealand Government separately introduced various programmes designed to guarantee certain deposits of eligible financial institutions and to help Australian and New Zealand banks continue to access wholesale funding during the GFC. Similar stabilising actions were implemented by governments and regulatory bodies in the United States of America, United Kingdom, Europe and other jurisdictions at that time, although some of these actions and programmes have been modified and/or have been withdrawn or are likely to be withdrawn in the future (refer to the following risk factor).

It is not certain that these or other government-sponsored economic stabilisation packages will improve financial markets, consumer and investor confidence, or market volatility. Declines in consumer and investor confidence, and further market uncertainty and volatility could materially adversely affect the Group's business, financial condition and results of operations.

The withdrawal of the Australian Government Guarantee Scheme for Large Deposits and Wholesale Funding and the New Zealand Government Wholesale Funding Guarantee Scheme may adversely impact the Group's access to funding and liquidity

With improvement in the international market and liquidity conditions, and banks subsequently being able to again successfully raise non-guaranteed funds in the international wholesale market, many government-sponsored financial stabilisation packages are progressively being withdrawn. There is a risk that this may result in unexpected stress on the global financial system or regional financial systems, which could adversely impact the Group and its customers and counterparties.

Specifically, on 7 February 2010, the Australian Federal Government announced the withdrawal of the Australian Government guarantee scheme for wholesale funding effective 31 March 2010. Similarly, on 10 March 2010, the New Zealand Government announced the withdrawal of its wholesale guarantee facility with effect from 30 April 2010. Other countries have either also ended their guarantee schemes, are in the process of doing so or are likely to do so in the future.

The withdrawal of the Australian and New Zealand wholesale funding guarantee schemes could adversely impact the Group's ability to access sources of funding and lead to a decrease in the Group's liquidity position and increase in funding costs, particularly if credit market conditions are disrupted as they were during the end of the 2008 and beginning of the 2009 calendar years.

It is also possible that global financial conditions could again deteriorate, liquidity could tighten and new risks may emerge as a result of markets experiencing stress, or existing risks manifest in ways that are not currently foreseeable. Such conditions could adversely affect the Group's funding and liquidity position, negatively affecting the Group's financial performance.

If ANZNBL is unable to participate in the New Zealand Government extended Retail Guarantee Scheme it may adversely impact ANZNBL's access to funding and liquidity

On 25 August 2009 the New Zealand Government announced that it would extend the Retail Guarantee Scheme to 31 December 2011 and change some of its terms and conditions. On 19 May 2010 the RBNZ stated that it did not expect banks to enter into the extended Retail Guarantee Scheme given there is no need for them to do so and, therefore, at this stage ANZNBL does not intend to apply to be covered by it. However, if conditions change and other banks apply and are permitted to enter the extended Retail Guarantee Scheme and ANZNBL is not part of the scheme or permitted to join the scheme for any reason, then ANZNBL's ability to access sources of domestic funds may be adversely impacted and may lead to a decrease in ANZNBL's liquidity position and an increase in its funding costs.

Competition may adversely affect the Group's results, especially in Australia, New Zealand and the Asian markets in which it operates

The financial services sector in which the Group operates is highly competitive and could become even more so, particularly in those segments that are considered to provide higher growth prospects or are in greatest demand, for example, deposits. Factors that contribute to competition risk include industry deregulation, mergers and acquisitions, changes in customers' needs and preferences, entry of new participants, development of new distribution and service methods and increased diversification of products by competitors. For example, changes in the financial services sector in Australia and New Zealand have made it possible for non-banks to offer products and services traditionally provided by banks, such as automatic payment systems, mortgages and credit cards. In addition, banks organised in jurisdictions outside Australia are subject to different levels of regulation and consequently some may have lower cost structures. Increasing competition for customers could also potentially lead to a compression in the Group's net interest margins, or increased advertising and related expenses to attract and retain customers.

The effect of the competitive market conditions, especially in the Group's main markets, may lead to erosion in market share and have a materially adverse effect on the Group's financial performance and position.

The Group regularly considers acquisitions, and there is a risk that the Group may undertake an acquisition that could result in a material adverse effect on its performance

The Group regularly examines a range of corporate opportunities, including material acquisitions and disposals with a view to determining whether those opportunities will enhance the Group's financial performance and position. Any corporate opportunity that is pursued could, for a variety of reasons, turn out to have a material adverse effect on an Issuer or the Guarantor.

The successful implementation of the Group's corporate strategy will depend on a range of factors including potential funding strategies and challenges associated with integrating and adding value to an acquired business.

There can be no assurance that any acquisition would have the anticipated positive results, including results relating to the total cost of integration, the time required to complete the integration, the amount of longer-term cost savings or the overall performance of the combined entity or an improved price for the Group's securities, including an Issuer's Notes. Integration of an acquired business can be complex and costly, sometimes including combining relevant accounting and data processing systems and management controls, as well as managing relevant relationships with employees, clients, suppliers and other business partners. Integration efforts could divert management attention and resources, which could adversely affect the Group's operations or results.

Acquisitions may also result in business disruptions that cause the Group to lose customers or cause customers to remove their business from the Group to competing financial institutions. It is possible that the integration process related to acquisitions could result in the disruption of the Group's ongoing businesses or inconsistencies in standards, controls, procedures and policies that could adversely affect the Group's ability to maintain relationships with clients, customers, depositors and employees. The loss of key employees in connection with an acquisition could adversely affect the Group's ability to conduct its business successfully. The Group's operating performance, risk profile or capital structure may also be affected by these corporate opportunities and there is a risk that any of an Issuer's or the Guarantor's credit ratings may be placed on credit watch or downgraded if these opportunities are pursued.

Changes in monetary policies may adversely affect the Group's results

The Reserve Bank of Australia ("**RBA**") and the Reserve Bank of New Zealand ("**RBNZ**") regulate the supply of money and credit in Australia and New Zealand, respectively. Their policies determine

in large part the cost of funds to ANZBGL and ANZNBL respectively for lending and investing and the return that they will earn on those loans and investments. Both these factors impact the net interest margin of ANZBGL and ANZNBL and can affect the value of financial instruments it holds, such as debt securities and hedging instruments. The policies of the RBA, the RBNZ and any other relevant central monetary authority can also affect ANZBGL's and ANZNBL's borrowers, potentially increasing the risk that they may fail to repay loans. Changes in the RBA's and RBNZ's policies are difficult to predict accurately.

The Group is exposed to credit risk, which may adversely affect its results

As financial institutions, ANZBGL and ANZNBL are exposed to the risks associated with extending credit to other parties. Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, could cause customers or counterparties to experience adverse financial consequences, thereby exposing ANZBGL and ANZNBL to the increased risk that those customers or counterparties will fail to meet their obligations in accordance with agreed terms. The Group holds provisions for credit impairment. The amount of these provisions is determined by assessing the extent of impairment inherent within the current lending portfolio, based on current information. This process, which is critical to the Group's financial results and condition, requires difficult, subjective and complex judgments, including forecasts of how current and future economic conditions might impair the ability of borrowers to repay their loans. However, if the information upon which the assessment is made proves to be inaccurate or if the Group fails to identify proper factors or fails to accurately estimate the impact of factors the Group does identify, the provisions made for credit impairment may be insufficient, which could have a material adverse effect on the Group's financial performance.

Recent periods have seen an increase in impairment expenses as a consequence of the weaker global economic environment. Early signs of a recovery in the global economy have seen a reduction in impairment charges. Trading conditions however remain difficult for a number of commercial businesses and as such the Group intends to retain a cautious approach to impairment charges and provisions.

In addition, in assessing whether to extend credit or enter into other transactions with customers, ANZBGL and ANZNBL rely on information provided by or on behalf of customers, including financial statements and other financial information. They may also rely on representations of customers as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. The Group's financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading.

An increase in the failure of third parties to honour their commitments in connection with the Group's trading, lending, derivatives and other activities may adversely affect its results

The Group is exposed to the potential risk of credit-related losses that can occur as a result of a counterparty being unable or unwilling to honour its contractual obligations. As with any financial services organisation, the Group assumes counterparty risk in connection with its lending, trading, derivatives and other businesses where it relies on the ability of a third party to satisfy its financial obligations to the Group on a timely basis.

There is a risk that subsequent events will not be the same as assumed in the Group's original assessment of the ability of a third party to satisfy its obligations. Such credit exposure may also be increased by a number of factors including declines in the financial condition of the counterparty, the value of assets the Group holds as collateral and the market value of the counterparty instruments and obligations it holds. Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether.

To the extent the Group's credit exposure increases, the increase could have an adverse effect on the Group's business and profitability if material unexpected credit losses occur.

The Group is also subject to the risk that its rights against third parties may not be enforceable in certain circumstances.

Weakening of the real estate markets in Australia, New Zealand or other markets where it does business may adversely affect the Group's results

Residential, commercial and rural property lending, together with property finance, including real estate development and investment property finance, constitute important businesses to ANZBGL and ANZNBL. Property values have been quite volatile and in some locations there have been substantially reduced asset values. In particular, there is some uncertainty regarding the prospects of the New Zealand housing market given changes to the New Zealand taxation regime in the second half of 2010.

A decrease in property valuations in Australia, New Zealand or other markets where it does business could decrease the amount of new lending ANZBGL and ANZNBL are able to write and/or increase the losses that they may experience from existing loans, which, in either case, could materially and adversely impact ANZBGL and ANZNBL's financial condition and results of operations. In particular, a significant slowdown in the Australian and New Zealand housing markets or in other markets where they do business could adversely affect the results of operations of ANZBGL and ANZNBL.

Litigation and contingent liabilities may adversely affect the Group's results

From time to time, each Issuer and the Guarantor may be subject to material litigation, regulatory actions, legal or arbitration proceedings and other contingent liabilities which, if they crystallise, may adversely affect their results. Details regarding the material contingent liabilities of each Issuer and the Guarantor are contained in that Issuer's or the Guarantor's most recent financial statements which are incorporated by reference into, and form part of, this Base Prospectus (See "Information Incorporated by Reference"). There is a risk that these contingent liabilities may be larger than anticipated or that additional litigation or other contingent liabilities may arise.

Each Issuer and the Guarantor is exposed to liquidity and funding risk, which may adversely affect its results

Liquidity risk is the risk that an Issuer or the Guarantor has insufficient capacity to fund increases in its assets, or is unable to meet its payment obligations as they fall due, including repaying the Notes, depositors or other maturing wholesale debt. Liquidity risk is inherent in all banking operations due to the timing mismatch between cash inflows and cash outflows.

Reduced liquidity could also lead to an increase in the cost of the Group's borrowings and possibly constrain the volume of new lending, which could adversely affect the Group's profitability. A significant deterioration in investor confidence in the Group could materially impact the Group's ongoing operations and funding.

ANZBGL and ANZNBL each utilise a variety of funding sources including customer deposits and wholesale funding to seek to ensure that they continue to meet their funding obligations and to maintain or grow its business generally. In times of systemic liquidity stress or in the event of damage to market confidence in the Group, an Issuer's or Guarantor's ability to access sources of funding and liquidity may be constrained. Deterioration in global markets and systemic market liquidity stress may limit the Group's ability to access sources of funding and liquidity.

Since the second half of 2007, developments in the US mortgage industry and in the US and European markets more generally, have adversely affected the liquidity in global credit and capital markets. This has resulted in an increase in funding costs that continues in 2010 and in many cases a reduction in the availability of some funding sources. Future deterioration in these market

conditions may limit the Group's ability to replace maturing liabilities and access capital in a timely manner necessary to fund and grow its business and further increase its funding costs.

Global and domestic regulators have released proposals intended to strengthen liquidity requirements which, together with any risks arising from these regulatory changes, are set out in the risk factor entitled "Regulatory changes or a failure to comply with regulatory standards, law or policies may adversely affect the Group's results, operations or financial condition".

The Group is exposed to the risk that its credit ratings could change, which could adversely affect its ability to raise capital and wholesale funding

Each Issuer's and the Guarantor's credit ratings have a significant impact on both its access to, and cost of, capital and wholesale funding. A reduction in their credit rating could reduce its access to equity and wholesale debt markets and lead to an increase in funding costs, as well as affecting the willingness of counterparties to transact with it. Credit rating references may be withdrawn, revised, or suspended by the relevant credit rating agency at any time. Credit rating references are not a recommendation by the relevant rating agency to invest in securities, including the Notes, offered by an Issuer.

The Group is exposed to market risk (including foreign exchange risk), which may adversely affect its result

The Group is subject to the typical risks that arise in banking, insurance and funds management activities, including market risk which is the risk to the Group's earnings arising from changes in interest rates, foreign exchange rates, credit spreads, equity prices and indices, prices of commodities, debt securities and other financial contracts including derivatives. Losses arising from these risks may have a material adverse effect on the Group. As each Issuer conducts business in several different currencies, mainly Australian and New Zealand dollars, its businesses may be affected by a change in currency exchange rates. Additionally, as ANZBGL's annual and interim reports are prepared and stated in Australian dollars, and ANZNBL's and ANZNIL's financial statements are prepared and stated in New Zealand dollars, any appreciation in the Australian dollar or New Zealand dollar, as applicable, against other currencies in which they earn revenues (particularly to the New Zealand dollar, in the case of ANZNBL and ANZNIL, and the US dollar) may adversely affect the reported earnings.

The Group is exposed to insurance risk, which may adversely affect its results

Insurance risk is the risk of loss due to increases in policy benefits arising from variations in the incidence or severity of insured events. Insurance risk exposure arises in insurance business as the risk that claims payments are greater than expected. In the life insurance business this arises primarily through mortality (death) and morbidity (illness and injury) risks being greater than expected, whereas for the general insurance business variability arises mainly through weather-related incidents (including floods and bushfires) and similar calamities, as well as general variability in home, motor, travel and other insurance claim amounts. As a result of ING Australia Limited ("**INGA**") and ING New Zealand Limited ("**INGNZ**") becoming wholly owned subsidiaries of ANZBGL, the Group has increased exposure to insurance risk in both the life insurance business and the general insurance business, which may adversely affect its results.

The profitability of the Group's funds management and insurance businesses is affected by changes in investment markets and weaknesses in global securities markets due to credit, liquidity or other problems.

The Group may experience challenges in managing its capital base, which could give rise to greater volatility in capital ratios

The Group's capital base is critical to the management of its businesses and access to funding. The Group is required by regulators including, but not limited to, APRA, the RBNZ, the UK Financial Services Authority and US regulators, to maintain adequate regulatory capital.

Under current regulatory requirements, risk weighted assets and expected loan losses increase as a counterparty's risk grade worsens. These additional regulatory capital requirements compound any reduction in capital resulting from increased provisions for loan losses in times of stress. As a result, greater volatility in capital ratios may arise and may require the Group to raise additional capital. There can be no certainty that any additional capital required would be available or could be raised on reasonable terms.

Global and domestic regulators have released proposals, including the Basel III proposals, to strengthen, among other things, the capital requirements of banks. These proposals, together with any risks arising from any regulatory changes, are described below in the risk factor entitled "Regulatory changes or a failure to comply with regulatory standards, law or policies may adversely affect the Group's results, operations or financial condition".

Further details about the capital management regime affecting ANZBGL are contained in the section entitled "Supervision and Regulation of Australia and New Zealand Banking Group Limited", and further details of the capital management regime affecting ANZNBL and ANZNIL are contained in the section entitled "Supervision and Regulation of ANZ National Bank Limited and ANZ National (Int'l) Limited".

The Group may experience reductions in the valuation of some of its assets, resulting in fair value adjustments that may have a material adverse effect on its earnings

Under Australian Accounting Standards, the Group recognises at fair value:

- financial instruments classified as "held-for-trading" or "designated as at fair value through profit or loss";
- financial assets classified as "available-for-sale"; and
- derivatives.

Generally, in order to establish the fair value of these instruments, the Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, fair values are based on present value estimates or other accepted valuation techniques. In certain circumstances, the data for individual financial instruments or classes of financial instruments used by such estimates or techniques may not be available or may become unavailable due to changes in market conditions. In these circumstances, the fair value is determined using data derived and extrapolated from market data and tested against historic transactions and observed market trends.

The valuation models incorporate the impact of factors that would influence the fair value determined by a market participant. Principal inputs used in the determination of the fair value of financial instruments based on valuation techniques include data inputs such as statistical data on delinquency rates, foreclosure rates, actual losses, counterparty credit spreads, recovery rates, implied default probabilities, credit index tranche prices and correlation curves. These assumptions, judgments and estimates need to be updated to reflect changing trends and market conditions. The resulting change in the fair values of the financial instruments could have a material adverse effect on the Group's earnings.

The Group is exposed to the risks associated with credit intermediation and financial guarantors which may adversely affect its results

ANZBGL entered into a series of structured credit intermediation trades from 2004 to 2007. ANZBGL sold protection using credit default swaps over these structures and then, to mitigate risk, purchased protection via credit default swaps over the same structures from eight US financial guarantors. The underlying structures involve credit default swaps (CDS) over synthetic collateralised debt obligations (CDOs), portfolios of external collateralised loan obligations (CLOs) or specific bonds/floating rate notes (FRNs).

Being derivatives, both the sold protection and purchased protection are marked-to-market. Prior to the commencement of the GFC, movements in valuations of these positions were not significant and largely offset each other in income. Following the onset of the credit crisis, the purchased protection has provided only a partial offset against movements in valuation of the sold protection as:

- one of the purchased protection counterparties defaulted and many of the remaining were downgraded, and
- ANZBGL makes a credit valuation adjustment on the remaining purchased protection counterparties reflective of changes to credit worthiness.

ANZBGL is actively managing this portfolio with a view to reducing the exposure via termination and restructuring of both the bought and sold protection. To date, all but one open sold protection trades arising due to the purchased protection counterparty defaulting have been terminated. Other sold protection trades were also terminated or matured with the notional amount on the outstanding sold trades at 31 March 2010 being US\$8.6 billion (September 2009: US\$11.0 billion, March 2009: US\$11.0 billion).

The credit risk expense on structured credit derivatives still remains volatile reflecting the impact of market movements in credit spreads and USD/AUD rates. It is likely there will continue to be substantial volatility in this market value.

The Group is exposed to operational risk, which may adversely affect its results

Operational risk refers to the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk includes legal risk and the risk of reputational loss, but excludes strategic risk.

Loss from operational risk can include fines, penalties, loss or theft of funds or assets, legal costs, customer compensation, reputational loss, loss of life or injury to people and loss of property and / or information.

Examples of operational risk that the Group is exposed to include the risks arising from theft, fraud and crime; process error or failure to follow established procedures; operational or system failures; external events such as a natural disaster, other bank failures, civil unrest and other events that lead to the loss or unavailability of bank property, systems or staff; failure and breach of security, physical protection and recovery systems; failure of third party suppliers or outsourced functions; failure of customer services; product development and maintenance; failure to disclose, provide adequate advice or mis-selling; and breaches of the Group's internal policies and of laws and regulations. Similarly, there are operational risks in the management, design and implementation of major projects.

Direct or indirect losses that occur as a result of operational failures, breakdowns, omissions or unplanned events could adversely affect the Group's financial results.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that an Issuer or the Guarantor will be unable to comply with its obligations as a company with securities

admitted to the Official List, or, in the case of ANZBGL, as a supervised firm regulated by the Financial Services Authority.

Disruption of information technology systems or failure to successfully implement new technology systems could significantly interrupt the Group's business

The Group is highly dependent on information systems and technology and there is a risk that these, or the services the Group uses or is dependent upon, might fail.

Most of the Group's daily operations are computer-based and information technology systems are essential to maintaining effective communications with customers. The exposure to systems risks includes the complete or partial failure of information technology systems or data centre infrastructure, the inadequacy of internal and third-party information technology systems due to, among other things, failure to keep pace with industry developments and the capacity of the existing systems to effectively accommodate growth and integrate existing and future acquisitions and alliances.

To manage some of these risks, the Group has disaster recovery and systems continuity plans in place. However, any failure of these systems could result in business interruption, loss of customers, financial compensation, damage to reputation and/or a weakening of the Group's competitive position and could adversely impact the Group's business and have a material adverse effect on the Group's financial condition and operations.

In addition, the Group must constantly update and implement new information technology systems, in part to assist it to satisfy regulatory demands, ensure information security, enhance computer-based banking services for the Group's customers and integrate the various segments of its business. The Group may not organise these implementation projects effectively or execute them efficiently, which could lead to increased project costs, delays in its ability to comply with regulatory requirements, failure of the Group's information security controls or a decrease in the Group's ability to service its customers.

Regulatory changes or a failure to comply with regulatory standards, law or policies may adversely affect the Group's results, operations or financial condition

The Group is subject to laws, regulations, policies and codes of practice in Australia, New Zealand and in the other countries (including but not limited to the United Kingdom, the United States and different countries within Asia) in which it has operations, trades or raises funds or in respect of which it has some other connection. In particular, the Group's banking, funds management and insurance activities are subject to extensive regulation, mainly relating to the Group's liquidity levels, capital, solvency, provisioning and insurance policy terms and conditions.

Regulations vary from country to country but generally are designed to protect depositors, customers with other banking products and the banking system as a whole.

The Australian Government and its agencies, including APRA, the RBA and other financial industry regulatory bodies including the Australian Securities and Investments Commission ("**ASIC**"), have supervisory oversight of the Group. The New Zealand Government and its agencies, including the RBNZ, have supervisory oversight of the Group's operations in New Zealand, including ANZNBL and ANZNIL. To the extent that the Group has operations, trades or raises funds in, or has some other connection with, countries other than Australia or New Zealand, then such activities may be subject to the laws of, and regulation by agencies in, those countries. Such regulatory agencies include, by way of example, the US Federal Reserve Board, the US Department of Treasury, the US Office of the Comptroller of the Currency, the UK's Financial Services Authority, the Monetary Authority of Singapore, the Hong Kong Monetary Authority and other financial regulatory bodies in those countries and in other relevant countries. A failure to comply with any standards, laws, regulations or policies in any of those jurisdictions could result in sanctions by these or other regulatory agencies, the exercise of any discretionary powers that the regulators hold or

compensatory action by affected persons, which may in turn cause substantial damage to the Group's reputation. To the extent that these regulatory requirements limit the Group's operations or flexibility, they could adversely impact the Group's profitability and prospects.

Further details of the regulation and supervision affecting ANZBGL are contained in the section entitled "Supervision and Regulation of Australia and New Zealand Banking Group Limited" and further details of the regulation and supervision affecting ANZNBL and ANZNIL are contained in the section entitled "Supervision and Regulation of ANZ National Bank Limited and ANZ National (Int'l) Limited".

These regulatory and other governmental agencies (including revenue and tax authorities) frequently review banking and tax laws, regulations, codes of practice and policies. Changes to laws, regulations, codes of practice or policies including changes in interpretation or implementation of laws, regulations, codes of practice or policies, could affect the Group in substantial and unpredictable ways. These may include increasing required levels of bank liquidity and capital adequacy, limiting the types of financial services and products the Group can offer and/or increasing the ability of non-banks to offer competing financial services or products, as well as changes to accounting standards, taxation laws and prudential regulatory requirements.

As a result of the GFC, local and global regulators have proposed various amendments to financial regulation that may affect the Group. Both APRA and the Basel Committee on Banking Supervision (the "**Basel Committee**") have recently released discussion papers in regards to strengthening the resilience of the banking sector, including proposals to strengthen global capital and liquidity requirements.

While uncertainty remains as to whether any or all of these proposed regulatory changes will be adopted and the final form that any such changes will take, in Australia, any such changes may adversely affect the Group's results, operations or financial condition. The changes may lead the Group to incur additional costs as a result of increased management attention, the Group being required to raise additional amounts of higher-quality capital (such as ordinary shares) and hold significant levels of additional liquid assets and undertaking additional wholesale long-term funding to replace short-term funding to more closely match the Group's long-term asset profile. At this stage it is expected that the Group will be subject to any regulations or laws implemented to effect these frameworks. However, it is not yet possible to assess the impact of these proposed changes on the Group's business and financial position.

Unexpected changes to the Group's license to operate in any jurisdiction may adversely affect its results

The Group is licensed to operate in the various countries, states and territories in which it operates. Unexpected changes in the conditions of the licenses to operate by governments, administrations or regulatory agencies which prohibit or restrict the Group from trading in a manner that was previously permitted may adversely impact the Group's financial results.

The Group is exposed to reputation risk, which may adversely impact its results

Reputation risk may arise as a result of an external event or the Group's own actions and adversely affect perceptions about the Group held by the public, shareholders, investors, regulators or rating agencies. In addition, as ANZNBL and ANZNIL are part of the Group, they are vulnerable to financial and reputational damage by virtue of association with ANZBGL and other members of the Group. The impact of a risk event on the Group's reputation may exceed any direct cost of the risk event itself and may adversely impact the Group's earnings, capital adequacy or value.

Damage to the Group's reputation may have wide-ranging impacts, including adverse effects on the Group's profitability, capacity and cost of sourcing funding and availability of new business opportunities.

Changes to accounting policies may adversely affect the Group's results

The accounting policies and methods that the Group applies are fundamental to how it records and reports its financial position and results of operations. Management must exercise judgment in selecting and applying many of these accounting policies and methods so that they not only comply with generally accepted accounting principles but they also reflect the most appropriate manner in which to record and report on the financial position and results of operations. However, these accounting policies may be applied inaccurately, resulting in a misstatement of financial position and results of operations.

In some cases, management must select an accounting policy or method from two or more alternatives, any of which might comply with generally accepted accounting principles and be reasonable under the circumstances, yet might result in reporting materially different outcomes than would have been reported under another alternative.

The Group may be exposed to the impact of future climate change, geological and other extrinsic events which may adversely affect its results

Scientific observations and climate modelling are pointing to changes in the global climate system that may see extreme weather events increase in both frequency and severity. Among the possible effects of climate change are the risks of volcanoes, severe storms, cyclones, hurricanes, floods and rising sea levels. Such events, and others like them, pose the risk of inundation and damage to the houses and commercial assets of the Group's customers. In some cases this impact may also adversely affect the Group's collateral position in relation to credit facilities extended to those customers.

While the future impact of climate change is difficult to predict accurately, it should nevertheless be considered among the risks that may adversely impact the Group's financial results in the future.

In addition to climatic events, geological events, such as volcanic or seismic activity, or other extrinsic events, such as flu pandemic, could severely disrupt normal business activity and have a negative effect on the Group's customer's ability to pay interest or repay principal on their loans. As a consequence of the Group's large market share in the New Zealand rural sector (particularly the dairy sector), climatic and other risks that can have a large impact on this sector, could adversely impact the Group's financial results.

The Group may be exposed to the risk of impairment to capitalised software and goodwill that may adversely affect its results

In certain circumstances the Group may be exposed to a reduction in the value of intangible assets. As at 31 March 2010, the Group carried a goodwill balance of \$3,912 million which principally relates to its investment in ANZNBL and ING Australia. The Group is required to assess the recoverability of this goodwill balance on at least on an annual basis based on a discounted cash flow calculation. Changes in the assumptions upon which the calculation is based, together with expected changes in future cash flows could materially impact this assessment, resulting in the potential write-off of a part or all of the goodwill balance. Similarly, as at 31 March 2010, the Group carried capitalised software balances of \$1,034 million and the recoverability of this asset is assessed at least annually. In the event that software is no longer in use, or that the cash flows generated by the system do not support the carrying value, an impairment may be recorded, adversely impacting the Group's results.

CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes of each Series. Either (i) the full text of these conditions together with the applicable provisions of the relevant Final Terms or (ii) these conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on all Bearer Notes in definitive form or on the Certificates relating to Registered Notes in definitive form.

This Note is one of a Series (as defined below) of Notes issued by either Australia and New Zealand Banking Group Limited ("**ANZBGL**") or ANZ National Bank Limited ("**ANZNBL**") or ANZ National (Int'l) Limited ("**ANZNIL**"), whether acting through its head office, or a branch, as specified in the relevant Final Terms. References herein to the "**Issuer**" shall be references to the party specified as "**Issuer**" in the Final Terms for this Note, and references to "**Issuers**" shall be to ANZBGL, ANZNBL and ANZNIL. References herein to "**Notes**" shall be references to the Notes of this Series.

The Notes are issued pursuant to an Amended and Restated Agency Agreement dated 2 June 2010 (as further amended and/or supplemented and/or restated as at the Issue Date of the Notes, the "**Agency Agreement**") between the Issuers, ANZNBL as guarantor of the Notes issued by ANZNIL (the "**Guarantor**"), Deutsche Bank AG, London Branch as fiscal agent, calculation agent, paying agent and transfer agent and Deutsche Bank Trust Company Americas and Deutsche Bank Luxembourg S.A. as registrar and transfer agent and with the benefit of a Deed of Covenant dated 2 June 2010 (the "**Deed of Covenant**") executed by the Issuers in relation to the Notes. The fiscal agent, paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**"; the "**Paying Agents**" (which expression shall include the Fiscal Agent), the "**Registrar**"; the "**Transfer Agents**" and the "**Calculation Agent(s)**". The Guarantor has, for the benefit of the holders from time to time of the Notes issued by ANZNIL, executed and delivered a Deed of Guarantee dated 2 June 2010 (as amended and/or supplemented and/or restated from time to time, the "**Deed of Guarantee**") under which it has unconditionally and irrevocably guaranteed the due and punctual payment of all amounts due by ANZNIL under or in respect of the Notes issued by ANZNIL as and when the same shall become due and payable. Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified offices of each of the Paying Agents (if more than one), the Registrar and the Transfer Agents.

The Noteholders, the holders (the "**Couponholders**") of the interest coupons (the "**Coupons**") appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") and the holders (the "**Receiptholders**") of the receipts for the payment of instalments of principal (the "**Receipts**") relating to Notes in bearer form of which the principal is payable in instalments are bound by and are deemed to have notice of all of the provisions of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee applicable to them.

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single Series and (ii) identical in all respects (including as to listing) except for the respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Final Terms for this Note (or the relevant provisions thereof) is endorsed on this Note and supplements these Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note. References herein to "**the Final Terms**" are to the Final Terms (or the relevant provisions thereof) endorsed on this Note.

Words and expressions defined in the Agency Agreement or used in the Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Final Terms, the Final Terms will prevail.

1. Form, Denomination and Title

The Notes are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**"), in each case in the Specified Currency and the Specified Denomination(s). All Registered Notes shall have the same Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note, a Partly Paid Note, a Subordinated Dated Note or a Subordinated Undated Note, a combination of any of the foregoing or any other relevant type of Note, depending upon the Interest Basis or Redemption/Payment Basis shown in the Final Terms.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall, subject to mandatory rules of law, pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Certificate, Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "**Unsubordinated Noteholder**" means the Noteholder of a Unsubordinated Note and the Receipts relating to it, "**Subordinated Dated Noteholder**" means the Noteholder of a Subordinated Dated Note issued by ANZBGL and the Receipts relating to it, "**Subordinated Undated Noteholder**" means the Noteholder of a Subordinated Undated Note issued by ANZBGL and the Receipts relating to it (and together with a Subordinated Dated Noteholder, a "**Subordinated Noteholder**"), and "**holder**" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be).

2. Exchange and Transfers of Notes

(a) Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes and vice versa. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination.

(b) Transfer of Registered Notes

Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and such other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or (c) shall be available for delivery five business days after receipt of the request for exchange, form of transfer or Exercise Notice or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent (as defined in the Agency Agreement) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the location of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

(e) Exchange Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax, duty or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Issuer, the Registrar or the relevant Transfer Agent may require).

(f) Closed Period

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(e), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3. Status and Guarantee

The Notes may be unsubordinated Notes ("**Unsubordinated Notes**") or, where the Issuer is ANZBGL, subordinated dated Notes ("**Subordinated Dated Notes**") or subordinated undated Notes ("**Subordinated Undated Notes**"); and together with Subordinated Dated Notes, "**Subordinated Notes**") as specified in the applicable Final Terms.

(a) Unsubordinated Notes

The Unsubordinated Notes and the Receipts and Coupons relating to them constitute direct, unconditional and unsecured obligations of the Issuer and (save for certain debts of the Issuer required to be preferred by the law, including but not limited to, where the Issuer is ANZBGL, those referred to in sections 13A and 16 of the Banking Act 1959 of Australia (the "**Banking Act**") and section 86 of the Reserve Bank Act 1959 of Australia) rank *pari passu* among themselves and equally with all other unsecured obligations (other than subordinated obligations) of the Issuer.

*The debts which are preferred by law to the claim of a Noteholder in respect of a Note, including by virtue of the provisions referred to in the above paragraph of Condition 3 will be substantial, as they include (but are not limited to) claims in respect of ANZBGL's deposit liabilities in Australia, debts owed to the Australian Prudential Regulation Authority ("**APRA**") in respect of any payments by APRA to holders of protected accounts under the Banking Act, costs of APRA in certain circumstances and debts due to the Reserve Bank of Australia ("**RBA**"). Changes to applicable law may extend the debts required to be preferred by law.*

The Unsubordinated Notes rank senior to the Issuer's subordinated obligations, including where the Issuer is ANZBGL, the Subordinated Notes.

(b) Subordinated Notes — ANZBGL

(1) Subordinated Dated Notes

The Subordinated Dated Notes and the Receipts and Coupons relating to them may only be issued by ANZBGL, and will constitute direct, unsecured and subordinated obligations of ANZBGL. In the event of the winding up of ANZBGL (see Condition 10 (*Subordination*)) and prior to the commencement of the winding up of ANZBGL (see Condition 4(n)), the principal amount of, any premium or interest on, and any other payments, including additional amounts, in respect of the Subordinated Dated Notes will be subordinated in right of payment to the claims of all Unsubordinated Creditors, but will rank prior to the claims of all Subordinated Undated Creditors and the claims of the holders of any subordinated obligations which rank or are expressed to rank junior to the claims of the Subordinated Dated Creditors.

"**Unsubordinated Creditors**" means all creditors of ANZBGL (including all depositors of ANZBGL) other than:

- (i) Subordinated Dated Creditors;
- (ii) Subordinated Undated Creditors; and
- (iii) creditors whose claims against ANZBGL rank, or are expressed to rank, junior to the claims of the Subordinated Undated Creditors.

"**Subordinated Dated Creditors**" means:

- (i) Subordinated Dated Noteholders;
- (ii) creditors whose claims against ANZBGL rank *pari passu* with the claims of the Subordinated Dated Noteholders, which creditors shall be deemed to include all creditors, present and future, to whom ANZBGL is indebted where the terms of such indebtedness:

- (A) provide that such indebtedness would become due and payable on a specified or determinable date or at the end of a specified or determinable period, and that in the event of the winding up of ANZBGL the claims of those creditors against ANZBGL will be, or are expressed to be, subordinated in right of payment to the claims of all Unsubordinated Creditors of ANZBGL; and
- (B) do not provide that in the event of the winding up of ANZBGL the claims of those creditors against ANZBGL will rank, or are expressed to rank, ahead of or junior to the claims of any other Subordinated Dated Noteholders of ANZBGL to whom ANZBGL is indebted.

“Subordinated Undated Creditors” means:

- (i) Subordinated Undated Noteholders;
- (ii) creditors whose claims against ANZBGL rank *pari passu* with the claims of the Subordinated Undated Noteholders, which creditors shall be deemed to include all creditors, present and future, to whom ANZBGL is indebted where the terms of such indebtedness:
 - (A) do not provide that such indebtedness would become due and payable on a specified or determinable date or at the end of a specified or determinable period, and that in the event of the winding up of ANZBGL the claims of those creditors against ANZBGL will be, or are expressed to be, subordinated in right of payment to the claims of all Unsubordinated Creditors and Subordinated Dated Creditors of ANZBGL; and
 - (B) do not provide that in the event of the winding up of ANZBGL the claims of those creditors against ANZBGL will rank, or are expressed to rank, ahead of or junior to the claims of any other Subordinated Undated Noteholders of ANZBGL to whom ANZBGL is indebted.

The Subordinated Dated Noteholders have no contractual right to set off any sum at any time due and payable to them by ANZBGL under or in relation to the Subordinated Dated Notes against amounts owing by the Subordinated Dated Noteholders to ANZBGL.

The Subordinated Dated Notes do not limit the amount of liabilities ranking senior to the Subordinated Dated Notes which may be hereafter incurred or assumed by ANZBGL.

(2) Subordinated Undated Notes

The Subordinated Undated Notes and the Receipts and Coupons relating to them may only be issued by ANZBGL, and will constitute direct and unsecured subordinated obligations of ANZBGL. In the event of the winding up of ANZBGL (see Condition 10 (*Subordination*)) and prior to the commencement of the winding up of ANZBGL (see Condition 4(o)), the principal amount of, any premium or interest (including Deferred Interest) on, and any other payments, including additional amounts, in respect of the Subordinated Undated Notes will be subordinated in right of payment to the claims of all Unsubordinated Creditors and Subordinated Dated Creditors but will rank prior to the claims of the holders of any subordinated obligations which rank or are expressed to rank junior to the claims of the Subordinated Undated Creditors.

The Subordinated Undated Noteholders have no contractual right to set off any sum at any time due and payable to them by ANZBGL under or in relation to the Subordinated Undated Notes against amounts owing by the Subordinated Undated Noteholders to ANZBGL.

The Subordinated Undated Notes do not limit the amount of liabilities ranking senior to the Subordinated Undated Notes which may be hereafter incurred or assumed by ANZBGL.

(c) *Guarantee — by ANZNBL (in respect of Notes issued by ANZNIL)*

Where the relevant Issuer is ANZNIL, the Guarantor has in the Deed of Guarantee unconditionally and irrevocably guaranteed the due and punctual payment of all amounts due by ANZNIL under or in respect of the Notes as and when the same shall become due and payable. This Guarantee of the Notes constitutes direct, unconditional and unsecured obligations of the Guarantor which (save for certain debts of the Guarantor required to be preferred by law) will at all times rank *pari passu* among themselves and equally with all other unsecured obligations (other than subordinated obligations) of the Guarantor. The Notes issued by ANZNBL and ANZNIL are not guaranteed by ANZBGL.

4. Interest and other Calculations

(a) *Interest on Fixed Rate Notes*

- (i) Each Fixed Rate Note bears interest on its outstanding Nominal Amount from, and including, the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the Final Terms as specified Interest Payment Dates or, if no Interest Payment Date(s) is/are specified in the Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the Final Terms as the specified Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) If a Fixed Coupon Amount or a Broken Amount is specified in the Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the Final Terms.
- (iii) *Calculation of Interest Amount:* The Interest Amount payable in respect of each Note for any period for which a Fixed Coupon Amount or Broken Amount is not specified in the Final Terms shall be calculated by applying the Rate of Interest to the Calculation Amount for such Note, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest unit of the Specified Currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen, and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount. For this purpose, a “**unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means 0.01 euro, as the case may be.
- (iv) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then that date will be adjusted in accordance with the Business Day Convention specified in the relevant Final Terms.

(b) *Interest on Floating Rate Notes and Index Linked Interest Notes*

- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding Nominal Amount from, and including, the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the Final Terms as specified Interest Payment Dates or, if no Interest Payment Date(s) is/are specified in the Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period shown in the Final Terms as the specified Interest Period after the preceding Interest

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

- (ii) *Business Day Convention*: If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then that date will be adjusted in accordance with the Business Day Convention specified in the relevant Final Terms.
- (iii) *Rate of Interest for Floating Rate Notes*: The Rate of Interest in respect of Floating Rate Notes, other than in the case of BBSW Notes or BKBM Notes (unless the relevant Final Terms specify otherwise), provisions in respect of which are set out in Condition 4(c) below, for each Interest Accrual Period shall be determined in the manner specified in the Final Terms and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply (as amended by the Final Terms), depending upon which is specified in the Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this subparagraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified in the Final Terms;
- (y) the Designated Maturity is a period specified in the Final Terms; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified in the Final Terms. For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**", and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate/Reference Bank Determination for Floating Rate Notes*

- (x) If Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be (as determined by the Calculation Agent):
 - (I) the offered quotation; or
 - (II) the arithmetic mean of the offered quotations, for the Reference Rate in each case appearing on the Relevant Screen Page at the Relevant Time on the Interest Determination Date;
- (y) if sub-paragraph (x)(I) applies and no Reference Rate appears on the Relevant Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) applies and fewer than two offered quotations appear on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the offered quotations that each of the Reference Banks is quoting (or such of them, being at least two, as are so quoting) to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date for deposits of the Specified Currency for a term equal to the relevant Interest Accrual Period, as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting the Reference Rate, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage), which the Calculation Agent determines to be the nearest equivalent to the Reference Rate, in respect of deposits of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent (after consultation with the Issuer) in the Principal Financial Centre of the country of the Specified Currency, in each case as selected by the Calculation Agent (after consultation with the Issuer), are quoting at or about the Relevant Time for a period commencing on the Effective Date equivalent to the relevant Interest Accrual Period to leading banks carrying on business in (i) Europe, or (ii) (if the Calculation Agent determines that fewer than two of such banks are so quoting to such leading banks in Europe) the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to such leading banks, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified in the Final Terms and interest will accrue by reference to an Index or Formula as specified in the Final Terms.

(c) *Rate of Interest on BBSW Notes or BKBM Notes*

If a Note is specified to be a BBSW Note or BKBM Note, the Rate of Interest for each Interest Accrual Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) the Rate of Interest shall be the stated average (expressed as an interest rate per annum and rounded up, if necessary, to, in the case of BBSW Notes, the fourth decimal place and, in the case of BKBM Notes, the fifth decimal place) of the mean buying and selling rates (for the purposes of this Condition 4(c), each such rate a “**quotation**”) of each BBSW Reference Bank or BKBM Reference Bank, as the case may be, (each as defined below) excluding the highest and lowest quotations for bank bills having a tenor approximately equal to the relevant Interest Accrual Period as set forth on the display page designated on page “BBSW” or “BKBM,” as the case may be on the Reuters screen service (“**BBSW Reuters Page**” or “**BKBM Reuters Page**,” as the case may be) or such other information service as may replace the BBSW Reuters Page or BKBM Reuters Page, as the case may be, for the purpose of displaying Australian dollar bank bill rates or New Zealand dollar bank bill rates, as the case may be, of leading financial institutions in Australia or New Zealand, as the case may be, at or about the Relevant Time on the relevant Interest Determination Date in respect of such Interest Accrual Period, converted by the Calculation Agent (by dividing such Interest Rate by 365 and then multiplying it by 360) into a rate expressed on a 360-day year basis, or as otherwise specified in the Final Terms;
- (ii) if, at or about the Relevant Time on any Interest Determination Date, the quotation of only two BBSW Reference Banks or BKBM Reference Banks, as the case may be, is available, or no such quotations are available, on the BBSW Reuters Page or BKBM Reuters Page, as the case may be, or if the BBSW Reuters Page or the BKBM Reuters Page, as the case may be, is unavailable, the Calculation Agent shall at or about the Relevant Time on such Interest Determination Date request the principal office of each of the BBSW Reference Banks or BKBM Reference Banks, as the case may be, to provide the Calculation Agent with its

quotation (expressed as an interest rate per annum) for the Australian dollar bank bills or New Zealand dollar bank bills, as the case may be, having a tenor approximately equal to the relevant Interest Accrual Period. The Rate of Interest for such Interest Accrual Period shall be the arithmetic mean (rounded up as aforesaid) of such quotations excluding the highest and lowest quotations, as determined by the Calculation Agent and converted by the Calculation Agent (by dividing such Rate of Interest by 365 and then multiplying it by 360) into a rate expressed on a 360-day year basis, or as otherwise specified in the Final Terms;

- (iii) if, at or about the Relevant Time on any Interest Determination Date only two or less quotations are available under sub-paragraph (i) above, but at least three but fewer than all the BBSW Reference Banks or BKBM Reference Banks, as the case may be, provide the Calculation Agent with quotations as referred to in sub-paragraph (ii) above, the Rate of Interest for the relevant Interest Accrual Period shall be determined in accordance with sub-paragraph (ii) above, on the basis of the quotations of those BBSW Reference Banks or BKBM Reference Banks, as the case may be, providing such quotations; and
- (iv) if, at or about the Relevant Time on any Interest Determination Date, the Rate of Interest cannot be determined by reference to any of sub-paragraphs (i), (ii) and (iii) above, the Rate of Interest for the relevant Interest Accrual Period shall, subject as provided below, be the rate per annum converted by the Calculation Agent (by dividing such Rate of Interest by 365 and then multiplying it by 360) into a rate expressed on a 360-day basis, which the Calculation Agent determines to be either (A) the arithmetic mean (rounded upwards as aforesaid) of the offered rates (excluding the highest and lowest of such offered rates) which leading financial institutions selected by the Calculation Agent (after consultation with the Issuer) are quoting at or about the Relevant Time on such Interest Determination Date for bank bills for such Interest Accrual Period to the principal office of each of the BBSW Reference Banks or BKBM Reference Banks, as the case may be, or those of them (being at least three in number) to which such offered rates are, in the opinion of the Calculation Agent, being so quoted, or (B) in the event that the Calculation Agent can determine no such arithmetic mean, the arithmetic mean (rounded upwards as aforesaid) of the offered rates (excluding the highest and lowest of such offered rates) which leading financial institutions selected by the Calculation Agent (after consultation with the Issuer) are quoting on such date to leading financial institutions which have their head offices in Europe for bank bills for such Interest Accrual Period; provided that if the financial institutions selected as referred to in (B) above by the Calculation Agent are not quoting as mentioned above, the Rate of Interest for the relevant Interest Accrual Period shall be the Rate of Interest in effect for the last preceding Interest Accrual Period (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

In relation to BBSW Notes or BKBM Notes, as the case may be, unless stated to the contrary on the face thereof, "**BBSW Reference Banks**" or "**BKBM Reference Banks**", as the case may be, shall mean the financial institutions appearing on the BBSW Reuters Page or BKBM Reuters Page, as the case may be, (or any replacement page thereof) at or about the Relevant Time on the relevant Interest Determination Date provided that if on such Interest Determination Date there are less than three financial institutions appearing on the BBSW Reuters Page or BKBM Reuters Page, as the case may be, (or any replacement page thereof) or the BBSW Reuters Page or BKBM Reuters Page, as the case may be, is unavailable, the "**BBSW Reference Banks**" or "**BKBM Reference Banks**", as the case may be, shall be the financial institutions appearing on the BBSW Reuters Page or BKBM Reuters Page, as the case may be, (or any replacement page thereof) at or about the Relevant Time on the last preceding date on which two or more financial institutions so appeared.

(d) Zero Coupon Notes

Where a Note, the Interest Basis of which is specified in the Final Terms to be Zero Coupon, is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note, unless otherwise specified in the Final Terms. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield.

(e) Dual Currency Notes

In the case of Dual Currency Notes, if the rate or amount of interest is to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the Final Terms.

(f) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up Nominal Amount of such Notes and otherwise as specified in the Final Terms.

(g) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (after, as well as before, judgment) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date.

(h) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding

- (i) If any Margin or Rate Multiplier is specified in the Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) or (c) above, by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying such Rate Multiplier, subject always to the next paragraph;
- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified in the Final Terms, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be;
- (iii) Subject to the requirements of applicable law, for the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven decimal places (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "**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 0.01 euro, as the case may be.

(i) Calculations

Unless otherwise specified in the Final Terms, the amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the

outstanding Nominal Amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in the Final Terms in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(j) *Determination and Publication of Rate of Interest, Interest Amounts, Final Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount or Instalment Amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, the Guarantor (if applicable), each of the Paying Agents, the Noteholders, the Registrar, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange (and/or admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system) and the rules of such listing authority, stock exchange and/or quotation system so require, such listing authority, stock exchange and/or quotation system as soon as possible after their determination but in no event later than (y) the commencement of the relevant Interest Accrual Period, if determined prior to such time in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (z) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Accrual Period is subject to adjustment pursuant to Condition 4(a)(iv) or Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Accrual Period. If the Calculation Amount is less than the minimum Specified Denomination, the Calculation Agent shall not be obligated to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(k) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Amortisation Yield" has the meaning given in Condition 5(d)(ii) unless otherwise specified in the Final Terms.

"Amortised Face Amount" has the meaning given in Condition 5(d)(ii) unless otherwise specified in the Final Terms.

"APRA" means the Australian Prudential Regulation Authority (or any successor organisation).

"Australian Tax Act" means the Income Tax Assessment Act 1936 or the Income Tax Assessment Act 1997 of Australia as applicable (which term includes any amendments or successor legislation).

"BBSW Note" means a Floating Rate Note denominated in Australian dollars.

"BKBM Note" means a Floating Rate Note denominated in New Zealand dollars.

"Business Day" means:

- (i) a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in London and, where ANZBGL is the Issuer, Sydney or, where ANZNBL or ANZNIL is the Issuer, Auckland and Wellington; and
- (ii) in the case of:
 - (a) a Specified Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments generally in the Principal Financial Centre for such Specified Currency; or
 - (b) in the case of euro, a TARGET2 Business Day; and
- (iii) in the case of one or more Additional Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the Additional Business Centres or, if no currency is indicated, generally in each of the Additional Business Centres,

unless otherwise specified in the relevant Final Terms.

"Business Day Convention" in relation to an Interest Payment Date or other particular date, unless otherwise specified in the relevant Final Terms, has the following meaning as so specified in the Final Terms:

- (i) **Floating Rate Business Day Convention** means that the relevant date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (ii) **Following Business Day Convention** means that the relevant date shall be postponed to the next day that is a Business Day;
- (iii) **Modified Following Business Day Convention** means that the relevant date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;
- (iv) **Preceding Business Day Convention** means that the relevant date shall be brought forward to the immediately preceding Business Day; or
- (v) **No adjustment** means that the relevant date shall not be adjusted in accordance with any Business Day Convention.

"Calculation Amount" has the meaning given in the relevant Final Terms.

"Day Count Fraction" means, in relation to the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Accrual Period, the **"Calculation Period"**):

- (i) if "**Actual/Actual (ICMA)**" is specified in the Final Terms:
 - (A) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year; and
 - (B) where the Calculation Period is longer than one Regular Period, the sum of:
 - (1) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year; and
 - (2) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year;

where "**Regular Period**" means:

- (A) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
 - (B) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
 - (C) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.
- (ii) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
 - (iii) if "**Actual/365 (Fixed)**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365;
 - (iv) if "**Actual/365 (Sterling)**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
 - (v) if "**Actual/360**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 360;
 - (vi) if "**30/360 (ICMA)**" is specified in the Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

- (vii) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

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

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

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

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

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

“**D₁**” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (viii) if “**30E/360**” or “**Eurobond Basis**” is specified in the Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

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

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

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

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

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

“**D₁**” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D₂ will be 30; or

- (ix) if “**30E/360 (ISDA)**” is specified in the Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

where:

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

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y₂**" is the year, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**M₁**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M₂**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Calculation Period falls;

"**D₁**" is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, however, that in each case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period.

"**Deferred Interest**" means, at any time, any unpaid interest in respect of a Subordinated Undated Note which has been deferred in accordance with Condition 4(p)(i).

"**Early Redemption Amount**" means, in relation to a Note other than a Zero Coupon Note, its Nominal Amount unless otherwise specified in the Final Terms or, in relation to a Zero Coupon Note, as specified in Condition 5(d).

"**Effective Date**" means, with respect to any Floating Rate to be determined on an Interest Determination Date, unless otherwise specified in the Final Terms, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"**EURIBOR**" means the Euro-Zone inter-bank offered rate.

"**Euro-Zone**" means the region comprised of Member States of the European Economic Area that adopt the single currency in accordance with the Treaty establishing the European Community, as amended (the "**Treaty**").

"**Event of Default**", in respect of Unsubordinated Notes, has the meaning given in Condition 9(a) and, in respect of Subordinated Notes, has the meaning given in Condition 9(b).

"**Exercise Notice**" has the meaning given in Condition 5(f).

"**Extraordinary Resolution**" has the meaning given in Condition 11(a).

"**Final Redemption Amount**" means, in relation to a Note (other than a Subordinated Undated Note), its Nominal Amount unless otherwise specified in the Final Terms.

"**Initial Call Date**" means the first occurring Optional Redemption Date (if any).

"**Interest Amount**" means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount, Broken Amount or the amount calculated pursuant to Condition 4(a)(iii), as the case may be.

"**Interest Accrual Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date, except that the final Interest Accrual Period ends on (but excludes) the Maturity Date or the date of any earlier redemption of a Note in accordance with the Conditions, or any other period specified in the Final Terms.

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the Final Terms.

"Interest Determination Date" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the Final Terms or, if none is so specified:

- (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or if the Notes are BBSW Notes or BKBM Notes;
- (ii) except for BBSW Notes or BKBM Notes, the day falling two Business Days for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro; or
- (iii) the day falling two TARGET2 Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"Interest Payment Date(s)" means the date or dates specified in the Final Terms and, unless otherwise specified in the Final Terms, the final Interest Payment Date shall be the Maturity Date or such earlier date on which the relevant Notes are redeemed in accordance with the Conditions.

"Interest Period" means, unless otherwise specified in the Final Terms, the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, except that the final Interest Period ends on (but excludes) the Maturity Date or the date of any earlier redemption of a Note in accordance with the Conditions.

"Interest Period Date" means each Interest Payment Date unless otherwise specified in the Final Terms.

"ISDA Definitions" means, unless otherwise specified in the Final Terms, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) or, if so specified in the relevant Final Terms, the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) in each case as published by the International Swaps and Derivatives Association, Inc.).

"Issue Date" means the date of issue of the Notes as specified in the Final Terms.

"LIBOR" means the London inter-bank offered rate.

"Nominal Amount" in respect of a Note means the outstanding nominal amount of that Note.

"Offshore Associate" has the meaning given in Condition 5(h).

"Principal Financial Centre" means, in relation to a Specified Currency or any other currency, the principal financial centre of the country of that Specified Currency or other currency, which in the case of euro, is the Euro-Zone.

"Rate of Interest" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with these Conditions and the provisions set out in the Final Terms.

"Record Date" has the meaning given in Condition 6(b)(ii).

"Redemption Amount(s)" means the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Maximum Redemption Amount or Minimum Redemption Amount, as the case may be.

"Reference Banks" means (other than in relation to BBSW Notes or BKBM Notes, separate provisions for which are contained in Condition 4(c)) the institutions specified as such in the Final

Terms or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Reference Rate specified in the Final Terms which, if the relevant Reference Rate is EURIBOR, shall be the Euro-Zone.

"Relevant Date" has the meaning given in Condition 7.

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined in accordance with Screen Rate Determination on an Interest Determination Date:

- (i) (A) in the case of BBSW Notes, Sydney (B) in the case of BKBM Notes, either Wellington or Auckland, New Zealand or (C) in either case such other financial centre as may be specified in the Final Terms; and
- (ii) in all other cases, the financial centre specified as such in the Final Terms or, if none is so specified, the Principal Financial Centre with which the relevant Reference Rate is most closely connected (which, where the Specified Currency is euro, shall be the Euro-Zone) or, if none is so connected, London.

"Relevant Time" with respect to any Interest Determination Date, unless otherwise specified in the Final Terms, in the case of BBSW Notes is 10.10 a.m. Sydney time, in case of BKBM Notes is 10.45 a.m. Wellington time, in the case of LIBOR is 11.00 a.m. London time and in the case of EURIBOR is 11.00 a.m. Brussels time.

"Solvent" means at any time in respect of ANZBGL:

- (i) it is able to pay all its debts as and when they become due and payable; and
- (ii) its assets exceed its liabilities.

"Specified Currency" means the currency specified as such in the Final Terms or, if none is specified, the currency in which the Notes are denominated.

"Subordinated Dated Creditors" has the meaning given in Condition 3(b)(1).

"Subordinated Undated Creditors" has the meaning given in Condition 3(b)(1).

"TARGET2 Business Day" means a day on which the TARGET2 System is open.

"TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

"Unsubordinated Creditors" has the meaning given in Condition 3(b)(1).

(l) *Calculation Agent and Reference Banks*

The Issuer and, if applicable, the Guarantor shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Final Terms and for so long as any Note is outstanding (as defined in the Agency Agreement). If any Reference Bank (acting through its relevant offices) is unable or unwilling to continue to act as a Reference Bank, then the Issuer or, failing which and if applicable, the Guarantor shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount or Optional Redemption Amount or to comply with any other requirement, the Issuer or, failing which and if applicable, the Guarantor shall appoint a leading bank or investment banking firm engaged in the

interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(m) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 (*Interest and other Calculations*) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor (if applicable), the Calculation Agent, the Fiscal Agent, the other Paying Agents (if any), the Registrar and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(n) Conditions of Payment — Subordinated Dated Notes

Prior to the commencement of the winding up of ANZBGL (other than under or in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency):

- (i) the obligations of ANZBGL to make payments of principal of, any premium or interest on, and any other payments, including additional amounts, in respect of the Subordinated Dated Notes will be conditional on ANZBGL being Solvent at the time of such payment by ANZBGL; and
- (ii) no payment of principal of, any premium or interest on, and any other payments, including additional amounts, in respect of the Subordinated Dated Notes shall be made unless ANZBGL is Solvent immediately after making such payment,

and if, pursuant to this Condition, ANZBGL fails to make any payment of principal of, or premium or interest on, or any other payment, including additional amounts in respect of any Subordinated Dated Note when due, such failure will not constitute an Event of Default for the purposes of Condition 9(b)(ii).

A certificate signed by ANZBGL, two authorised signatories or an auditor of ANZBGL or, if ANZBGL is being wound up, its liquidator as to whether ANZBGL is Solvent at any time is (in the absence of wilful default, bad faith or manifest error) conclusive evidence of the information contained in the certificate and will be binding on the Subordinated Dated Noteholders. In the absence of any such certificate, the Subordinated Dated Noteholders are entitled to assume (unless the contrary is proved) that ANZBGL is Solvent at the time of, and will be Solvent immediately after, any payment on or in respect of the Subordinated Dated Notes.

(o) Conditions of Payment — Subordinated Undated Notes

Prior to the commencement of the winding up of ANZBGL (other than under or in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency) the obligations of ANZBGL to make payments of interest (including any Deferred Interest) on, and any other payments, including additional amounts, in respect of the Subordinated Undated Notes will be at the option of ANZBGL, provided that unless APRA has given its prior written approval:

- (i) (A) the obligations of ANZBGL to make such payments will be conditional on ANZBGL being Solvent at the time of such payment by ANZBGL; and
- (B) no such payments shall be made unless ANZBGL is Solvent immediately after making such payment; or

- (ii) no such payments shall be made on an Interest Payment Date or other date on which interest is due and payable if the amount of such payment exceeds the Distributable Profits as at the relevant Regular Record Date for that date,

and if ANZBGL fails to make any payment of interest (including any Deferred Interest) on, or any other payment, including additional amounts, in respect of any Subordinated Undated Note when due, such failure will not constitute an Event of Default for the purposes of Condition 9(b)(iii). Subordinated Undated Noteholders have no right to apply for the winding up or administration of ANZBGL, or cause a receiver or receiver and manager to be appointed in respect of ANZBGL, on the grounds that ANZBGL failed to make, or is or may become unable to make, a payment of interest (including any Deferred Interest) under those Subordinated Undated Notes.

For the purposes of this Condition 4(o):

“Distributable Profits” means, in respect of any Regular Record Date, an amount calculated in accordance with the following formula:

Distributable Profits = the lesser of A – B and C – D

Where:

- (a) “A” is the aggregate of the consolidated net profits after income tax of ANZBGL, its subsidiaries and other entities whose financial results are required to be consolidated with ANZBGL (determined before any interest, dividends or distributions paid or payable by ANZBGL on its Upper Tier 2 Capital and Tier 1 Capital) for the immediately preceding two six monthly financial periods for which results have been publicly announced (or any other amount as determined by APRA in its discretion to be appropriate in ANZBGL’s circumstances on a Level 2 basis for the purposes of paying interest, dividends or distributions on ANZBGL’s Tier 1 Capital and Upper Tier 2 Capital).
- (b) “B” is the aggregate amount of interest, dividends, distributions or other amounts paid, determined to be paid or liable to be paid by ANZBGL, any of its subsidiaries and any other entities whose financial results are required to be consolidated with ANZBGL in the 12 months to and including the applicable Interest Payment Date on:
 - (1) the Subordinated Undated Notes; and
 - (2) any other Tier 1 Capital or Upper Tier 2 Capital security of ANZBGL or any of its subsidiaries or any other entities whose financial results are required to be consolidated with ANZBGL to the extent interest, dividends, distributions or other amounts on those securities are funded by ANZBGL or by instruments of ANZBGL,but excluding:
 - (i) interest payable in relation to the Subordinated Undated Notes on the relevant Interest Payment Date; and
 - (ii) any such interest, dividend, distribution or other amount to which ANZBGL, any of its subsidiaries or any other entities whose financial results are required to be consolidated with ANZBGL was or is beneficially entitled.
- (c) “C” is the net profit after income tax of ANZBGL on a Level 1 basis (determined before any interest, dividends or distributions paid or payable by ANZBGL on its Upper Tier 2 Capital and Tier 1 Capital) for the period referred to in (a) above (or any other amount as determined by APRA in its discretion to be appropriate in ANZBGL’s circumstances on a Level 1 basis for the purposes of paying interest, dividends or distributions on ANZBGL’s Tier 1 Capital and Upper Tier 2 Capital).
- (d) “D” is the aggregate amount of interest, dividends, distributions or other amounts paid, determined to be paid or liable to be paid:

- (1) by ANZBGL in the twelve months to and including the relevant Interest Payment Date on:
 - (A) the Subordinated Undated Notes; and
 - (B) any other Tier 1 Capital or Upper Tier 2 Capital security of ANZBGL to the extent interest, dividends, distributions or other amounts on those securities are funded by ANZBGL; and
- (2) on any other securities determined by APRA in its discretion to be appropriate Tier 1 Capital or Upper Tier 2 capital on a Level 1 basis,

but excluding:

- (i) interest payable in relation to the Subordinated Undated Notes on the relevant Interest Payment Date; and
- (ii) any such interest, dividend, distribution or other amount to which ANZBGL was or is beneficially entitled.

“**Level 1**” and “**Level 2**” have the respective meanings given to those terms from time to time by APRA.

“**Regular Record Date**” means, in respect of an Interest Payment Date or any other date on which interest is due and payable, the day (whether or not a Business Day) prior to such Interest Payment Date.

“**Tier 1 Capital**” means at any time any equity, debt or other capital so described by APRA.

“**Upper Tier 2 Capital**” means at any time any equity, debt or other capital so described by APRA.

(p) Deferred Interest — Subordinated Undated Notes

- (i) If and to the extent that all or any part of an interest payment in respect of the Subordinated Undated Notes is not paid when due on an Interest Payment Date, that unpaid amount will be deferred and will automatically become due and payable on the next Interest Payment Date or any earlier date on which the Subordinated Undated Notes are redeemed, subject to Condition 4(o). Any interest payment made in part will be made on a *pro rata* basis among the Subordinated Undated Noteholders.
- (ii) Notwithstanding Condition 4(p)(i), if APRA has given its prior written approval, ANZBGL may make payments of Deferred Interest at any time.
- (iii) Deferred Interest does not accrue interest for the period during which it remains unpaid and a Subordinated Undated Noteholder has no claim in respect of interest on that unpaid interest.
- (iv) ANZBGL shall notify as soon as practicable the Subordinated Undated Noteholders in accordance with Condition 14 (*Notices*) of any such non-payment of interest on the Subordinated Undated Notes on any Interest Payment Date, specifying the amount of interest being deferred on that Interest Payment Date and (if relevant) the cumulative Deferred Interest remaining unpaid immediately following that Interest Payment Date.

(q) Dividend Stopper — Subordinated Undated Notes

- (i) If ANZBGL fails to pay in full interest on the Subordinated Undated Notes on any Interest Payment Date then, unless the holders of a majority in Nominal Amount of the Subordinated Undated Notes otherwise consent, from the date of such Interest Payment Date, ANZBGL may not pay any interest on, declare or pay any dividends, distributions or interest (or arrears thereof) from the income or capital of ANZBGL on, or return any capital or undertake any

buy-backs, redemptions, repurchases or other acquisitions of ANZBGL's US\$300,000,000 Perpetual Capital Floating Rate Notes (the "**Existing Perpetual Subordinated Notes**") or any other securities or instruments of ANZBGL that by their terms rank or are expressed to rank, equally with or junior to the Subordinated Undated Notes for payment of interest, dividend or similar payments, unless and until ANZBGL has paid such unpaid interest in full.

- (ii) The restrictions contained in Condition 4(q)(i) above do not apply to:
- (A) proportionate payments on the Subordinated Undated Notes, the Existing Perpetual Subordinated Notes and such other securities of the Issuer that rank or are expressed to rank for interest payment, dividends or distributions equally with the Subordinated Undated Notes; or
 - (B) repurchases (including buy backs), redemptions or other acquisitions of ANZ Shares in connection with:
 - (1) any employment contract, employee share scheme, benefit plan, share option plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of ANZBGL or any entity that ANZBGL controls;
 - (2) a dividend reinvestment plan or shareholder share purchase plan; or
 - (3) the issuance of ANZ Shares, or securities convertible into or exercisable for such shares, as consideration in an acquisition transaction entered into prior to the non-payment of interest referred to in Condition 4(q)(i);
 - (C) an exchange, redemption or conversion of any class or series of ANZ Shares, or any securities of a subsidiary or of any other entity whose financial results are required to be consolidated with the Issuer's financial statements, for any class or series of ANZ Shares, or of any class or series of the Issuer's indebtedness for any class or series of ANZ Shares;
 - (D) the purchase of fractional interests in ANZ Shares under the conversion or exchange provisions of the shares or the security being converted or exchanged;
 - (E) any payment or declaration of a dividend in connection with any shareholder's rights plan, or the issuance of rights, shares or other property under any shareholder's rights plan, or the redemption or repurchase of rights pursuant to the plan; or
 - (F) any dividend in the form of shares, warrants, options or other rights where the dividend shares or the shares issuable upon exercise of such warrants, options or other rights are the same class or series of shares as those on which the dividend is being paid or rank equal or junior to those shares.

Nothing in these Conditions prohibits the Issuer or an entity it controls from purchasing ANZ Shares (or an interest therein) in connection with transactions for the account of customers of the Issuer or customers of entities that the Issuer controls or in connection with the distribution or trading of ANZ Shares in the ordinary course of business. This includes (for the avoidance of doubt and without affecting the foregoing) any acquisition resulting from:

- (1) taking security over ANZ Shares in the ordinary course of business; and
- (2) acting as trustee for another person where neither the Issuer nor any entity it controls has a beneficial interest in the trust (other than a beneficial interest that arises from a security given for the purposes of a transaction entered into in the ordinary course of business).

For the purposes of this Condition 4(q)(ii):

“**ANZ Shares**” means ordinary shares in the capital of ANZBGL.

“**control**” has the meaning given in section 9 of the Corporations Act 2001 of Australia.

5. Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5 or unless the relevant Instalment Date (being one of the dates so specified in the Final Terms) is extended pursuant to any Issuer’s or Noteholders’ option in accordance with Condition 5(e) or 5(f), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the Final Terms. The outstanding Nominal Amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the Nominal Amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer’s or Noteholders’ option in accordance with Condition 5(e) or 5(f), each Note (other than a Subordinated Undated Note) shall be finally redeemed on the Maturity Date specified in the Final Terms at its Final Redemption Amount or, in the case of a Note (other than a Subordinated Undated Note) falling within paragraph (i) above, its final Instalment Amount.
- (iii) Subordinated Undated Notes are perpetual instruments and do not have a Maturity Date.

(b) Redemption for taxation reasons applicable to all Notes

If, as a result of any change in or amendment to the laws or regulations of the jurisdiction of incorporation of the Issuer and/or, where the Issuer is acting through its branch, the jurisdiction, country or territory in which the branch through which the Issuer is acting as specified in the relevant Final Terms is located and/or, if applicable, the jurisdiction of incorporation of the Guarantor, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations or any ruling, confirmation or advice from any taxing authority, which change or amendment or ruling becomes effective on or after the Issue Date shown on the face of any Note, the Issuer or, if applicable, the Guarantor (if the Guarantor was or is obliged to make a payment under the Guarantee) has or will become obliged to pay additional amounts as provided in Condition 7 (*Taxation*), the Issuer may at its option, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (in the case of Floating Rate Notes or Index Linked Interest Notes), on giving not more than 60 nor less than 30 days’ notice to the Noteholders of the relevant Series (which notice shall be irrevocable) redeem all, but not some only, of the Notes of the relevant Series at their Early Redemption Amount together with interest (including, in the case of Subordinated Undated Notes, any Deferred Interest) accrued to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, if applicable, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due or (as the case may be) an obligation to make a payment under the Guarantee were then made. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by two persons each of whom is either a Director, a Senior Executive, an authorised representative or of equivalent status of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

(c) *Redemption for Regulatory reasons*

If the Subordinated Undated Notes cease to qualify as Upper Tier 2 Capital (as defined in Condition 4(o)), ANZBGL may at its option, at any time prior to the Initial Call Date or on any Interest Payment Date on or after the Initial Call Date, on giving not more than 60 nor less than 30 days' notice to the Subordinated Undated Noteholders of the relevant Series (which notice shall be irrevocable) redeem all, but not some only, of the Subordinated Undated Notes of the relevant Series at the Early Redemption Amount together with interest (including any Deferred Interest) accrued to the date fixed for redemption. Prior to the publication of any notice of redemption pursuant to this Condition 5(c), ANZBGL shall deliver to the Fiscal Agent a certificate signed by two persons each of whom is either a Director, a Senior Executive, an authorised representative or of equivalent status of ANZBGL stating that ANZBGL is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of ANZBGL so to redeem have occurred.

(d) *Early Redemption of Zero Coupon Notes*

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note that does not bear interest prior to the Maturity Date, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(b), (e) or (f) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*), shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the Final Terms.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the "**Amortised Face Amount**" of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted to the date of its early redemption at a rate per annum (expressed as a percentage) equal to the "**Amortisation Yield**" (which, if none is set out in the Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the Issue Price of the Notes if such Notes were discounted back from the Maturity Date to the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction set out in the Final Terms.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(b), (e) or (f) or upon it becoming due and payable as provided in Condition 9 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (after, as well as before, judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(d).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction.

(e) *Redemption at the Option of the Issuer and Exercise of Issuer's Options*

If a Call Option is included in the Final Terms, the Issuer may, on giving not less than five or more than 30 days' irrevocable notice (subject to such other notice period as may be specified in the Final Terms under "Option Exercise Date(s)") to the Noteholders redeem, or exercise any Issuer's option (as may be described in the Final Terms) in relation to, all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest (including, in the case of Subordinated Undated Notes,

any Deferred Interest) accrued to the date fixed for redemption. Any such redemption or exercise of the Issuer's option shall just relate to Notes of a Nominal Amount at least equal to the Minimum Redemption Amount to be redeemed specified in the Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the Final Terms.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as may be fair and reasonable in the circumstances, having regard to prevailing market practices and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements. So long as the Notes are listed on the Official List of the FSA and admitted to trading on the Regulated Market of the London Stock Exchange and/or admitted to listing, trading and/or quotation on any other listing authority, stock exchange and/or quotation system and the rules of the relevant listing authority, stock exchange and/or quotation system so require, the Issuer shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation in London (which is expected to be the Financial Times) or as specified by such other listing authority, stock exchange and/or quotation system, a notice specifying the aggregate principal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

(f) Redemption at the Option of Noteholders and Exercise of Noteholders' Options

If Put Option is specified in the Final Terms, the Issuer shall, at the option of the holder of such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (subject to such other notice period as may be specified in the Final Terms, under "Option Exercise Date(s)"), redeem such Note on the Optional Redemption Date(s) so provided at its Optional Redemption Amount together with interest (including in the case of Subordinated Undated Notes, any Deferred Interest) accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out in the Final Terms the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer, except that such Note or Certificate will be returned to the relevant Noteholder by the Paying Agent, the Registrar or Transfer Agent with which it has been deposited if, prior to the due date for its redemption or the exercise of the option, the Note becomes immediately due and payable or if upon due presentation payment of the redemption moneys is not made or exercise of the option is denied.

(g) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified in the Final Terms.

(h) Purchases

Where ANZBGL is the Issuer of this Note, ANZBGL is taken to represent as at the date of issue of this Note, that it does not know, or have any reasonable grounds to suspect, that this Note or any interest in this Note is being or will later be, acquired either directly or indirectly by an Offshore Associate of ANZBGL (acting other than in the capacity of a dealer, manager or underwriter in relation to the placement of this Note or a clearing house, custodian, funds manager or

responsible entity of a registered scheme within the meaning of the Corporations Act 2001 of Australia).

“Offshore Associate” means an associate (as defined in section 128F of the Australian Tax Act) of ANZBGL that is either a non-resident of the Commonwealth of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia or, alternatively, a resident of Australia that acquires the Notes in carrying on business at or through a permanent establishment outside of Australia.

The Issuer, the Guarantor and any of their respective subsidiaries may, to the extent permitted by applicable laws and regulations, at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

Notes purchased by the Issuer, the Guarantor or any of their respective subsidiaries may be surrendered by the purchaser through the Issuer to the Fiscal Agent or any Paying Agent for cancellation or may at the option of the Issuer, the Guarantor or the relevant subsidiary be held or resold.

(i) Cancellation

All Notes redeemed by the Issuer or surrendered by the purchaser through the Issuer for cancellation pursuant to Condition 5(h) shall be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to, or to the order of, the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(j) Consent of APRA

Notwithstanding anything to the contrary in this Condition 5, unless otherwise specified or determined by APRA, where ANZBGL is the Issuer, ANZBGL may not redeem any Subordinated Dated Notes under paragraphs (b), (d), (e), (f) or (g) above or prior to the Maturity Date under paragraphs (a) or (g) above or any Subordinated Undated Notes under paragraphs (b), (c), (d), (e) or (g) above or purchase any Subordinated Notes under paragraph (h) above without the prior written approval of APRA.

6. Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Conditions 6(f)(ii) and (vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the Principal Financial Centre for that currency; provided, however, that:

- (i) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such

Specified Currency drawn on, a bank in the Principal Financial Centre of the country of such Specified Currency (which (a) if the Specified Currency is New Zealand dollars shall be Wellington and Auckland; provided that where the London branch of ANZNIL is the Issuer (as specified in the Final Terms relating to the Notes) such account and bank shall be located outside of New Zealand, and (b) if the Specified Currency is Australian dollars, shall be Sydney); and

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; provided that where the London branch of ANZNIL is the Issuer (as specified in the Final Terms relating to the Notes) such euro account or bank on which such euro cheque is drawn shall be located outside of New Zealand.

(b) Registered Notes

- (i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar in the manner provided in subparagraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest in respect of each Registered Note shall be made in the relevant Specified Currency by cheque drawn on a bank in the Principal Financial Centre of the country of such Specified Currency (which (a) if the Specified Currency is New Zealand dollars shall be Wellington and Auckland; provided that where the London branch of ANZNIL is the Issuer (as specified in the Final Terms relating to the Notes) such account and bank shall be located outside of New Zealand, and (b) if the Specified Currency is Australian dollars, shall be Sydney), and mailed to the holder (or the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph 7(a) above, such payment of interest may be made by transfer to an account in the Specified Currency maintained by the payee with a bank in the Principal Financial Centre of the country of such Specified Currency (which (a) if the Specified Currency is New Zealand dollars shall be Wellington and Auckland; provided that where the London branch of ANZNIL is the Issuer (as specified in the Final Terms relating to the Notes) such account and bank shall be located outside of New Zealand, and (b) if the Specified Currency is Australian dollars, shall be Sydney); provided, however, that in the case of euro, the transfer may be to, or the cheque drawn on, a euro account with a bank in the European Union.

*So long as the Notes are represented by a Registered Global Note, the "**Record Date**" shall be the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment where "**Clearing System Business Day**" means a day on which the relevant clearing system is open for business.*

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in US dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) 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 of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange

controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7 (*Taxation*). No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Fiscal Agent, the other Paying Agents (if any), the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the Guarantor and their respective specified offices are listed below. The Fiscal Agent, the other Paying Agents (if any), the Registrar, Transfer Agents and the Calculation Agent act solely as agents of the Issuer and, if applicable, the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and, if applicable, the Guarantor reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer and, if applicable, the Guarantor shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes (including a Transfer Agent having its specified office in London so long as any Registered Notes are listed on the Official List of the FSA and admitted to trading on the London Stock Exchange), (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities (including London so long as the Notes are listed on the Official List of the FSA and admitted to trading on the London Stock Exchange), (vi) such other agents as may be required by the rules of any other listing authority, stock exchange and/or quotation system on which the Notes may be admitted to listing, trading and/or quotation and (vii) a Paying Agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive, provided that there is an EU Member State in which no such obligation is imposed.

In addition, the Issuer and, if applicable, the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in US dollars in the circumstances described in Condition 6(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 14 (*Notices*).

(f) Unmatured Coupons and Receipts and unexchanged Talons

- (i) In the case of Fixed Rate Notes, and unless the Final Terms provides that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unexpired Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8 (*Prescription*)).

- (ii) In the case of Floating Rate Notes, unless the Final Terms provides otherwise, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Notes is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note or Certificate representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8 (*Prescription*)).

(h) *Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**Payment Business Day**" means a day (other than a Saturday or a Sunday) on which:

- (i) commercial banks and foreign exchange markets settle payments generally in such jurisdictions as shall be specified as "**Additional Financial Centres**" in the Final Terms, in London and Sydney where ANZBGL is the Issuer, in London, Auckland and Wellington where ANZNBL or ANZNIL is the Issuer and, where relevant, in the relevant place of presentation; and
- (ii) (in the case of a payment in a currency other than euro or Australian dollars where ANZBGL is the Issuer, or New Zealand dollars where ANZNBL or, as the case may be, ANZNIL is the Issuer, where payment is to be made by transfer in the relevant currency to an account maintained with a bank) foreign exchange transactions may be carried on in the relevant currency in the Principal Financial Centre of the country of such currency; or
- (iii) (in the case of a payment in euro) banks are open for business and carrying out transactions in euro in the jurisdiction in which the account specified by the payee is located and a day on which the TARGET System is open, unless otherwise specified in the Final Terms.

(i) *Euro and Redenomination*

References to euro are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to Article 123 of the Treaty.

Unless otherwise specified in the Final Terms, Notes denominated in the currency of a Member State that does not participate in the third stage of European economic and monetary union prior to the Issue Date of the relevant Notes may, at the election of the Issuer, be subject to redenomination in the manner set out below. In relation to such Notes the Issuer may, without the consent of the Noteholders or Couponholders, on giving at least 30 days' prior notice to Noteholders, the Fiscal Agent and each of the Paying Agents and Transfer Agents, designate a "**Redenomination Date**" for the Notes, being a date for payment of interest under the Notes falling on or after the date on which the relevant Member State commences participation in such third stage.

With effect from the Redenomination Date, notwithstanding the other provisions of the Conditions:

- (i) the Notes shall (unless already so provided by mandatory provisions of applicable law) be deemed to be redenominated in euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in the Relevant Currency, converted into euro at the rate for conversion of the Relevant Currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations) provided that, if the Issuer determines that the then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, any listing authority, stock exchange and/or quotation system on which the Notes may be listed, the Fiscal Agent and each of the Paying Agents and Transfer Agents of such deemed amendment;
- (ii) if Notes in definitive form are required to be issued, they shall be issued at the expense of the Issuer in the denominations of euro 0.01, euro 1,000, euro 10,000, euro 100,000 and such other denominations as the Fiscal Agent shall determine and notify to Noteholders;
- (iii) if Notes in definitive form have been issued, all unmatured Receipts and Coupons denominated in the Relevant Currency (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives the notice (the "**Exchange Notice**") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New certificates in respect of euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes, Receipts and Coupons denominated in the Relevant Currency in such manner as the Fiscal Agent may specify and as shall be specified to Noteholders in the Exchange Notice;
- (iv) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the Relevant Currency ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro. Such payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or by cheque; and
- (v) the amount of interest in respect of Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Receipts

or Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01.

In connection with such redenomination, the Issuer may, after consultation with the Fiscal Agent, make such other changes to the Conditions applicable to the relevant Notes as it may decide so as to conform them to the then market practice in respect of euro-denominated debt securities issued in the euromarkets which are held in international clearing systems. Any such changes will not take effect until the next following Interest Payment Date after they have been notified to the Noteholders in accordance with Condition 14 (*Notices*).

7 Taxation

(a) Withholding tax

Subject as provided below, all payments of principal and interest in respect of the Notes, the Receipts and the Coupons by or on behalf of the Issuer or, if applicable, the Guarantor shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the jurisdiction of incorporation of the Issuer and/or, where the Issuer is acting through its branch, the jurisdiction, country or territory in which the branch through which the Issuer is acting as specified in the relevant Final Terms is located or, if applicable, the jurisdiction of incorporation of the Guarantor or by any authority therein or thereof having power to tax (together, "**Taxes**"), unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts to the Noteholders, Couponholders and Receiptholders as shall result in receipt by those Noteholders, Couponholders and Receiptholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment by or on behalf of a holder which is liable to such Taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of its having some connection with the jurisdiction of incorporation of the Issuer or, where the Issuer is acting through its branch, the jurisdiction, country or territory in which the branch through which the Issuer is acting as specified in the Final Terms or, if applicable, the jurisdiction of incorporation of the Guarantor is located, other than the mere holding of such Note, Receipt or Coupon or the receipt of the relevant payment in respect thereof; or
- (ii) where ANZBGL is the Issuer, presented for payment by or on behalf of a holder who is an Australian resident or a non-resident who is engaged in carrying on business in Australia at or through a permanent establishment of that non-resident in Australia, if that person has not supplied an appropriate tax file number, Australian business number or other exemption details; or
- (iii) presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or
- (iv) in respect of which the holder thereof is an Offshore Associate of ANZBGL, (acting other than in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the *Corporations Act 2001* of Australia), where ANZBGL is the Issuer; or
- (v) in respect of which the Taxes have been imposed or levied as a result of the holder of such Note, Receipt or Coupon being party to or participating in a scheme to avoid such Taxes, being a scheme which ANZBGL, where ANZBGL is the Issuer, was neither a party to nor participated in; or

- (vi) in respect of Bearer Notes only, if the holder of such Note, Receipt or Coupon or any entity which directly or indirectly has an interest in or right in respect of such Note, Receipt or Coupon is a resident of Australia, or a non-resident who is engaged in carrying on business in Australia at or through a permanent establishment of that non-resident in Australia (the expressions “**resident of Australia**”, “**non-resident**” and “**permanent establishment**” having the meanings given to them by the Australian Tax Act if, and to the extent that, Section 126 of the Australian Tax Act (or any equivalent provisions) requires ANZBGL, where ANZBGL is the Issuer, to pay income tax in respect of interest payable on such Note, Receipt or Coupon and the income tax would not be payable were the holder or such entity not such a resident of Australia or non-resident; or
- (vii) presented for payment where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (viii) presented for payment by, or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (ix) where such withholding or deduction is for or on account of New Zealand resident withholding tax, where either ANZNBL or ANZNIL is the Issuer or ANZNBL is the Guarantor; or
- (x) presented for payment by, or a third party on behalf of, a holder if such withholding or deduction may be 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 proves that he is not entitled so to comply or to make such declaration or claim, where either ANZNBL or ANZNIL is the Issuer or ANZNBL is the Guarantor; or
- (xi) presented to, or to a third party on behalf of, a holder that is a partnership, or a holder that is not the sole beneficial owner of the Note, Receipt or Coupon, or which holds the Note, Receipt or Coupon, in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment, where either ANZNBL or ANZNIL is the Issuer or ANZNBL is the Guarantor; or
- (xii) presented for payment in New Zealand, where either ANZNBL or ANZNIL is the Issuer or ANZNBL is the Guarantor; or
- (xiii) in respect of which the Taxes have been imposed or levied as a result of the holder of such Note, Receipt or Coupon being party to or participating in a scheme to avoid such Taxes, being a scheme which either ANZNBL or ANZNIL, where ANZNBL or ANZNIL is the Issuer, or ANZNBL, where ANZNBL is the Guarantor, was neither a party to nor participated in.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts,

Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 (*Redemption, Purchase and Options*) or any amendment or supplement to it, (ii) **"interest"** shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 (*Interest and other Calculations*) or any amendment or supplement to it and (iii) **"principal"** and/or **"interest"** shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or substitution for it under the Agency Agreement. Any additional amounts due in respect of the Subordinated Notes will be subordinated in right of payment as described in Condition 10 (*Subordination*).

The remaining provisions of this Condition only apply to ANZNIL where ANZNIL is the Issuer and to ANZNBL where ANZNBL is the Issuer or the Guarantor. Where used in the remaining provisions of this Condition, **"interest"** means interest (as defined under New Zealand taxation legislation) for withholding tax purposes, 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.

*Where (i) ANZNIL is the Issuer or (ii) ANZNBL is the Issuer or the Guarantor, and ANZNBL or, as the case may be, ANZNIL is required to deduct New Zealand non-resident withholding tax in the case of any payments of interest to a holder of a Note or Coupon who is not a resident of New Zealand for income tax purposes and who is not engaged in business in New Zealand through a fixed establishment (as defined in the New Zealand Income Tax Act 2007) in New Zealand (a **"non-New Zealand holder"**), ANZNBL or, as the case may be, ANZNIL may, and intend to (for so long as they do not incur any increased cost or detriment from so doing), relieve themselves of such obligation by using a procedure which permits borrowers such as ANZNBL or, as the case may be, ANZNIL to reduce the applicable rate of non-resident withholding tax to zero per cent. (in the case of holders of a Note or Coupon who are non-New Zealand holders and who are not associated with ANZNBL or ANZNIL). That procedure involves ANZNBL or, as the case may be, ANZNIL paying on their own respective accounts a levy to the New Zealand revenue authorities (which is currently equal to 2 per cent. of such payments of interest).*

ANZNBL is, and ANZNIL may be required by law to deduct New Zealand resident withholding tax from the payment of interest to the holder of any Note on any Interest Payment Date or the Maturity Date, where:

- (x) the holder is a resident of New Zealand for income tax purposes or the holder is engaged in business in New Zealand, through a fixed establishment (as defined in the New Zealand Income Tax Act 2007) in New Zealand (a **"New Zealand Holder"**); and
- (y) at the time of such payment the New Zealand Holder does not hold a valid certificate of exemption for New Zealand resident withholding tax purposes.

Prior to any Interest Payment Date or the Maturity Date, any New Zealand Holder:

- (A) must notify ANZNBL or, as the case may be, ANZNIL or any Paying Agent that the New Zealand Holder is the holder of a Note; and
- (B) must notify ANZNBL or, as the case may be, ANZNIL or a Paying Agent, of any circumstances, and provide ANZNBL or, as the case may be, ANZNIL or the relevant Paying Agent with any information that may enable ANZNBL or, as the case may be, ANZNIL to make payment of interest to the New Zealand Holder without deduction on account of New Zealand resident withholding tax.

The New Zealand Holder must notify ANZNBL or, as the case may be, ANZNIL prior to any Interest Payment Date or the Maturity Date, of any change in the New Zealand Holder's circumstances from those previously notified that could affect the payment or withholding obligations of ANZNBL, or, as the case may be, ANZNIL in respect of this Note. By accepting payment of the full face amount of a Note or any interest thereon on any Interest Payment Date or the Maturity Date, the New Zealand Holder indemnifies ANZNBL or, as the case may be, ANZNIL for all purposes in

respect of any liability ANZNBL or, as the case may be, ANZNIL may incur for not deducting any amount from such payment on account of New Zealand resident withholding tax.

Only a New Zealand Holder will be obliged to make the notification referred to above and no other holder will be required to make any certification that it is not a New Zealand Holder.

(b) Taxing jurisdiction

If the Issuer or, if applicable, the Guarantor is, or becomes, subject at any time to any taxing jurisdiction(s) other than or in addition to its own jurisdiction of incorporation or the jurisdiction, country or territory in which the branch (if any) specified in the relevant Final Terms is located, references in Condition 5(b) and this Condition 7 shall be read and construed as including references to such other taxing jurisdiction(s).

8. Prescription

Claims against the Issuer and, if applicable, the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

9. Events of Default

(a) Unsubordinated Notes

If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Unsubordinated Note of any Series issued by the Issuer may give written notice to the Fiscal Agent at its specified office that such Unsubordinated Note is immediately repayable, whereupon it shall immediately become due and repayable at its Early Redemption Amount together with accrued interest to the date of payment unless, prior to the date that such written notice is received by the Fiscal Agent, the Issuer and/or, if applicable, the Guarantor shall have cured or otherwise made good all Events of Default in respect of the Unsubordinated Notes of such Series:

- (i) default is made in the payment of any principal or Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Instalment Amount or Amortised Face Amount (in the case of a Zero Coupon Note) (whether becoming due upon redemption or otherwise) or interest when due, in respect of any Unsubordinated Note of such Series, and such default continues for a period of seven days; or
- (ii) the Issuer fails to perform or observe any of its obligations under any Unsubordinated Note of such Series or, if applicable, the Guarantor fails to perform or observe any of its obligations under the Deed of Guarantee, in either case other than those specified in paragraph (i) above and in such case (except where such failure is incapable of remedy) such failure continues for a period of 30 days next following the service by any holder of any Unsubordinated Note of such Series on the Issuer, the Guarantor (if applicable) and the Fiscal Agent of written notice requiring the same to be remedied; or
- (iii) the maturity of any indebtedness for borrowed money of the Issuer or, if applicable, the Guarantor, in each case amounting in aggregate to US\$10,000,000 principal amount (not being moneys borrowed in the ordinary course of banking business) shall have been accelerated by or on behalf of the holder of such indebtedness in accordance with the terms thereof or any agreement relating thereto or any such indebtedness shall not have been paid when due on maturity and such default shall not have been cured within the grace period, if any, originally applicable thereto or default shall be made by the Issuer or, if applicable, the Guarantor in honouring when called upon any guarantee or indemnity given by the Issuer or, if applicable, the Guarantor in respect of any such indebtedness of others and such default shall not have been cured within the grace period, if any, originally applicable thereto; and

such acceleration or default, as the case may be, is not being contested in good faith by the Issuer or, if applicable, the Guarantor, and is not cured or otherwise made good within seven days after the date upon which written notice of such default shall have been given to the Fiscal Agent and the Issuer or, as the case may be, the Guarantor by or on behalf of the holder of any Unsubordinated Note of such Series, provided that the failure by the Issuer or, as the case may be, the Guarantor duly to make payment under any leveraged lease facilities (as defined below), or similar financial transaction in consequence of the relevant lessee failing to place the Issuer or, as the case may be, the Guarantor as aforesaid in funds shall not of itself constitute a breach of this paragraph (iii).

For the purpose of this Condition 9(iii), “**leveraged lease facilities**” means financial arrangements involving ownership of assets by a lessor, lessor partnership or other entity (an “**owner**”) which will be leased or made available to the lessee or user, the acquisition of which shall have been made with the assistance of a loan or loans on security which will include the property or funds accruing to the owner in respect of such property under the terms of the lease or agreement by which the assets are made available to the lessee or user or on security which includes both such property and such funds; or

- (iv) otherwise than for the purpose of an amalgamation or reconstruction or merger within the meaning of these words under the laws of the Issuer’s or, if applicable, the Guarantor’s country of incorporation or, where the Issuer is acting through its branch, of the jurisdiction, country or territory in which the branch through which the Issuer is acting as specified in the relevant Final Terms is located, a resolution is passed that the Issuer or, as the case may be, the Guarantor be wound up or dissolved; or
- (v) the Issuer, or if applicable, the Guarantor stops payment (within the meaning of Australian or any other applicable bankruptcy law) of its obligations; or
- (vi) an encumbrancer takes possession of or a receiver is appointed of the whole or a substantial part of the undertaking and assets of the Issuer or, if applicable, the Guarantor and any such event is continuing for 45 days after its occurrence and would materially prejudice the performance by the Issuer or, as the case may be, the Guarantor of its obligations under the Unsubordinated Notes of such Series or a distress or execution is levied or enforced upon or sued out against the whole or a substantial part of the undertaking and assets of the Issuer or, as the case may be, the Guarantor which would materially prejudice the performance of (i) the Issuer of its obligations under the Unsubordinated Notes of such Series or, (ii) if applicable, the Guarantor of its obligations under the Deed of Guarantee, and in each case is not discharged within 60 days thereof; or
- (vii) proceedings shall have been initiated against the Issuer or, if applicable, the Guarantor under any applicable bankruptcy, reorganisation or other similar law and such proceedings shall not have been discharged or stayed within a period of 60 days; or
- (viii) the Issuer or, if applicable, the Guarantor shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, insolvency, composition or other similar law (otherwise than for the purpose of amalgamation, reconstruction or merger (within the meaning of those words under the laws of the country of the Issuer’s or, if applicable, the Guarantor’s incorporation or, where the Issuer is acting through its branch, of the jurisdiction, country or territory in which the branch through which the Issuer is acting as specified in the relevant Final Terms is located) and such proceedings would materially prejudice the performance by (i) the Issuer of its obligations under the Unsubordinated Notes of such Series or (ii), if applicable, the Guarantor of its obligations under the Deed of Guarantee); or
- (ix) in respect of Notes issued by ANZNIL only, the Deed of Guarantee of the Notes is (a) not in full force and effect and, where capable of remedy, the Deed of Guarantee is not in full force and effect within seven days of the date the defect is first discovered or (b) claimed by the Guarantor not to be in full force and effect.

Any such notice by a holder of Unsubordinated Notes to the Fiscal Agent shall specify the serial number(s) of the Unsubordinated Notes concerned.

(b) Subordinated Notes issued by ANZBGL

The following are “**Events of Default**” with respect to Subordinated Notes, except in the case of the Events of Default specified in (ii) below, which do not apply to Subordinated Undated Notes and in the case of the Event of Default specified in (iii) below, which does not apply to Subordinated Dated Notes:

- (i) (A) the making of an order by a court of the State of Victoria, Commonwealth of Australia or a court with appellate jurisdiction from such court which is not successfully appealed or permanently stayed within 60 days of the entry of such order; or
- (B) the valid adoption by ANZBGL's shareholders of an effective resolution, in each case for the winding up of ANZBGL (other than under or in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency).
- (ii) In the case of Subordinated Dated Notes only, subject to Condition 4(n):
 - (A) default in the payment of interest on any Subordinated Dated Note when due, continued for 30 days; or
 - (B) default in the payment of principal of, or any premium on, any Subordinated Dated Note when due.
- (iii) In the case of Subordinated Undated Notes only, default in payment of principal of, or any premium on, any Subordinated Undated Note when due (following receipt of prior written approval of APRA permitting redemption of such Subordinated Undated Note pursuant to Condition 5(j)).

Upon the occurrence of an Event of Default specified in paragraph (i) above, subject to the subordination provisions, the principal amount of, and all accrued and unpaid interest (including, in the case of Subordinated Undated Notes, any Deferred Interest) on, the Subordinated Notes will automatically become due and payable.

If an Event of Default contemplated by paragraph (ii) or (iii) above with respect to any of the Subordinated Notes occurs and is continuing, a Subordinated Noteholder may only, in order to enforce the obligations of ANZBGL under such Subordinated Notes:

- (y) notwithstanding the provisions of paragraph (z) below, institute proceedings in the State of Victoria, Commonwealth of Australia (but not elsewhere) for the winding up of ANZBGL (all subject to, and in accordance with, the terms of Condition 10 (*Subordination*)); or
- (z) institute proceedings for recovery of the money then due, provided that ANZBGL will not, by virtue of the institution of any such proceedings (other than proceedings for the winding up of ANZBGL), be obliged to pay any sums representing principal or interest in respect of such Subordinated Notes sooner than the same would otherwise have been payable by it and provided that:
 - (A) in the case of Subordinated Dated Notes, ANZBGL is Solvent at the time of, and will be Solvent immediately after, the making of any such payment; or
 - (B) in the case of Subordinated Undated Notes, any payment is subject to Condition 4(o).

No remedy against ANZBGL, other than those referred to in this paragraph (b), shall be available to the Subordinated Noteholders or Couponholders or Receiptholders in respect of Subordinated Notes, whether for the recovery of amounts owing in respect of the Subordinated Notes or in

respect of any breach by ANZBGL of any of its other obligations under or in respect of the Subordinated Notes.

10. Subordination

In the event of the winding up of ANZBGL constituting an Event of Default with respect to the Subordinated Notes, there shall be payable with respect to the Subordinated Notes, subject to the subordination provisions discussed above (see Condition 3 (*Status and Guarantee*)), an amount equal to the principal amount of the Subordinated Notes then outstanding, together with all accrued and unpaid interest (including, in the case of Subordinated Undated Notes, any Deferred Interest) thereon to the repayment date.

As a result of the subordination provisions, no amount will be payable in the winding up of ANZBGL in Australia in respect of the Subordinated Notes until all claims of Unsubordinated Creditors and, in the case of the Subordinated Undated Notes, Subordinated Dated Creditors, admitted in the winding up proceeding have been satisfied in full. By subscription for, or transfer of, Subordinated Notes to a Noteholder, that Subordinated Noteholder will be taken to have agreed that no amount in respect of the Subordinated Notes will be repaid until all the claims of the Unsubordinated Creditors and, in the case of the Subordinated Undated Notes, Subordinated Dated Creditors, admitted in the winding up proceeding have been satisfied accordingly. Accordingly, if proceedings with respect to the winding up of ANZBGL in Australia were to occur, the Subordinated Noteholders could recover less relatively than the holders of deposit liabilities, the Unsubordinated Noteholders, the holders of prior ranking subordinated liabilities of ANZBGL and, in the case of the Subordinated Undated Notes, Subordinated Dated Creditors. For the avoidance of doubt, the Subordinated Notes do not constitute deposit liabilities of ANZBGL.

If, in any such winding up, the amount payable with respect to the Subordinated Dated Notes and any claims ranking equally with those Subordinated Dated Notes cannot be paid in full, those Subordinated Dated Notes and other claims ranking equally with those Subordinated Dated Notes will share relatively in any distribution of ANZBGL's assets in a winding up in proportion to the respective amounts to which they are entitled. If, in any such winding up, the amount payable with respect to the Subordinated Undated Notes and any claims ranking equally with those Subordinated Undated Notes cannot be paid in full, those Subordinated Undated Notes and other claims ranking equally with those Subordinated Undated Notes will share *pro rata* in any distribution of ANZBGL's assets in a winding up in proportion to the respective amounts to which they are entitled. To the extent that Subordinated Noteholders are entitled to any recovery with respect to the Subordinated Notes in any winding up, such Subordinated Noteholders might not be entitled in such proceedings to a recovery in US dollars and might be entitled only to a recovery in Australian dollars.

In addition, because ANZBGL is a holding company as well as an operating company, the rights of ANZBGL, its creditors and of the Subordinated Noteholders to participate in the assets of any of ANZBGL's subsidiaries upon the liquidation of such subsidiary will be subject to the prior claims of the subsidiary's creditors, except to the extent that ANZBGL itself may be a creditor with recognised claims against the subsidiary.

11. Meeting of Noteholders, Modifications and Waiver

(a) Meetings of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. The quorum for any meeting of Noteholders shall be two or more persons holding or representing in the aggregate a clear majority in Nominal Amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the Nominal Amount of the Notes held or represented, unless the business of such meeting includes

consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes or the obligation of the Issuer to pay additional amounts pursuant to Condition 7 (*Taxation*), (ii) to reduce or cancel the Nominal Amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount is set out in the Final Terms, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or Specified Denomination of the Notes, (vii) to take any steps that as specified in the Final Terms may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum at any adjourned meeting shall be two or more persons holding or representing in the aggregate not less than one-third in Nominal Amount of the Notes for the time being outstanding. However, unless otherwise specified or determined by APRA, the prior written approval of APRA is required to modify the terms of any Series of Subordinated Notes. Any resolution duly passed (including an Extraordinary Resolution) shall be binding on all Noteholders of the relevant Series (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders of the relevant Series. The expression "**Extraordinary Resolution**" means a resolution passed at a meeting of Noteholders duly convened by a majority consisting of not less than three-quarters of the votes cast. All other resolutions, except for written resolutions shall be passed at a meeting of Noteholders duly convened by a clear majority of the votes cast.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) Modification of the Agency Agreement

The Agency Agreement may be amended by the Issuer, the Guarantor and the Fiscal Agent, without the consent of the Registrar, or any Paying Agent, Transfer Agent or holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Guarantor and the Fiscal Agent may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the Guarantor and the Fiscal Agent, adversely affect the interests of the holders.

12. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and listing authority, stock exchange and/or quotation system regulations, at the specified office of the Fiscal Agent (in case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced

Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Further Issues

Any Issuer may (and, in the instance of an issue of Subordinated Notes by ANZBGL, if ANZBGL has obtained the prior approval of APRA) from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single Series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. Notes of more than one Series may be consolidated into one Series denominated in euro, even if one or more such Series was not originally denominated in euro, provided all such Series have been redenominated into euro and otherwise have, in respect of all periods subsequent to such consolidation, the same terms and conditions. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single Series with the Notes.

14. Notices

Notices to the holders of Registered Notes shall be (i) mailed to them (or, in the case of joint holders, to the first named) at their respective addresses in the Register and (ii) save where another means of effective communication has been specified herein or in the Final Terms, published (a) in the case of any Registered Notes which are admitted to trading on the Regulated Market of the London Stock Exchange (so long as such Registered Notes are admitted to trading on the Regulated Market of the London Stock Exchange and the rules of that exchange so require), in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*), or if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe, or (b) in the case of Registered Notes which are admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system (so long as such Registered Notes are admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system and the rules of such listing authority, stock exchange and/or quotation system so require), in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) and in such other place or manner as may be required by the rules and regulations of such listing authority, stock exchange and/or quotation system.

Notices to the holders of Registered Notes shall be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the later of the date of mailing and the date of publication (or if required to be published in more than one newspaper, the first date on which publication shall have been made in all required newspapers).

Notices to the holders of Bearer Notes shall be, save where another means of effective communication has been specified herein or in the Final Terms, published (a) in the case of any Bearer Notes which are admitted to trading on the Regulated Market of the London Stock Exchange (so long as such Bearer Notes are admitted to trading on the Regulated Market of the London Stock Exchange and the rules of that exchange so require), in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*), or if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe, or (b) in the case of Bearer Notes which are admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system (so long as such Bearer Notes are admitted to trading, listing and/or quotation by such listing authority, stock exchange and/or quotation system and the rules of such listing authority, stock exchange and/or quotation system so require), in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) and in such other place as may be required by the rules and regulations of such listing authority, stock exchange and/or quotation system.

Notices to the holders of Bearer Notes shall be deemed to have been given on the date of publication (or if required to be published in more than one newspaper, the first date on which publication shall have been made in all required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 14.

15. Currency Indemnity

If any sum due from the Issuer in respect of the Notes, Receipts or the Coupons or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under these Conditions or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Issuer, (b) obtaining an order or judgment in any court or other tribunal or (c) enforcing any order or judgment given or made in relation to the Notes, Receipts or Coupons, the Issuer shall indemnify each holder, on the written demand of such holder addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent, against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such holder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof. For the purposes of this Condition 15, it shall be sufficient for the Noteholder, Receiptholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder, Receiptholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16. Governing Law, Jurisdiction and Service of Process

(a) Governing Law

The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except for the subordination provisions of the Subordinated Notes (including, without limitation, the provisions contained in Conditions 3(b), 4(n), (o), (p) and (q), 9(b) and 10) which will be governed in accordance with the laws of the State of Victoria and the Commonwealth of Australia.

(b) Jurisdiction

The Issuer agrees for the benefit of the holders of Notes, Receipts, Coupons and Talons that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Notes and all matters connected with the Notes, Receipts, Coupons and Talons (including a dispute relating to any non-contractual obligation arising out of or in connection with them) (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

(c) Appropriate forum

The Issuer irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

(d) Service of process

The Issuer agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to the officer in charge of the London Branch of Australia and New Zealand Banking Group Limited at 40 Bank Street, Canary Wharf, London E14 5EJ. If such person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall appoint a further person in England to accept service of process on the Issuer's behalf and, failing such appointment, within 15 days, any Noteholder shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing in this paragraph shall affect the right of any holder of Notes, Receipts, Coupons or Talons to serve process in any other manner permitted by law.

(e) Non-exclusivity

The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any holder of Notes, Receipts, Coupons or Talons to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

(f) Consent to enforcement etc.

Subject to Condition 10, the Issuer consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

17. Third Parties

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

USE OF PROCEEDS

The net proceeds from the issue of any Notes will be used by the relevant Issuer for its general corporate purposes. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

FORM OF NOTES

The summary of the forms and provisions of the Notes contained in this section is intended to be a guide only and is subject to change, including as a result of any amendments to the Agency Agreement and the forms of Notes and the terms of the relevant Final Terms. For further details regarding the forms of Notes and the provisions applicable to the Notes, purchasers and potential purchasers of Notes are advised to review the Agency Agreement and the relevant Notes.

1. Initial Issue of Notes

Bearer Notes

Temporary Global Notes

Unless otherwise specified in the relevant Final Terms, each Series or Tranche of Bearer Notes will initially be represented by a Temporary Global Note if:

- (a) Bearer Notes in definitive form are to be made available to Noteholders following the expiry of 40 days after the Issue Date of an identifiable Tranche of such Notes; or
- (b) such Notes are being issued in compliance with US Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**D Rules**"), as specified in the relevant Final Terms.

Permanent Global Notes

In all other cases, each Series or Tranche of Bearer Notes will be represented by a Permanent Global Note.

The Temporary Global Note or Permanent Global Note (as the case may be) initially representing each Series or Tranche of Bearer Notes will be deposited on the Issue Date thereof with a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg (or, in the case of a Series or Tranche to be cleared through a clearing system other than Euroclear or Clearstream, Luxembourg (an "**Alternative Clearing System**"), as agreed between the relevant Issuer, the Guarantor (if applicable), the Fiscal Agent and the relevant Dealers).

Registered Notes

As set forth in the Final Terms, each Series or Tranche of Notes in registered form will be represented by either:

- (a) *Definitive Certificates*: one or more Certificates in definitive form which shall be delivered as agreed between the relevant Issuer, the Guarantor (if applicable) and the relevant Dealer(s); or
- (b) *Registered Global Notes*: one or more Registered Global Notes without Coupons, deposited on the Issue Date with a Common Depositary, and registered in the name of a nominee, for Euroclear and Clearstream, Luxembourg (or, in the case of a Series or Tranche to be cleared through an Alternative Clearing System, as agreed between the relevant Issuer, the Guarantor (if applicable), the Fiscal Agent, the Registrar and the relevant Dealer(s)).

2. Clearing Systems

Upon the initial deposit of a Bearer Global Note with a Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relevant Registered Global Note to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may (if indicated in the relevant Final Terms) also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) Alternative Clearing Systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such Alternative Clearing Systems. Conversely, Notes that are initially deposited with an Alternative Clearing System may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other Alternative Clearing Systems.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System as the holder of a Note represented by a Bearer Global Note or a Registered Global Note must look solely to Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (as the case may be) for his share of each payment made by the relevant Issuer to the bearer of such Bearer Global Note or the holder of the underlying Registered Notes, as the case may be, and such payments and all other rights arising under the Bearer Global Notes or Registered Global Notes, will be subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Bearer Global Note or Registered Global Note and such obligations of the relevant Issuer, or the Guarantor, (if applicable), will be discharged by payment to the bearer of such Bearer Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3. Exchange

Temporary Global Notes

Each Temporary Global Note in respect of a Tranche of Bearer Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (a) *Bearer Notes in definitive form*: if the relevant Final Terms indicates that such Temporary Global Note is issued in compliance with US Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**C Rules**”) or in a transaction to which TEFRA is not applicable, in whole, but not in part, for Bearer Notes in definitive form as described below; and
- (b) *Permanent Global Note*: otherwise, in whole or in part, upon certification as to non-US beneficial ownership in the form set out in the Agency Agreement, for interests in a Permanent Global Note or, if so provided in the relevant Final Terms, for Bearer Notes in definitive form.

“**Exchange Date**” means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after the Issue Date of the Notes.

Permanent Global Notes

Each Permanent Global Note in respect of a Tranche of Bearer Notes will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Bearer Notes in definitive form only in the following circumstances:

- (a) unless principal in respect of any Bearer Notes is not paid when due, by the relevant Issuer giving notice to the Noteholders and the Fiscal Agent of its intention to effect such exchange;
- (b) if the Final Terms provides that such Permanent Global Note is exchangeable at the request of the holder, by the holder giving notice to the Fiscal Agent of its election for such exchange; or
- (c) (i) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or

announces an intention permanently to cease business or in fact does so or (ii) upon or following any failure to pay principal in respect of any Bearer Notes when it is due and payable, by the holder giving notice to the Fiscal Agent of its election for such exchange.

“Exchange Date” means, in relation to a Permanent Global Note, a day falling not less than 60 days, or in the case of exchange following failure to pay principal in respect of any Bearer Notes when due 30 days, after that on which notice requiring exchange is given and on which commercial banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (c)(i) above, in the cities in which Euroclear and Clearstream, Luxembourg or, any Alternative Clearing System (if applicable), are located.

A Permanent Global Note is not exchangeable in part except (provided that if the Permanent Global Note is held by or on behalf of Euroclear, Clearstream, Luxembourg or an Alternative Clearing System, such clearing system permits) (i) upon or following any failure to pay principal in respect of the Notes when it is due and payable or (ii) if so provided in, and in accordance with, the Conditions for Partly-paid Notes.

Registered Global Notes

Each Registered Global Note will only be exchangeable for Certificates in definitive form:

- (a) if the Notes represented by the Registered Global Note are held (directly or indirectly) on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so;
- (b) upon or following any failure to pay principal in respect of any Notes when it is due and payable; or
- (c) with the consent of the Issuer.

Delivery

On or after any due date for exchange of any Bearer Global Note or Registered Global Note, the holder of such Bearer Global Note or Registered Global Note may surrender the same or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent or Registrar, as the case may be, or as otherwise specified in the Bearer Global Note or Registered Global Note, as the case may be. Upon surrender of any Bearer Global Note or Registered Global Note, or the part thereof to be exchanged, the relevant Issuer will:

- (a) **Permanent Global Note** in the case of a Temporary Global Note exchangeable for a Permanent Global Note, deliver, or procure the delivery of, a Permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a Temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a Permanent Global Note to reflect such exchange; or
- (b) **Definitive Notes and Certificates** in the case of a Permanent Global Note or Registered Global Note exchangeable for Notes or Certificates in definitive form (unless such exchange is at the request of the relevant Issuer) at the cost of the relevant Noteholder, cause an equal aggregate principal amount of Notes or Certificates in definitive form to be executed and delivered to the Fiscal Agent or the Registrar, as the case may be, for completion, authentication and dispatch to the relevant Noteholders.

Bearer Notes in definitive form will be security printed and Certificates in definitive form will be printed in accordance with any applicable legal and listing authority, stock exchange and/or quotation system requirements in or substantially in the form set out in the Schedules to the Agency Agreement.

On exchange in full of each Bearer Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Notes in definitive form for which it was exchanged.

4. Legends

Each Bearer Note (including each Bearer Global Note), Talon and Coupon will bear the following legend:

“Any United States person 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 the Internal Revenue Code.”

The sections of the US Internal Revenue Code referred to in the legend provide that a United States taxpayer, with certain exceptions, will not be permitted to deduct any loss, and will not be eligible for capital gain treatment with respect to any gain realised, on any sale, exchange or redemption of Bearer Notes or any related Coupons.

5. Provision Relating to Notes Whilst Notes in Global Form

Each Bearer Global Note and Registered Global Note contains provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions of the Notes set out in this Base Prospectus. The following is a summary of those provisions:

(a) Payments

No person shall be entitled to receive any payment in respect of the Notes represented by any Bearer Global Note that falls due on or after the Exchange Date of that Bearer Global Note unless, upon presentation, exchange for an interest in, as appropriate, a Permanent Global Note or for Bearer Notes in definitive form is improperly withheld or refused or, in the case of a Permanent Global Note, the relevant Issuer does not comply with or perform its obligations under any Bearer Note in definitive form. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-US beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Bearer Notes will be made against presentation for endorsement and, if no further payment is due to be made in respect of such Notes, surrender of that Bearer Global Note to or to the order of the Fiscal Agent, or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each such Bearer Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

So long as the Notes are represented by a Registered Global Note, the “**Record Date**” shall be the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment where “**Clearing System Business Day**” means a day on which the relevant clearing system is open for business.

(b) Prescription

Claims against the relevant Issuer in respect of Notes issued by it that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

(c) Meetings

The holder of a Global Note or Registered Global Note shall (unless such Global Note or Registered Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements at any meeting of Noteholders. At any such meeting, the holder of a Permanent Global Note shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Permanent Global Note may be exchanged.

(d) Cancellation

Cancellation of any Bearer Note represented by a Bearer Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Bearer Global Note and evidenced by the appropriate notation in the relevant schedule to such Bearer Global Note.

(e) Purchase

Bearer Notes represented by a Permanent Global Note may only be purchased by the relevant Issuer or any of its subsidiaries together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

(f) Each Issuer's Options

Any option of the relevant Issuer provided for in the Conditions of any Notes issued by it while such Notes are represented by a Global Note shall be exercised by the relevant Issuer giving notice to the Noteholders within the time limits set out in, and containing the information required by, the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Tranche or Series which are represented by a Global Note, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any Alternative Clearing System (as the case may be).

(g) Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Global Note may be exercised by the holder of the Global Note delivering to the Fiscal Agent, within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions, a notice stating the principal amount of Notes in respect of which the option is exercised (but which shall not be required to state the serial numbers of such Notes) and at the same time presenting the Global Note to the Fiscal Agent or to a Paying Agent acting on behalf of the Fiscal Agent, for notation.

(h) Events of Default

(i) In respect of Notes issued by ANZBGL

Each Bearer Global Note and Registered Global Note representing Unsubordinated Notes provides that the holder may from time to time exercise the right to declare Unsubordinated Notes represented by such Bearer Global Note or Registered Global Note due and repayable in the circumstances described in "Conditions of the Notes — Condition 9 — Events of Default" by stating in a notice to the Fiscal Agent the principal amount of such Bearer Global Note or Registered Global Note that is due and repayable. Each Bearer Global Note and Registered Global Note representing

Subordinated Notes provides that, if an Event of Default in paragraph (ii) or (iii) as applicable of Condition 9(b) (*Events of Default — Subordinated Notes issued by ANZBGL*) occurs and is continuing, the holder of such Bearer Global Note or Registered Global Note may only, in the case of Subordinated Dated Notes subject to Condition 4(n) (*Interest and other Calculations — Conditions of Payment — Subordinated Dated Notes*), in order to enforce the obligations of ANZBGL under such Bearer Global Note or Registered Global Note: (y) notwithstanding the provisions of (z) below, institute proceedings in the State of Victoria, Commonwealth of Australia (but not elsewhere) for the winding up of ANZBGL (all subject to, and in accordance with, the subordination terms of Condition 10 (*Subordination*)); or (z) institute proceedings for recovery of the money then due, provided that ANZBGL will not, by virtue of the institution of any such proceedings (other than proceedings for the winding up of ANZBGL) be obliged to pay any sums representing principal or interest in respect of the relevant Bearer Global Note or Registered Global Note representing Subordinated Notes sooner than the same would otherwise have been payable by it and provided that (A) in the case of Subordinated Dated Notes, ANZBGL is Solvent at the time of, and will be Solvent immediately after, any such payment or (B) in the case of Subordinated Undated Notes, any payment is subject to Condition 4(o) (*Interest and other Calculations — Conditions of Payment — Subordinated Undated Notes*). No remedy against ANZBGL, other than those referred to in (y) and (z) above, shall be available to the holders of a Bearer Global Note or Registered Global Note representing Subordinated Notes or Couponholders or Receiptholders in respect of a such Bearer Global Note or Registered Global Note, whether for the recovery of amounts owing in respect of that Bearer Global Note or Registered Global Note or in respect of any breach by ANZBGL of any of its other obligations under or in respect of that Bearer Global Note or Registered Global Note representing Subordinated Notes. If principal in respect of any Note is not paid when due, the holder of a Bearer Global Note or Registered Global Note representing such Notes from time to time may elect in a notice to the Fiscal Agent for direct enforcement rights against ANZBGL under the terms of a Deed of Covenant executed as a deed by the Issuers on 2 June 2010 to come into effect in relation to the whole or a part of such Bearer Global Note or Registered Global Note in respect of which such failure to pay principal has occurred in favour of the persons entitled to such part of such Bearer Global Note or Registered Global Note, as the case may be, as accountholders with a clearing system. Following any such election, the specified portion of the Bearer Global Note or, as the case may be, the Registered Global Note and the corresponding entry in the register kept by the Registrar will become void, save to the extent that the appropriate direct enforceable rights shall fail to take effect for whatever reason. In the case of Bearer Global Notes, no such election may however be made on or before the Exchange Date unless the holder elects in such notice that the exchange for such Notes shall no longer take place.

(ii) *In respect of Notes issued by ANZNBL and ANZNIL*

Each Bearer Global Note and Registered Global Note provides that the holder may from time to time exercise the right to declare Notes represented by such Bearer Global Note or Registered Global Note due and repayable in the circumstances described in “Conditions of the Notes — Condition 9 — Events of Default” by stating in a notice to the Fiscal Agent the principal amount of such Bearer Global Note or Registered Global Note that is due and repayable. If principal in respect of any Note is not paid when due (but subject as provided below), the holder of a Bearer Global Note or Registered Global Note representing such Notes from time to time may elect in a notice to the Fiscal Agent for direct enforcement rights against the relevant Issuer under the terms of a Deed of Covenant executed as a deed by the Issuers on 2 June 2010 to come into effect in relation to the whole or a part of such Bearer Global Note

or Registered Global Note in respect of which such failure to pay principal has occurred in favour of the persons entitled to such part of such Bearer Global Note or Registered Global Note, as the case may be, as accountholders with a clearing system. Following any such election, the specified portion of the Bearer Global Note or, as the case may be, the Registered Global Note and the corresponding entry in the register kept by the Registrar will become void, save to the extent that the appropriate direct enforceable rights shall fail to take effect for whatever reason. Save as provided in this paragraph and in the Deed of Covenant, no term of the Bearer Global Note or Registered Global Note may be enforceable by any person other than the holder. However, no such election may be made (i) in respect of Bearer Global Notes, on or before the Exchange Date unless the holder elects in such notice that the exchange for such Notes shall no longer take place, or (ii) in respect of Notes represented by a Registered Global Note, unless the exchange of the whole or a part of the holding of Notes represented by that Registered Global Note shall have been improperly withheld or refused.

(i) Notices

So long as any Notes are represented by a Bearer Global Note and such Bearer Global Note is held on behalf of a clearing system, notices to the holders of such Notes may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions. Such notices shall be deemed to have been given to the holders of the Notes in accordance with the Conditions on the date of delivery to that clearing system. In addition, so long as any Bearer Global Notes or Registered Global Notes are admitted to trading on the regulated market of the London Stock Exchange (so long as such Bearer Global Notes or Registered Global Notes are admitted to trading on the Regulated Market of the London Stock Exchange and the rules of that exchange so require), notices shall also be published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*), or if such publication is not practicable, published in a leading English language daily newspaper having general circulation in Europe, or in the case of Bearer Global Notes and Registered Global Notes which are admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system (so long as such Bearer Global Notes or Registered Global Notes are admitted to trading, listing and/or quotation by such listing authority, stock exchange and/or quotation system and the rules of such listing authority, stock exchange and/or quotation system so require), in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) and in such other place as may be required by the rules and regulations of such listing authority, stock exchange and/or quotation system.

(j) Partly Paid Notes

The provisions relating to Partly Paid Notes are not set out in this Base Prospectus, but will be contained in the relevant Final Terms and thereby in the Global Notes relating thereto. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a Permanent Global Note or for Bearer Notes in definitive form (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the relevant Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED AND ITS SUBSIDIARIES

Introduction

Australia and New Zealand Banking Group Limited (“**ANZBGL**”) and its subsidiaries (together, the “**Group**”) is one of the four major banking groups headquartered in Australia. The Group began its Australian operations in 1835 and its New Zealand operations in 1840. ANZBGL is a public company limited by shares incorporated in Australia and was registered in the State of Victoria on 14 July 1977. ANZBGL’s registered office is located at Level 9, 833 Collins Street, Docklands, Victoria, 3008, Australia and the telephone number is +61 3 9683 9999. Its Australian Company Number is ACN 005 357 522.

As at the close of trading on 31 March 2010, ANZBGL had a market capitalisation of approximately \$64.3 billion. As at 31 March 2010 ANZBGL had total assets of \$506.7 billion and shareholders’ equity of \$32.6 billion. ANZBGL’s principal ordinary share listing and quotation is on the Australian Stock Exchange (ASX). Its ordinary shares are also quoted on the New Zealand Stock Exchange (NZX).

The Group provides a broad range of banking and financial products and services to retail, small business, corporate and institutional clients. The Group conducts its operations primarily in Australia, New Zealand and the Asia Pacific region. It also operates in a number of other countries including the United Kingdom and the United States. As at 30 September 2009, the Group had 1,352 branches and other points of representation worldwide excluding Automatic Telling Machines (ATMs).

The Group’s primary strategy is to become a super regional bank focusing on the Australia, New Zealand and Asia Pacific region. Consistent with this, one aim is to increase Asia Pacific’s profit contribution to the Group to around 20 per cent. by 2012. While there is a strong focus on organic growth, ANZBGL continues to explore appropriate acquisitions throughout the region where opportunities arise.

Principal Activities of Regions/Divisions

The Group is managed along the geographic regions of (i) Australia, (ii) Asia Pacific, Europe and the United States of America and (iii) New Zealand, as well as its global institutional client business, which is viewed as a separate division but also impacts each geographic region. The results of the Institutional division are separately tracked and reported but are allocated to the geographic regions to which the Institutional division results relate for Group segment reporting purposes.

The principal activities of the Group’s regions are outlined below, although as the Group continuously reviews its business structure. This description is subject to change from time to time.

Australia

The Australia region consists of (i) Retail, (ii) Commercial, (iii) Institutional, (iv) Wealth and (v) Group Centre.

Retail

Retail is comprised of two business units: (i) Retail Distribution and (ii) Retail Products.

Retail Distribution operates the Australian branch network, Australian call centre, specialist businesses (including ATMs, retail foreign exchange centres, specialist mortgage sales staff, mortgage brokerage and franchisees and direct channels), online banking and distribution services.

Retail Products is responsible for delivering a range of products including mortgages, cards, unsecured lending, transaction banking, savings and deposits. Retail Products' three main businesses are (i) Mortgages, (ii) Consumer Cards and Unsecured Lending and (iii) Deposits.

- Mortgages provides housing finance to consumers in Australia for both owner-occupied and investment purposes.
- Consumer Cards and Unsecured Lending provides a range of unsecured financial products to customers in Australia.
- Deposits provides transaction banking and savings products, such as term deposits and cash management accounts.

Commercial

Commercial is comprised of four business units: (i) Esanda, (ii) Regional Commercial Banking, (iii) Business Banking and (iv) Small Business Banking Products.

- Esanda provides motor vehicle and equipment finance and investment products.
- Regional Commercial Banking provides a full range of banking services to retail customers and to small business and agribusiness customers in rural and regional Australia.
- Business Banking provides a full range of banking services, including risk management, to metropolitan-based small to medium sized business clients with a turnover of up to \$50 million.
- Small Business Banking Products provides a full range of metropolitan banking services.

Institutional

Institutional provides a full range of financial services to institutional customers within Australia along the product lines of Transaction Banking, Markets and Specialised Lending. It also provides balance sheet management, relationship and infrastructure services.

Wealth

Wealth is comprised of three business units: (i) Private Bank, (ii) Investments and Insurance Products and (iii) ING Australia Limited.

- Private Bank specialises in assisting high net worth individuals and families to manage, grow and preserve their family assets.
- Investments and Insurance Products comprises Australia's Financial Planning, Margin Lending, Insurance Distribution and Trustees businesses as well as E*TRADE Australia, an online brokerage business.
- ING Australia Limited (INGA) manufactures and distributes investment and insurance products and advice. It was previously a joint venture between ANZBGL and the ING Group. ANZBGL owned 49 per cent. of INGA and received proportional equity accounted earnings. On 25 September 2009, ANZBGL announced an agreement to acquire the 51 per cent. of INGA that it did not own from the ING Group. The acquisition was completed on 30 November 2009.

Group Centre

Group Centre includes the Australian portion of (i) Operations, Technology and Shared Services, (ii) Financial Management, (iii) Risk, (iv) Strategy, M&A, Marketing and Innovation, (v) Human Resources, (vi) Corporate Communications and (vii) Corporate Affairs.

- Operations, Technology and Shared Services was split into two separate divisions during the half year to 31 March 2010. The two divisions are (i) Global Services and Operations which is the Group's core support division comprising Operations, Global Shared Services (responsible for the overall design and delivery of scalable processes and professional services to the Group globally) and Property and (ii) Technology which is responsible for the Group's information technology solutions and infrastructure, including the development, maintenance and support of technology solutions for staff and customers globally.
- Financial Management comprises Group Finance, Finance Professional Services, Group Legal and Company Secretary's Office, Internal Audit, Group Taxation, Group Treasury and Investor Relations.
- Risk has global responsibility for the effectiveness of the Group's risk management framework and risk strategies, policies and processes. Divisional Risk teams (Risk Australia, Risk Asia Pacific, Europe and America, Risk New Zealand, Risk Institutional, and Risk Global Services and Operations) provide an active business partnership to embed and manage the Group Risk Framework within the divisions. Central Risk teams (Governance, Risk Infrastructure, Credit & Market Risk, and Risk Chief of Staff) provide common governance and capabilities intended to enable effective enterprise-wide risk management.
- Strategy, M&A, Marketing and Innovation is responsible for the Group's global business strategy, including the expansion and re-shaping of the Group's businesses, mergers, acquisitions and divestments. It is also responsible for the Group's global brand positioning and marketing strategy and for overseeing the Group's strategic productivity.
- Human Resources delivers global human resources capabilities, including developing and managing strategies, policies, processes and initiatives relating to the employment and development of staff.
- Corporate Communications is responsible for all external communication between the Group, the media and other constituents, as well as internal communication across the Group and geographies.
- Corporate Affairs manages key external relationships within Community, Corporate Responsibility, Government and Regulatory Affairs. This includes leadership and governance of the Group's Corporate Responsibility agenda.

Asia Pacific, Europe & America

The Asia Pacific, Europe & America region includes (i) Retail, (ii) Asia Partnerships, (iii) Wealth, (iv) Institutional, (v) Executive & Support and (vi) Bangalore operations.

- Retail provides retail and small business banking services to customers in the Asia Pacific region.
- Asia Partnerships is a portfolio of strategic retail partnerships in the Asia Pacific Region. This includes partnerships or joint venture investments in Indonesia with PT Panin Bank Tbk ("**Panin Bank**"), in the Philippines with Metrobank, in Cambodia with the Royal Group, in China with Bank of Tianjin and Shanghai Rural Commercial Bank (SRCB), in Malaysia with AMMB Holdings Berhad and in Vietnam with Sacombank and Saigon Securities Incorporated (SSI).
- Wealth includes investment and insurance products and services across the Asia Pacific region and under the Private Bank banner assisting customers in the Asia Pacific region to manage, grow and preserve their assets.
- Institutional Asia Pacific, Europe & America provides a full range of financial services to institutional customers within Asia Pacific, Europe and the United States of America.

- Executive & Support provides central support functions for the region.
- Bangalore operations encompasses operations, technology and shared services support services across all geographic regions.

In August 2009, ANZBGL announced it had reached agreement with the Royal Bank of Scotland Group plc (“**RBS**”) to acquire selected RBS businesses in several countries in Asia. ANZBGL completed the acquisition of RBS assets in the Philippines on 30 November 2009, in Vietnam on 7 December 2009, in Hong Kong on 22 March 2010, in Taiwan on 19 April 2010 and in Singapore on 17 May 2010. ANZBGL expects to complete the acquisition in Indonesia in June 2010.

On 4 March 2010, ANZBGL announced it had received in-principle approval for a foreign bank license from the Reserve Bank of India (RBI) allowing the Group to establish a foreign branch in India. Establishing a branch presence in India is a strategic priority for the Group as part of its objective to become a super regional bank focused on Australia, New Zealand and Asia Pacific. A foreign bank licence will allow the Group to provide a wide range of retail and wholesale banking services in India; subject to approval of the branch location by the RBI, the Group intends to establish its first branch in Mumbai under its foreign bank license in the next 12 months.

On 1 April 2010 ANZBGL announced that it intended to increase its shareholding in two of its businesses in South East Asia, creating a simpler structure for its investments in Indonesia and in Laos.

- In Indonesia, ANZBGL is in advanced discussions with Panin Bank to acquire an additional 14 per cent. interest in PT ANZ Panin Bank, an Indonesian joint venture–bank currently 85 per cent. owned by ANZBGL and trading as ANZ. Final agreement is subject to Indonesian regulatory approval and would see ANZBGL increase its shareholding in the joint-venture bank from 85 per cent. to 99 per cent. for US\$44 million. Panin Bank would retain a one per cent. shareholding in PT ANZ Panin Bank.
- In Laos, ANZBGL has agreed to acquire the residual ten per cent. interest in ANZ Vientiane Commercial Bank Limited (ANZV) from IFC (International Finance Corporation), a member of the World Bank Group, for US\$2.5 million.

New Zealand

The New Zealand division is described in the section below entitled “ANZ National Bank Limited” starting on page 95 of this Base Prospectus.

Operations and Support

Operations and Support includes the back-office processing, customer account maintenance and central support areas including Treasury and capital funding.

Institutional

The Institutional division, which impacts each regional segment and the results of which are allocated to the appropriate geographic regions for segment reporting purposes, consists of (i) Transaction Banking, (ii) Global Markets, (iii) Specialised and Relationship Lending, and (iv) Relationship and Infrastructure.

The Institutional division provides a full range of financial services to institutional customers in Australia, New Zealand, Asia Pacific, Europe and the United States of America.

Multinationals, institutions and corporates with sophisticated needs and multiple relationships are served globally.

Institutional has a major presence in Australia and New Zealand and also has operations in the Asia Pacific, Europe and the United States of America.

- Transaction Banking provides working capital solutions including lending and deposit products, cash transaction banking management, trade finance, international payments, securities lending, clearing and custodian services, principally to institutional and corporate customers.
- Global Markets provides risk management services to corporate and institutional clients in relation to foreign exchange, interest rates, credit and commodities markets. This includes the business of providing origination, underwriting, structuring and risk management services, advice and sale of credit and derivative products globally. Global Markets also manages the Group's interest rate risk position.
- Specialised and Relationship Lending provides complex financing and advisory services, structured financial products, leasing, project finance, leveraged finance and investment products to the Group's global clients.
- Relationship and Infrastructure includes client relationship teams for global institutional customers and corporate customers in Australia, and central support functions.

Organisational Structure

ANZBGL is not directly or indirectly owned or controlled by any other corporation or corporations or by any foreign government.

ANZBGL's material controlled entities as at 30 September 2009 are set out in Note 38 to the financial statements contained in ANZBGL's 2009 Annual Report as updated by Note 18 to ANZBGL's unaudited consolidated condensed financial statements in respect of the six months ended 31 March 2010 each of which is incorporated by reference into, and forms part of, this Base Prospectus (see "Information Incorporated by Reference").

Directors

As at the date of this Base Prospectus, there are eight members on the Board of Directors of ANZBGL. Their names, function within ANZBGL, and principal outside activities are described below. The business address of the Board of Directors of ANZBGL is ANZ Centre Melbourne, Level 9, 833 Collins Street, Docklands, Victoria 3008, Australia.

Name of Director	Position	Principal Outside Activities
Mr John Powell Morschel	Chairman	Director, CapitaLand Limited, Singapore Telecommunications Limited, Tenix Group Pty Limited and Gifford Communications Pty Limited.
Mr Michael Roger Pearson Smith O.B.E. ...	Chief Executive Officer	Director, ANZ National Bank Limited and The Financial Markets Foundation for Children.
Dr Gregory John Clark	Independent Non- Executive Director	Principal of Clark Capital Partners. Chairman, KaComm Communications Pty Ltd. Director, Eircom Holdings Ltd (formerly Babcock & Brown Capital Limited).
Mr Peter Algernon Franc Hay	Independent Non- Executive Director	Chairman, Lazard Pty Ltd Advisory Board. Director, Alumina Limited, Landcare Australia Limited, GUD Holdings Limited, NBN Co Limited, Myer Holdings Limited and Myer Pty Ltd.

Name of Director	Position	Principal Outside Activities
Mr Lee Hsien Yang	Independent Non-Executive Director	Chairman, Fraser & Neave, Limited, Asia Pacific Investments Pte Ltd, and Civil Aviation Authority of Singapore. Director, Singapore Exchange Limited, The Islamic Bank of Asia Limited and Kwa Geok Choo Pte Ltd.
Mr Ian John Macfarlane AC.....	Independent Non-Executive Director	Director, Woolworths Limited, Leighton Holdings Limited and the Lowy Institute for International Policy.
Mr David Edward Meiklejohn AM	Independent Non-Executive Director	Chairman, PaperlinX Limited. Director, Coca Cola Amatil Limited and Mirrabooka Investments Limited.
Ms Alison Mary Watkins	Independent Non-Executive Director	Chief Executive Officer of the Bennelong Group. Director, Woolworths Limited, Yarra Capital Partners Pty Ltd, Glencoe Properties, AICD Victorian Council and The Nature Conservancy Australian Advisory Board.

As at the date of this Base Prospectus, no material conflicts of interest and, other than in respect of any dealings between ANZBGL and any of the companies listed above under "Principal Outside Activities" which may arise in the future and be referred to the Board of Directors of ANZBGL, no potential material conflicts of interest exist between any duties owed to ANZBGL by members of its Board of Directors listed above and their private interests and/or other duties. In respect of potential conflicts of interest that may arise in the future, ANZBGL has processes for the management of such conflicts.

The Group's Strategic Priorities

The strategic priority for the Group is to become a super regional bank focusing on Australia, New Zealand and Asia Pacific. This includes a rebalancing of profits across the geographies, whereby the profit contribution from Asia Pacific is intended to increase as a percentage of total Group profits.

Growth across the Australia, New Zealand and Asia Pacific geographies is supported by four core priorities:

- Customer Focus: since 1 October 2008, the Group has been restructured around its customers' needs rather than along product lines.
- Marketing and Sales: the Group has undertaken a shift in its focus from selling commodity products to serving customers.
- Technology: the Group is improving the levels of technology used by the Group to be comparable to that used by banks globally.
- Performance: the Group is developing an "out performance" culture on financial and customer service performance and work ethic.

The Super Regional strategy launched in December 2007 includes three key steps:

- Restore (1 to 2 years): to restore the momentum in the domestic businesses and capture existing opportunities, improve performance in Institutional, drive improved return from the Group's business in Asia and undertake strategic cost management.
- Outperform (2 to 5 years): to provide quality on par with global leaders in the Group's markets, provide 'best of breed' customer experience, consider in-fill mergers and

acquisitions in core geographies and unlock value of the Group's franchise, including, integrating and expanding operations in Bangalore (India), encouraging innovation and improving service.

- Transform (5+ years): to transform the Group into a leading Super Regional Bank with global quality and an Australia, New Zealand and Asia Pacific regional focus.

Since December 2007 the Group has made good progress with the "Restore" priorities as well as focusing on the "Outperform" step of the Super Regional strategy.

Recent Developments

The following are significant recent developments of ANZBGL.

Withdrawal of the Government Guarantee of Large Deposits and Wholesale Funding Liabilities

On 7 February 2010 the Australian Government announced that it was withdrawing its guarantee of large deposits and wholesale funding (the "**Government Guarantee**"). As a result, ANZBGL is not eligible to issue any further Notes with the benefit of the Government Guarantee. This does not affect Notes issued before 31 March 2010 with the benefit of the Government Guarantee.

ANZBGL completes RBS Taiwan and RBS Singapore acquisitions and receives regulatory approval for RBS acquisition in Indonesia

On 19 April 2010 ANZBGL announced it had completed the acquisition of the RBS Taiwan business. In addition to acquiring the retail, wealth, commercial and institutional businesses of RBS in Taiwan, ANZBGL has also completed the acquisition of the ABN AMRO Private Banking business in Taiwan. The two businesses were previously joined, prior to the sale of ABN AMRO to a consortium including RBS in 2007, and they remain closely connected sharing systems and technology. The ABN AMRO Private Bank acquisition gives the Group a private banking team in Taiwan to develop its private banking business in Taiwan, adding operations in the Taiwanese cities of Taipei, Taichung and Kaohsiung. The acquisition in Taiwan excludes the RBS securities business.

On 17 May 2010 ANZBGL announced it had completed the acquisition of the RBS retail and commercial businesses in Singapore. The Group now offers a full range of banking services in Singapore, covering retail, wealth, commercial, institutional and private banking. The Group currently has six branches and more than 300,000 customers in the city-state.

Taiwan and Singapore are the fourth and fifth, respectively, of six markets to transition from RBS ownership to Group ownership following the completion of the acquisitions of the RBS businesses in the Philippines, Vietnam and Hong Kong. ANZBGL has also received regulatory approvals to complete the acquisition of RBS businesses in Indonesia and expects to do so in June 2010.

ANZBGL receives preparatory approval for local incorporation in China

On 7 April 2010, ANZBGL announced it had received preparatory approval for local incorporation from the China Banking Regulatory Commission ("**CBRC**") taking it a step closer to becoming the first Australian bank to establish a wholly foreign owned bank in China. The CBRC has granted ANZBGL preparatory approval to establish the new entity to be known as Australian and New Zealand Bank (China) Company Limited ("**ANZ China**"). ANZ China will be a fully-owned subsidiary of ANZBGL subject to independent governance by a local board. ANZBGL will continue to work closely with government and regulators to fulfil the necessary steps to complete local incorporation, including consent from customers and staff to transfer to the new entity and regulatory inspection of ANZBGL's systems, people and governance capabilities. This is expected to be completed by the end of 2010 subject to regulatory approval. Local incorporation will allow ANZBGL to continue the expansion of its existing network in China by progressively seeking

approval to open additional outlets. In addition, ANZBGL will apply for RMB (Renminbi) licences to meet the needs of local retail customers in key cities upon the establishment of the new entity. ANZBGL has three foreign branches in Shanghai, Beijing and Guangzhou, a sub-branch in Shanghai and a rural bank in Liangping County, Chongqing. ANZBGL also has strategic partnerships in two of China's key growth regions - a 19.9 per cent. stake in the Shanghai Rural Commercial Bank and 20 per cent. stake in the Bank of Tianjin.

ANZBGL outlines growth plans in Indonesia

On 25 March 2010, ANZBGL announced that it would invest up to US\$100 million in Indonesia during 2010 to complete the acquisition of the RBS retail and commercial businesses in Indonesia and to accelerate organic growth. Key initiatives by the Group in Indonesia to support growth include the following:

- Expanding capabilities in trade and supply chain finance, cash management, foreign exchange and debt capital markets and corporate banking services to large domestic companies, multinationals as well as international trade and investment companies.
- Expanding retail banking services to focus on affluent clients including growing ANZBGL's branch and ATM networks to position ANZBGL as a leading foreign bank with a superior presence across Indonesia.
- Continuing to invest in a new core banking IT platform during 2010 that will provide capability to offer new products as well as better and more efficient customer service.

ANZBGL comments on Moody's ratings following methodology change

On 3 March 2010, ANZBGL confirmed that consistent with its announcement on 19 November 2009, Moody's Investor Services ("**Moody's**") has downgraded a range of Tier 1 and Upper Tier 2 securities, including some securities issues by ANZBGL and ANZNBL, along with other domestic peer banks. An announcement by Moody's on the same day confirmed sector-wide methodology changes for rating hybrid securities and subordinated debt issued by banks globally. This was first flagged by Moody's late last year following a period of industry consultation commencing in June 2009. ANZBGL and ANZNBL's deposit, senior debt and Lower Tier 2 subordinated debt ratings are not impacted.

SUPERVISION AND REGULATION OF AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

Australia

Overview of APRA's Regulation

Since 1 July 1998, the Australian Prudential Regulation Authority ("APRA") has been responsible for the prudential and regulatory supervision of Australian authorised deposit-taking institutions ("ADIs"), which covers banks (including ANZBGL), credit unions, building societies, insurance companies and superannuation funds. Prior to this, the Australian banking industry was regulated by the Reserve Bank of Australia ("RBA"). The RBA has retained overall responsibility for monetary policy, financial system stability and payments system regulation. APRA draws authority from the Australian Prudential Regulation Authority Act 1998.

APRA requires ADIs to meet certain prudential standards that are covered in a range of APRA Prudential Standards ("APS").

APRA discharges its responsibilities in part by requiring ADIs subject to its supervision to regularly provide it with reports which set forth a broad range of information, including financial and statistical data relating to their financial position and information in respect of prudential and other matters. APRA gives special attention to capital adequacy, liquidity, earnings, credit quality and associated loan loss experience, concentration of risks, the maturity profile of assets and liabilities, operational risks, market risks, interest rate risk in the banking book, exposures to related entities, outsourcing, funds management, securitisation activities and international banking operations. APRA may also exercise certain investigative powers if an ADI fails to provide information about its financial condition or becomes unable to meet its obligations or suspends payment.

In carrying out its supervisory role, APRA supplements its analysis of statistical data collected from each ADI with selective 'on site' visits and formal meetings with the ADI's senior management and external auditors. APRA has also formalised a consultative relationship with each ADI's external auditors, with the agreement of the ADIs. The external auditors provide additional assurance to APRA that the ADI has observed all applicable prudential standards, and that statutory and other banking requirements are being met. External auditors also undertake targeted reviews of specific risk management areas as selected by APRA. In addition, an ADI's Chief Executive Officer attests to, and its board of directors endorses, the adequacy and operating effectiveness of the ADIs risk management systems to control exposures and limit risks to prudent levels.

Capital management and adequacy within APRA's regulations

For details of the Group's capital management and adequacy and APRA's regulatory environment, refer to Note 31 ("Capital Management") in ANZBGL's 2009 Annual Report incorporated by reference into this base prospectus.

Basel II and other capital regulatory considerations

The common framework for determining the appropriate quantum of bank regulatory capital is set by the Basel Committee and a framework was developed in 2004 that is commonly known as 'Basel II'. A key objective of Basel II is to improve the stability of the global financial system by encouraging improved risk management practices and requiring financial institutions, including ADIs, to hold levels of regulatory capital commensurate with their risk profile. In particular, Basel II introduced a more risk-sensitive and detailed regulatory capital regime for credit risk and introduced for the first time an explicit regulatory capital charge for operational risk.

A major innovation of the accord is that Basel II allows ADIs of varying sophistication in their risk management practices to enter the new regulatory capital framework at one of three levels, with incentives embedded (by way of the potential for reduced regulatory capital requirements) to attract ADIs with more sophisticated risk measurement and management approaches to reach the more advanced levels. ADIs are required to choose their approach and be accredited at a level of compliance in each of credit and operational risk.

On 10 December 2007, APRA advised that the Group had achieved Advanced accreditation under the Basel II rules for the purposes of calculating its minimum capital requirements. Accreditation by APRA to use the Advanced Internal Ratings Based ("AIRB") methodology for credit risk weighted assets and Advanced Measurement Approach for the operational risk weighted asset equivalent, means the Group now uses the most sophisticated approaches for the three major types of risk facing banks, being credit risk, operational risk and market risk, for regulatory capital determination from 1 January 2008 when the Basel II principles took effect in Australia.

While accreditation has been received, a number of aspects of the measurement of risk weighted assets and regulatory capital is still under review in conjunction with APRA and as a result some changes may occur. In 2008, APRA also placed a transitional cap of 10 per cent. on any reduction in capital requirements arising from the Basel II changes, which continue to apply during 2010. It is currently unclear when APRA will amend, vary or terminate the transitional cap.

Under Basel II, financial institutions are required to make extensive qualitative and quantitative disclosures with respect to capital adequacy and credit risk management. On 25 November 2009, ANZ provided this information as at 30 September 2009 and continues to provide this information quarterly.

In addition, on 10 December 2007 ANZNBL received accreditation from the RBNZ to use the AIRB methodology which took effect on 1 January 2008.

Liquidity

Liquidity is controlled by individual agreements between APRA and each ADI which take into consideration the specific operations of each organisation. APRA requires that ADIs have a comprehensive liquidity policy statement that defines the guidelines and systems for managing domestic and foreign currency liquidity, including a formal contingency plan for dealing with a liquidity crisis. The board of directors must approve this statement. An ADI's liquidity management policy should cater for a range of potential conditions and APRA requires an ADI's liquidity risk to be assessed under two specific scenarios.

- The first scenario is known as the 'going-concern' and refers to the normal behaviour of cash flows in the ordinary course of business and forms the day-to-day focus of an ADI's liquidity management. APRA requires that an ADI must be able to meet all commitments and obligations under a going concern scenario, within the ADI's normal funding capacity ('available to fund' limit), over at least the following 30 calendar days.
- The second scenario, known as the 'name crisis', models the behaviour of cash flows where there is a problem (real or perceived) which may include, but is not limited to, operational issues, doubts about the solvency of an ADI or adverse rating changes. Under the name crisis scenario, APRA requires an ADI to have sufficient liquidity to remain cash flow positive for at least the five following business days.

Proposed changes to the Capital and Liquidity Frameworks

APRA

On 11 September 2009, APRA released proposals to enhance liquidity risk management by ADIs. The objective is to strengthen the resilience of ADIs to liquidity risk and improve APRA's ability to

assess and monitor ADIs' liquidity risk profiles. APRA has stated that the proposed changes to be incorporated as part of its revised approach to liquidity risk would include:

- enhanced qualitative requirements consistent with the Principles for Sound Liquidity Risk Management and Supervision issued by the Basel Committee in September 2008;
- extending the "going concern" cash flow projection requirement to all ADIs and lengthening the projection to at least 12 months;
- strengthening the current APRA-defined stress testing to ensure ADIs meet a minimum acceptable level of resilience, which would include:
 - o lengthening the minimum survival horizon for the current APRA-defined "name crisis" scenario from five business days to one month; and
 - o an additional APRA-defined three-month "market disruption" stress scenario; and
- a standardised reporting framework for collecting regular liquidity data from ADIs, including the ability to access data at short notice in times of stress.

Further, on 18 March 2010, APRA released a discussion paper in respect of the supervision of conglomerate groups which would include the Group as it contains material operations in more than one APRA regulated industry. The aim of APRA is to ensure that prudential supervision adequately captures the risks to which APRA regulated entities within a conglomerate group are exposed and which, because of the operations or structures of a group, are not adequately captured by the existing prudential frameworks. In conjunction with the conglomerate groups proposals, on 13 May 2010, APRA released proposals to update and align the prudential standards for general insurers and life insurers which applies to a number of Group entities.

In each case, APRA's final regulations are expected to be influenced by the final global capital and liquidity regime implemented following further changes proposed by the Basel Committee and banking regulators in other countries.

Basel Committee

On 17 December 2009, the Basel Committee released two consultative papers entitled "Strengthening the Resilience of the Banking Sector" and "International Framework for Liquidity Risk Measurement, Standards and Monitoring", setting out proposals to strengthen global capital and liquidity regulations with the goal of promoting a more resilient banking sector. The objective of the proposals is to improve the banking sector's ability to absorb shocks arising from financial and economic stress, whatever the source.

The consultative package states that it aims to raise the quality, consistency and transparency of the capital base to ensure that banks are in a better position to absorb losses on both a going and gone concern basis. As a result, the package proposes a number of changes to the capital standards including increasing the number of capital deductions to be taken against Tier1 capital (although a number of the proposals are already Tier1 deductions under APRA's capital standards), tightening the regulations around hybrid Tier1 capital instruments, increasing disclosure around the capital base and calculations, introducing a leverage ratio target to supplement capital ratio targets, reducing procyclicality impacts and promoting countercyclical capital buffers, strengthening risk coverage and reducing systemic risk and interconnectedness.

The package also aims to introduce a global standard on liquidity that includes a 30-day liquidity coverage ratio requirement underpinned by a longer-term structural liquidity ratio and includes a common set of monitoring metrics to assist supervisors in identifying and analysing liquidity risk trends at both the bank and system wide level.

It is difficult to assess the impact on ANZBGL of the consultative package as there are a number of stages to be completed before the package is finalised and adopted, including a global

quantitative impact study to assess and calibrate the impact of the various proposals (which has been completed by many banks globally), further clarification by the Basel Committee on some aspects of the package including any transition and grandfathering rules, the final form of the package from the Basel Committee and finally, the form of the capital and liquidity package that APRA adopts for Australian banks. The Basel Committee has indicated that it aims to implement the proposals by the end of 2012.

Other Regulators

In addition, ANZBGL is supervised and regulated in some respects by the Australian Securities and Investments Commission ("**ASIC**"), the Australian Competition and Consumer Commission ("**ACCC**"), the Australian Transaction Reports and Analysis Centre ("**AUSTRAC**") and various securities exchanges.

ASIC is Australia's corporate, markets and financial services regulator and regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit-taking and credit. ANZBGL provides products and participates in markets regulated by ASIC.

The ACCC is an independent Commonwealth statutory authority which promotes competition and fair trading in the Australian marketplace to benefit consumers, business and the community. It also regulates national infrastructure services. Its primary responsibility is to ensure that individuals and businesses, including ANZBGL, comply with the Australian competition, fair trading and consumer protection laws.

The Group is required to comply with certain anti-money laundering and counter-terrorism financing legislation and regulations under Australian law and the local laws of all the countries in which it operates, including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (the "**AML Act**"). The AML Act is administered by the AUSTRAC.

The Group has equity securities listed on the ASX and the New Zealand Stock Exchange ("**NZX**"), and has debt securities listed on this and some other overseas securities exchanges. As a result, the Group must comply with a range of listing and corporate governance requirements in Australia, New Zealand and overseas.

United States

A major focus of US governmental policies affecting financial institutions in recent years has been combating money laundering and terrorist financing. The USA PATRIOT Act of 2001 (the "**Patriot Act**") substantially broadened the scope of US anti-money laundering laws by imposing significant new compliance and due diligence obligations, creating new crimes and penalties and expanding the extra-territorial jurisdiction of the United States. The US Treasury Department has issued a number of regulations implementing various requirements of the Patriot Act that apply to US financial institutions, such as ANZBGL's US bank subsidiaries and US broker-dealer subsidiary, as well as, ANZBGL's New York branch.

Those regulations impose obligations on financial institutions operating in the United States to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their customers. In addition, the US bank regulatory agencies are imposing heightened standards and US law enforcement authorities have been taking a more active role. Failure of a financial institution to maintain and implement adequate policies and procedures to combat money laundering and terrorist financing could have serious legal and reputation consequences for the institution.

Following the passage of the US Gramm-Leach-Bliley Act also known as the Financial Modernisation Act (the "**GLB**"), ANZ successfully sought certification as a Financial Holding Company (a "**FHC**") by the Federal Reserve Board. An FHC is allowed to engage, or acquire

companies engaged, in the United States in activities that are determined by the Federal Reserve Board and the Secretary of the Treasury to be financial in nature or incidental thereto, and activities that are determined by the Federal Reserve Board to be complementary to financial activities.

Under the GLB, the activities of a FHC are subject to restrictions if it is determined that the FHC (in the case of ANZBGL, at the Group level only), or any of its US subsidiary depository institutions, does not satisfy the definition of “well managed” or “well capitalised” or if any of its US subsidiary depository institutions ceases to achieve at least a “satisfactory” rating under the US Community Reinvestment Act of 1977. In addition, under the GLB, the FRB is the “umbrella” supervisor with jurisdiction over FHCs.

ANZBGL’s New York Branch is subject to supervision, examination and regulation by the Office of the Comptroller of the Currency (the “**Comptroller**”) under the US International Banking Act of 1978 (the “**IBA**”) and under regulations adopted pursuant to the IBA. The IBA provides, among other things, that a federal branch of a non-US bank can exercise the same rights and privileges that are available to national banks. In addition, the exercise of any such right or privilege must be subject to the same duties, restrictions, penalties, liabilities, conditions and limitations that apply to national banks in the same jurisdiction. The federal branch must maintain its accounts and records separate from those of the non-US bank and must comply with such additional requirements as may be prescribed by the Comptroller.

Under the IBA, a federal branch of a non-US bank is subject to the receivership provisions to the same extent as a national bank. The Comptroller may take possession of the business and property of a federal branch. Accordingly, the Comptroller has at its disposal a wide range of supervisory and enforcement tools for addressing violations of laws and regulations and breaches of safety and soundness, which can be imposed upon federal branches. The Comptroller may remove federal branch management and assess civil money penalties. In certain circumstances, the Comptroller may also terminate a federal branch license at its own initiative or at the recommendation of the FRB.

Also, under the IBA, a non-US bank is subject to certain restrictions with respect to opening new US domestic deposit-taking branches and establishing new US subsidiary banks in states outside of its “home-state,” which in ANZBGL’s case is New York.

Other Countries

In addition to the prudential capital oversight that APRA conducts over ANZBGL and its branch operations and details of the supervision and regulation described above, local banking operations in all of ANZBGL’s offshore branches and banking subsidiaries are subject to host country supervision by their respective regulators such as the RBNZ, the Comptroller, the FRB and the UK Financial Services Authority. These regulators may impose minimum capitalisation requirements on those operations.

ANZ NATIONAL BANK LIMITED

Background

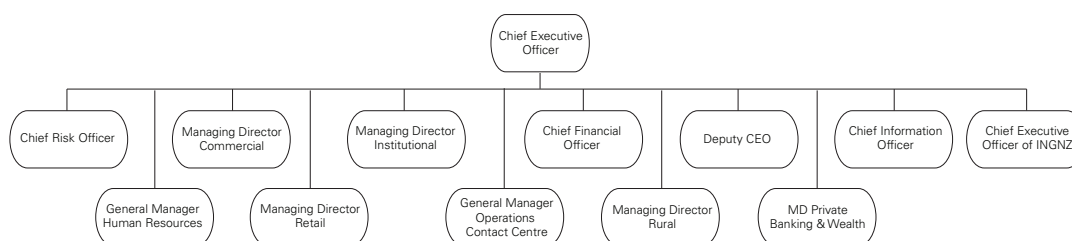
ANZNBL was incorporated under the New Zealand Companies Act 1955 on 23 October 1979 and was re-registered under the New Zealand Companies Act 1993 on 13 June 1997 and is a private company limited by shares with its registered office at Level 6, 1 Victoria Street, Wellington 6011, New Zealand and company number 35976. ANZNBL's principal executive offices are located at Level 10, 1 Victoria Street, Wellington 6011, New Zealand and the telephone number is +64 (4) 4967000. ANZNBL is a wholly-owned subsidiary of ANZBGL. ANZNBL is a registered bank under the Reserve Bank of New Zealand Act 1989.

ANZNBL is the largest full-service banking group in New Zealand with total assets of NZ\$113,577 million and total liabilities of NZ\$103,045 million as at 31 March 2010, and its two brands, "ANZ" and "The National Bank of New Zealand", have significant market share in most banking markets in New Zealand. As at 31 March 2010, ANZNBL held approximately 30 per cent. of the total assets held by registered banks in New Zealand* and was supported by over 300 branches across its two brands.

Business lines

The business of ANZNBL is organised into the following three major business segments: Retail, Institutional and Commercial (including Rural and UDC Finance Limited ("UDC") (a finance company providing asset finance)). These segments are supported by centralised back office and corporate functions. Life insurance and fund management products are developed and procured through ING New Zealand Limited ("INGNZ") which is a wholly owned subsidiary of ANZNBL. INGNZ's products are distributed via the Retail segment. Use of the INGNZ brand is under a licence from ING Group while transitioning to a new brand, expected to be by the end of 2010.

The ANZNBL executive team is structured as follows:



Retail

The Retail segment provides banking and insurance products and services to individuals and small businesses through separate ANZ and The National Bank of New Zealand branded distribution channels. Personal banking customers have access to a wide range of financial services and products, including core banking products such as checking accounts, various lending products and insurance products. The small business segment includes owner managed and small-sized enterprises with annual revenues of less than NZ\$5 million and with relatively simple banking requirements. Lending in this market is typically secured by mortgages over property. Private Banking, which offers a fully inclusive banking and investment service to high net worth individuals and INGNZ, which develops and procures life insurance and fund management products which are distributed through the Private Banking and Wealth unit as well as the ANZ and The National Bank of New Zealand branded distribution channels, are business units within the Retail segment.

* Based on data on total assets in the RBNZ Aggregate Standard Statistical Return for registered banks in New Zealand.

Commercial

The Commercial segment provides services to Commercial, Rural and UDC customers.

Commercial customers consist of primarily privately owned medium-to-large businesses with annual revenues from NZ\$2 million to NZ\$150 million. The relationship with these businesses range from simple banking requirements with revenue from deposit and transactional facilities and cash flow lending, to more complex funding arrangements with revenue sourced from a wider range of products.

The Commercial relationship businesses are supported by specialist Property Finance and Asset Finance units and a range of infrastructural and operational units.

The Rural banking business unit provides a broad suite of banking products and services to farmers through both the ANZ and The National Bank of New Zealand brands. ANZNBL has the largest share among registered New Zealand banks of the New Zealand rural sector, which is primarily driven by the success of The National Bank of New Zealand branded business which has a market leading position. Based on data sourced from the RBNZ's aggregate Standard Statistical Return for registered banks in New Zealand, as at 31 March 2010, ANZNBL had, across both brands, approximately 40 per cent. of total rural lending by registered banks in New Zealand.

UDC is currently New Zealand's only bank owned finance company. UDC is principally involved in financing business equipment, plant and machinery for New Zealand based small and medium sized businesses. The five distinct business lines of UDC are business lending, auto lending, agriculture lending, vendor leasing and investments. The business is funded predominantly through the New Zealand domestic retail debenture market.

UDC represents one of the non-bank brands of the ANZNBL group in New Zealand. UDC products are sold through UDC proprietary sales channels, intermediary channels and the ANZ Retail distribution network.

Institutional

The Institutional segment is responsible for coordinating and managing relationships with customers with annual revenues typically of greater than NZ\$150 million. These relationships are managed along industry segment lines.

In addition, the Institutional segment provides specialist services, including transaction banking, trade services, specialised lending, foreign exchange and risk management services, to customers across the bank.

ANZNBL's Strategic Priorities

ANZNBL's strategy is to fully leverage its leading market position to deliver superior growth and returns. ANZNBL's strategy is underpinned by a programme of initiatives and its priorities include:

- Aligning services to customer needs and improving customer experience
- Investing in customer facing systems and technology infrastructure and simplifying processes
- Continuing to manage credit risks and provisions
- Transforming the way banking services are delivered and reducing costs
- Increasing the combined reach of ANZNBL's brands by increasing appeal and differentiation
- Improving profitability by balancing margins (deposits and loans), targeting profitable customer segments and pricing credit appropriately

Branding strategy

Following the acquisition of the National Bank Group in 2003, ANZNBL made a strategic decision to retain both the “ANZ” and “The National Bank of New Zealand” brands in the New Zealand market. This decision was based on studies of previous mergers in the New Zealand market and the potential impact on customers of moving to a single brand. ANZ and The National Bank of New Zealand are clearly viewed as separate brands, each with a share of “shelf space” in the market and each acquiring new customers based on their differing brand appeal and value propositions.

ANZNBL’s “dual brand” strategy operates differently in each of ANZNBL’s business units to suit the needs of customers of those business units. In the personal and business banking markets, ANZNBL’s strategy is to build two strong and iconic brands in the marketplace. ANZNBL believes the two brands, ANZ and The National Bank of New Zealand, offer greater flexibility to deliver differentiated offers and services. The brands are separate and competing, but are complementary in that the overall brand positions are being designed in a way to increase the reach of the ANZNBL group. In most other ways, the brands compete head on. Based on customer feedback, customers feel as though there are two distinct offers and experiences available to them, although, behind the scenes, ANZNBL’s systems, processes and certain personnel may be integrated. The knowledge and best practice of each brand is available to the other, accelerating the evolution of the individual brands. The existing separate distribution channels, branch networks, contact centres, ATM networks and on-line banking websites and product portfolios will be maintained.

In specialised markets, the ANZNBL group is further represented by the following brands:

- UDC (asset finance);
- Direct Broking (online share and fixed rate instrument trading);
- EFTPOS New Zealand (card merchant acquiring and terminal rental);
- Bonus Bonds; and
- ING (insurance and investment products). Use of the INGNZ brand is under a licence from ING Group while transitioning to a new brand, expected to be at the end of 2010.

Credit rating

At the date of this Base Prospectus, ANZNBL, has the following debt ratings for long-term unsubordinated unsecured obligations payable in New Zealand in New Zealand dollars:

- Standard and Poor’s Rating Services: AA (stable)
- Moody’s Investor Services: Aa2 (stable)
- Fitch Ratings AA- (positive)

Directors

The directors of ANZNBL, the business address of each of whom should be regarded for the purposes of this Base Prospectus as being Level 6, 1 Victoria Street, Wellington 6011, New Zealand, and their principal outside activities, where significant, are as follows:

<u>Name of Director</u>	<u>Position</u>	<u>Principal Outside Activities</u>
Dr J A Fagg.....	Chief Executive and Director	
Sir Dryden T Spring D Sc	Independent Non- Executive Chairman	Director, Fletcher Building Limited, Fletcher Building Finance Ltd, SkyCity Entertainment Group Ltd, SkyCity Investments Australia Limited and Port of Tauranga Ltd
Mr N M T Geary CBE ..	Independent Non- Executive Director	Director, Otago Innovation Ltd
Mr M R P Smith OBE ..	Non-Executive Director	Chief Executive Officer and Director, Australia and New Zealand Banking Group Limited. Director, The Financial Markets Foundation for Children
Mr P R Marriott	Non-Executive Director	Chief Financial Officer, Australia and New Zealand Banking Group Limited. Director, ASX Limited, ASX Clearing Corporation Limited, Australian Clearing House Pty Ltd, SFE Clearing Corporation Ltd, ASX Settlement and Transfer Corporation Pty Ltd and Austraclear Ltd
Dr D T Brash	Independent Non- Executive Director	Chairman and Director, Huljich Ltd and related companies, Director, Transpower New Zealand Limited, Oceania Dairy Group Limited, Oceania Milk Limited, Oceania Dairy Limited, Troika Family Trust Nominees Limited, Brash Forestry Limited, Eljeans Orchard Limited, Brash Consultancy Services Limited
Mr J F Judge.....	Independent Non- Executive Director	Director, Fletcher Building Limited, Fletcher Building Finance Limited Chairman of the Museum of New Zealand Te Papa Tongarewa and the Auckland Art Gallery Foundation, Chairman of the Crown organisation, Accident Compensation Corporation, Advisory Board Member of the University of Auckland and the University of Otago Schools of Business
Mr S Elliott	Non-Executive Director	Group Managing Director Institutional, Australia and New Zealand Banking Group Limited

From 4 March 2010, Dr Brash has been on approved extended leave.

As at the date of this Base Prospectus, no conflicts of interest and, other than in respect of any dealings between ANZNBL and any of the companies listed above under "Principal Outside Activities" which may arise in the future and be referred to the Board of Directors of ANZNBL, no potential conflicts of interest exist between any duties owed to ANZNBL by members of its Board of Directors listed above and their private interests and/or other duties. In respect of potential conflicts of interest that may arise in the future, ANZNBL has processes for the management of such conflicts such that it does not expect that any actual conflict of interest would arise.

Board Committees

To assist in the execution of its responsibilities, the board of ANZNBL ("**ANZNBL Board**") has established committees, including an Audit Committee, a Remuneration Committee and a Risk Management Committee, each with a charter, to assist and support the ANZNBL Board in the conduct of its duties and obligations. The Chairman of the ANZNBL Board is a member of each committee.

Audit Committee — The purpose of the Audit Committee is to assist the ANZNBL Board in its review and approval of:

- (a) the financial reporting principles and policies, controls and procedures of ANZNBL and its subsidiaries;
- (b) the compliance of ANZNBL and its subsidiaries with applicable local financial reporting, prudential reporting and audit requirements as well as those of the Group;
- (c) the effectiveness of ANZNBL's internal control and risk management framework;
- (d) the work of Internal Audit;
- (e) the integrity of ANZNBL and its subsidiaries' financial statements and the independent audit thereof and compliance with relevant legal and regulatory requirements thereof;
- (f) ANZNBL's relationship with and selection of the external auditors; and
- (g) any due diligence procedures and the provision of significant reports to regulatory bodies.

The current members of the Audit Committee are Mr Judge (Chairman), Sir Dryden Spring, Dr Brash, Mr Geary and Mr Marriott.

Remuneration Committee — This committee is responsible for reviewing and, where necessary, making recommendations to the ANZNBL Board in respect of remuneration policies and terms of service, including remuneration relating to the Chairman, Directors, Chief Executive, and nominated senior management and executive officers.

The current members of the Remuneration Committee are Sir Dryden Spring (Chairman), Mr Geary, Dr Brash, Mr Judge and Mr Smith.

Risk Management Committee — The purpose of the Risk Management Committee is to:

- (a) assist the ANZNBL Board in the effective discharge of its responsibilities for business, market, credit, financial, operational, compliance, liquidity and reputation risk management; and
- (b) liaise and consult with the Group Risk Management Committee to assist it to discharge its responsibilities.

The current members of the Risk Management Committee are Mr Geary (Chairman), Sir Dryden Spring, Mr Judge, Mr Marriott and Dr. Brash.

Subsidiaries of ANZNBL

ANZNBL's subsidiaries are set out on page 113 of the interim financial statements of ANZNBL contained in ANZNBL's General Disclosure Statement for the six months ended 31 March 2010 which is incorporated by reference into, and forms part of, this Base Prospectus (see "Information Incorporated by Reference").

Recent Developments

The following are significant recent developments for ANZNBL which have occurred since the release of ANZNBL's General Disclosure Statement for the six months ended 31 March 2010.

Market Conditions

The New Zealand economy emerged from recession in the June 2009 quarter and while the recovery has been somewhat subdued compared to past recoveries, forward indicators such as business confidence, consumer confidence and manufacturing sector Purchasing Managers' Index are pointing towards building momentum. Forecasts of GDP growth for this calendar year and 2011 have been revised higher in recent months. The RBNZ, NZ Treasury, International Monetary Fund and the consensus view of New Zealand economists expect growth to range from 3 per cent. to 3.2 per cent. for 2010, rising to between 3 and 4.2 per cent. for 2011.

Changes to the Crown Retail Guarantee Scheme and Wholesale Guarantee Facility

On 25 August 2009 the Government announced that it will extend the Crown Retail Guarantee Scheme to 31 December 2011 and change some of its terms and conditions. On 19 May 2010 the Reserve Bank stated that there is no need for banks to partake in the extended scheme, and therefore at this stage ANZNBL does not intend to apply to be covered by it.

The Government closed the Crown Wholesale Guarantee Facility to new debt securities on 30 April 2010. As a result ANZNBL is not eligible to issue any further Notes with the benefit of the Crown Wholesale Guarantee. The closure does not affect Notes previously issued with the benefit of the Crown Wholesale Guarantee.

New Zealand Commerce Commission Proceedings

The Commerce Commission is looking closely at credit contract fees under the Credit Contracts and Consumer Finance Act 2003 ("**CCCFA**"). In its 2009-2012 Statement of Intent the Commerce Commission stated that:

"Compliance with the Credit Contracts and Consumer Finance Act is a priority area for the Commission, given the deterioration in consumer confidence in the financial sector and the important role that a competitive lending market can play in strengthening the New Zealand economy."

In particular ANZNBL is aware that the Commerce Commission is investigating the level of default fees charged on credit cards, the level of currency conversion charges on overseas transactions using credit cards and also informal excess arrangements on credit cards under the CCCFA. At this stage the possible outcome of these investigations and any liability or impact on fees cannot be determined with any certainty. The Commerce Commission has concluded its investigation into early repayment charges on fixed rate mortgages with no action being taken against ANZNBL.

ING New Zealand Limited Fund Proposal to Investors

ANZNBL markets and distributes a range of wealth management products in New Zealand, which are manufactured and managed by ANZNBL's subsidiary, INGNZ. Trading in two of the products, the ING Diversified Yield Fund and the ING Regular Income Fund (the "**Funds**") was suspended on 13 March 2008, due to a deterioration in the liquidity and credit markets. Units in the Funds were sold by ANZNBL to ANZNBL customers.

On 5 June 2009, INGNZ AUT Investments Limited, a subsidiary of INGNZ, made an offer to investors in the Funds. That offer closed on 13 July 2009. Approximately 99 per cent. of investors accepted the offer to purchase their units and have received a payment of 60 cents per unit in the ING Diversified Yield Fund or 62 cents per unit in the ING Regular Income Fund, as applicable,

either (i) in cash; or (ii) by way of deposit in an on-call account with ANZNBL paying 8.30 per cent. per annum fixed for up to five years.

The Commerce Commission is separately investigating both ANZNBL and INGNZ in respect of their roles in manufacturing, managing and selling the Funds. On 15 April 2010, the Commission said it has reached a decision on whether it will prosecute ANZNBL over the promotion of the Funds but is not publicly releasing the outcome yet. The Commission commented:

"We are involved in ongoing discussions with the ANZ and won't be making any further comment until those discussions are complete."

The ultimate cost to ANZNBL will depend on the final value of units in the Funds, any recoveries under insurance, the assessment and outcome of customer complaints and the results of any litigation and regulatory investigations or proceedings that may be brought in connection with the Funds or their sale. ANZNBL considers it has adequately provided for these matters at this time.

Tax Proceedings

The New Zealand Inland Revenue Department ("**IRD**") had been reviewing a number of structured finance transactions as part of an audit of the 2000 to 2005 tax years. ANZNBL has reached a settlement with the IRD in respect of all the transactions in dispute. This liability, net of amounts received from Lloyds Banking Group Plc, was met from existing tax provisions.

ANZ NATIONAL (INT'L) LIMITED

ANZNIL (formerly NBNZ International Limited) was incorporated in New Zealand in 1986 and is a wholly-owned subsidiary of ANZNBL (see "ANZ National Bank Limited" above for details of ANZNBL).

The principal activities of ANZNIL include the provision of funding facilities to the ANZNBL group and wholesale financing, including issuance of US Commercial Paper, Euro-Commercial Paper, US Medium-Term Notes and Euro Medium-Term Notes.

ANZNIL was incorporated under the New Zealand Companies Act 1955 on 8 December 1986 and was registered under the New Zealand Companies Act 1993 on 27 May 1996 and is a private company limited by shares, whose place of registration is Wellington, New Zealand. The registered office of ANZNIL is located at Level 6, 1 Victoria Street, Wellington 6011, New Zealand and the telephone number is +44 20 3229 2017. The New Zealand registration number of ANZNIL is 328154.

ANZNIL's overseas activities are currently conducted through its London branch.

ANZNIL has no subsidiary companies. ANZNIL is largely dependent on its parent, ANZNBL, as ANZNBL fully guarantees all obligations under ANZNIL's funding programmes. ANZNIL has not made any principal investments since the date of its last audited financial statements, and there are no principal future investments on which the management has given firm commitment.

Directors

The directors of ANZNIL, the business address of each of whom should be regarded for the purposes of this Base Prospectus as being Level 6, 1 Victoria Street, Wellington 6011 New Zealand, and their principal outside activities, where significant, are as follows:

Dr. J A Fagg	Director	Chief Executive Officer and Executive Director, ANZ National Bank Limited
Mr S M Fyfe	Director	Deputy Chief Executive Officer, ANZ National Bank Limited
Mr N Freeman	Director	Chief Financial Officer, ANZ National Bank Limited

As at the date of this Base Prospectus, no potential conflict or conflicts of interest exist between any duties owed to ANZNIL by the members of its Board of Directors listed above and their private interests and/or other duties in respect of their management roles.

Board Practices

ANZNIL does not have an audit committee. The audit committee function is fulfilled by the ANZNBL Audit Committee which is more fully described in the section entitled "ANZ National Bank Limited — Board Committees" on page 99 of the Base Prospectus.

Corporate Governance

ANZNIL must comply with all relevant provisions of the New Zealand Companies Act 1993. ANZNIL is not listed on the NZX and is not an issuer of securities to the public in New Zealand. Accordingly, ANZNIL is not subject to the various corporate governance regimes promulgated in New Zealand, including the NZX Corporate Governance Best Practice Code and the Securities Commission Corporate Governance in New Zealand Principles and Guidelines.

ANZNIL's share capital consists of 500,000 ordinary shares which are issued and fully paid amounting to NZ\$500,000.

**SUMMARY OF FINANCIAL STATEMENTS OF
ANZ NATIONAL (INT'L) LIMITED**

The amounts included in this summary have been extracted from the audited annual financial statements of ANZNIL (see "Information Incorporated by Reference") with the exception of the amounts for the six months ended 31 March 2010 and six months ended 31 March 2009 which have been taken from the unaudited interim financial statements of ANZNIL (see "Information Incorporated by Reference").

	Unaudited 6 months to 31/03/2010 NZ \$000	Unaudited 6 months to 31/03/2009 NZ \$000	Audited Year to 30/09/2009 NZ \$000	Audited Year to 30/09/2008 NZ \$000
Income Statements				
Interest income	186,634	543,408	609,991	1,200,011
Interest expense	182,951	538,918	601,050	1,190,194
Net interest income.....	3,683	4,490	8,941	9,817
Net foreign exchange (losses) /gains.....	4	336	63	(65)
Total income	3,687	4,826	9,004	9,752
Operating expenses	337	635	773	910
Profit before income tax	3,350	4,191	8,231	8,842
Income tax expenses	1,005	1,257	2,469	2,911
Profit after income tax.....	2,345	2,934	5,762	5,931
	Unaudited 31/03/2010 NZ \$000	Unaudited 31/03/2009 NZ \$000	Audited 30/09/2009 NZ \$000	Audited 30/09/2008 NZ \$000
Balance Sheets				
<i>Assets</i>				
Liquid assets	801	436	124	1,948
Amounts due from related parties	22,840,724	26,980,507	22,381,573	33,386,405
Other assets	-	-	-	3,407
Deferred tax assets.....	-	18	19	18
Total assets	22,841,525	26,980,961	22,381,716	33,391,778
<i>Liabilities</i>				
Deposits and other borrowings.....	7,414,793	6,134,777	7,388,414	12,669,729
Amounts due to related parties — current	284,822	529,864	487,298	1,020,122
Payables and other liabilities	95,411	39,825	90,255	96,182
Current tax liabilities	999	1,509	1,333	1,846
Bonds and notes	12,822,747	17,513,822	12,168,208	17,033,647
Amounts due to related parties — term	2,212,795	2,748,687	2,238,595	2,560,709
Total liabilities	22,831,567	26,968,484	22,374,103	33,382,235
Net assets	9,958	12,477	7,613	9,543
<i>Equity</i>				
Ordinary share capital	500	500	500	500
Foreign currency translation reserve.....	2,967	40	1,150	1,351
Retained profits	6,491	11,937	5,963	7,692
Total Equity	9,958	12,477	7,613	9,543

SUPERVISION AND REGULATION OF ANZ NATIONAL BANK LIMITED AND ANZ NATIONAL (INT'L) LIMITED

The Reserve Bank of New Zealand Act 1989 (the “**Act**”) requires the Reserve Bank of New Zealand (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 a requirement that the banks disclose, on a quarterly basis, information on financial performance and risk positions, and on a requirement that directors regularly attest to certain key matters. 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.

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, and are set out in more detail below;
- monitoring each registered bank’s financial condition and compliance with conditions of registration, principally on the basis of published quarterly disclosure statements. 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. Formal prudential consultations are held annually, and generally focus on the strategic direction of the banks, major changes in their operations and other high level issues;
- using crisis management powers available to it under the 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 anti-money laundering and countering financing of terrorism; and
- banks internal capital adequacy process and liquidity policy.

The disclosure statements that are required to be issued quarterly by registered banks contain comprehensive corporate details and full financial statements at the full and half year, and interim financial statements at the off-quarters. They are subject to full external audit 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.

The RBNZ currently also requires all registered banks to obtain and maintain a credit rating from an approved organisation and publish that rating in the quarterly 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 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 appoint 25 per cent. or more of the board of directors of a registered bank or a qualifying interest (e.g., 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.

The RBNZ requires the ANZNBL group to have a comprehensive Board approved liquidity strategy defining: policy, systems and procedures for measuring, assessing, reporting and managing domestic and foreign currency liquidity. This also includes a formal contingency plan for dealing with a liquidity crisis. On 22 October 2009, the RBNZ modified the ANZNBL group's conditions of registration with respect to liquidity policy. These revised conditions became effective from 30 March 2010. The ANZNBL group has systems and processes in place to comply with these new regulations.

Conditions of Registration: ANZ National Bank Limited

ANZNBL's Conditions of Registration were revised in March 2010 to reflect an amendment to the RBNZ Liquidity Policy (BS 13 and BS 13A) on the management of liquidity risk by registered banks in New Zealand. The stated objective of the Liquidity Policy is to contribute to the smooth functioning of the New Zealand financial system by reducing the likelihood of liquidity problems affecting a registered bank and promoting registered banks' capability to manage such problems.

For the purposes of the following sections, references to the "bank" are references to ANZNBL.

The registration of ANZNBL as a registered bank is subject to the following conditions:

1. That the Banking Group complies with the following requirements:
 - (a) the total capital ratio of the Banking Group calculated in accordance with the Reserve Bank of New Zealand document "Capital adequacy framework (internal models based approach)" (BS2B) dated March 2008 is not less than 8 per cent.;
 - (b) the Tier 1 capital ratio of the Banking Group calculated in accordance with the Reserve Bank of New Zealand document "Capital adequacy framework (internal models based approach)" (BS2B) dated March 2008 is not less than 4 per cent.; and
 - (c) the capital of the Banking Group calculated in accordance with the Reserve Bank of New Zealand document "Capital adequacy framework (internal models based approach)" (BS2B) dated March 2008 is not less than NZ\$30 million.

For the purposes of this condition of registration the scalar referred to in the Reserve Bank of New Zealand document "Capital adequacy framework (internal models based approach)" (BS2B) dated March 2008 is 1.06.

For the purposes of this condition of registration, the supervisory adjustment referred to in the Reserve Bank of New Zealand document "Capital adequacy framework (internal models based approach)" (BS2B) dated March 2008 is the sum of:

- (a) 15 per cent. of risk-weighted exposures secured by residential mortgages as defined in the Reserve Bank of New Zealand document "Capital adequacy framework (internal models based approach)" (BS2B) dated March 2008; and
- (b) 12.5 times the greater of: zero; and 90 per cent. of adjusted Basel I capital, less adjusted Basel II capital; where
 - (i) "adjusted Basel I capital" means 8 per cent. of total risk-weighted exposures, plus deductions from Tier 1 capital, plus deductions from total capital, all calculated in accordance with the Reserve Bank of New Zealand document "Capital adequacy framework (Basel I approach)" (BS2) dated March 2008;
 - (ii) "adjusted Basel II capital" means 8 per cent. of total Basel II risk-weighted exposures plus deductions from Tier 1 capital, plus deductions from total capital, less any amount included in Tier 2 capital arising from the excess of eligible allowances for impairment over EL (expected losses), all calculated in accordance with the Reserve Bank of New Zealand document "Capital adequacy framework (internal models based approach)" (BS2B) dated March 2008; and
 - (iii) "total Basel II risk-weighted exposures" means scalar x (risk-weighted on and off balance sheet credit exposures) + 12.5 x total capital charge for market risk exposure + 12.5 x total capital requirement for operational risk + 15 per cent. of risk-weighted exposures secured by residential mortgages as defined in the Reserve Bank of New Zealand document "Capital adequacy framework (internal models based approach)" (BS2B) dated March 2008.

1A. That-

- (a) the bank has an internal capital adequacy assessment process ("ICAAP"); that from 31 August 2008 the bank's ICAAP accords with the requirements set out in the document "Guidelines on a bank's internal capital adequacy assessment process ("ICAAP")" (BS12) dated December 2007;
- (b) under its ICAAP the bank identifies and measures its "other material risks" defined as all material risks of the Banking Group that are not explicitly captured in the calculation

of Tier 1 and total capital ratios under the requirements set out in the document "Capital adequacy framework (internal models based approach)" (BS2B) dated March 2008; and

- (c) the bank determines an internal capital allocation for each identified and measured "other material risk":

1B. That the Banking Group complies with all requirements set out in the Reserve Bank of New Zealand document "Capital adequacy framework (internal models based approach)" (BS2B) dated March 2008:

1C. That the bank complies with the following requirements:

- The total capital ratio of the bank is not less than 8 per cent..
- The Tier 1 capital ratio of the bank is not less than 4 per cent..

For the purposes of this condition of registration:

- the total capital ratio is defined as capital as a percentage of risk-weighted exposures where capital and risk-weighted exposures are as defined in the Reserve Bank of New Zealand document "Capital adequacy framework (Basel I approach)" (BS2) dated March 2008; and
- the Tier 1 capital ratio is defined as Tier 1 capital as a percentage of risk-weighted exposures where Tier 1 capital and risk-weighted exposures are as defined in the Reserve Bank of New Zealand document "Capital adequacy framework (Basel I approach)" (BS2) dated March 2008.

2. That the Banking Group does not conduct any non-financial activities that in aggregate are material relative to its total activities, where the term material is based on generally accepted accounting practice, as defined in the Financial Reporting Act 1993.

3. That the Banking Group's insurance business is not greater than one per cent. of its total consolidated assets. For the purposes of this condition:

- (i) Insurance business means any business of the nature referred to in section 4 of the Insurance Companies (Ratings and Inspections) Act 1994 (including those to which the Act is disapplied by sections 4(1)(a) and (b) and 9 of that Act), or any business of the nature referred to in section 3(1) of the Life Insurance Act 1908;

(ii) In measuring the size of the Banking Group's insurance business:

(a) where insurance business is conducted by any entity whose business predominantly consists of insurance business, the size of that insurance business shall be:

- The total consolidated assets of the group headed by that entity;
- Or if the entity is a subsidiary of another entity whose business predominantly consists of insurance business, the total consolidated assets of the group headed by the latter entity;

(b) otherwise, the size of each insurance business conducted by any entity within the Banking Group shall equal the total liabilities relating to that insurance business, plus the equity retained by the entity to meet the solvency or financial soundness needs of the insurance business;

(c) the amounts measured in relation to parts a) and b) shall be summed and compared to the total consolidated assets of the Banking Group. All amounts in parts a) and b) shall relate to on balance sheet items only, and shall be

determined in accordance with generally accepted accounting practice, as defined in the Financial Reporting Act 1993;

- (d) where products or assets of which an insurance business is comprised also contain a non-insurance component, the whole of such products or assets shall be considered part of the insurance business.

4. That the aggregate credit exposures (of a non-capital nature and net of any allowances for impairment) of the Banking Group to all connected persons do not exceed the rating-contingent limit outlined in the following matrix:

Credit Rating*	Connected exposure limit (% of the Banking Group's Tier 1 capital)
AA/Aa2 and above	75
AA-/Aa3.....	70
A+/A1	60
A/A2	40
A-/A3.....	30
BBB+/Baa1 and below	15

* This table uses the rating scales of Standard & Poor's, Fitch Ratings and Moody's Investors Services. (Fitch Ratings' scale is identical to Standard & Poor's.)

Within the rating-contingent limit, credit exposures (of a non-capital nature and net of any allowances for impairment) to non-bank connected persons shall not exceed 15 per cent. of the Banking Group's Tier 1 capital.

For the purposes of this condition of registration, compliance with the rating-contingent connected exposure limit is determined in accordance with the Reserve Bank of New Zealand document entitled 'Connected Exposure Policy' (BS8) dated March 2008.

5. That exposures to connected persons are not on more favourable terms (e.g. as relates to such matters as credit assessment, tenor, interest rates, amortisation schedules and requirement for collateral) than corresponding exposures to non-connected persons.
6. That the board of the bank contains at least two independent directors and that alternates for those directors, if any, are also independent. In this context an independent director (or alternate) is a director (or alternate) who is not an employee of the bank, and who is not a director, trustee, or employee of any holding company (as that term is defined in section 5 of the Companies Act 1993) of the bank, or any other entity capable of controlling or significantly influencing the bank.
7. That the chairperson of the bank's board is not an employee of the bank.
8. That the bank's constitution does not include any provision permitting a director, when exercising powers or performing duties as a director, to act other than in what he or she believes is the best interests of the company (i.e. the bank).
9. That a substantial proportion of the bank's business is conducted in and from New Zealand.
10. That no appointment of any director, chief executive officer, or executive who reports or is accountable directly to the chief executive officer, shall be made in respect of the bank unless:
- (i) The Reserve Bank has been supplied with a copy of the curriculum vitae of the proposed appointee, and
 - (ii) The Reserve Bank has advised that it has no objection to that appointment.

- 11.** That the bank has legal and practical ability to control and execute any business, and any functions relating to any business, of the bank that are carried on by a person other than the bank, sufficient to achieve, under normal business conditions and in the event of stress or failure of the bank or of a service provider to the bank, the following outcomes:
- (a) that the bank's clearing and settlement obligations due on a day can be met on that day;
 - (b) that the bank's financial risk positions on a day can be identified on that day;
 - (c) that the bank's financial risk positions can be monitored and managed on the day following any failure and on subsequent days; and
 - (d) that the bank's existing customers can be given access to payments facilities on the day following any failure and on subsequent days.

For the purposes of this condition of registration, the term "legal and practical ability to control and execute" is explained in the Reserve Bank of New Zealand document entitled 'Outsourcing Policy' (BS11) dated January 2006.

- 12.**
- (a) That the business and affairs of the bank are managed by, or under the direction and supervision of, the board of the bank.
 - (b) That the employment contract of the chief executive officer of the bank or person in an equivalent position (together "CEO") is with the bank, and the terms and conditions of the CEO's employment agreement are determined by, and any decision relating to the employment or termination of employment of the CEO are made by, the board of the bank.
 - (c) That all staff employed by the bank shall have their remuneration determined by (or under the delegated authority of) the board or the CEO of the bank and be accountable (directly or indirectly) to the CEO of the bank.
- 13.** That the Banking Group complies with the following quantitative requirements for liquidity-risk management with effect from 1 April 2010:
- (a) the one-week mismatch ratio of the Banking Group is not less than zero per cent. at the end of each business day;
 - (b) the one-month mismatch ratio of the Banking Group is not less than zero per cent. at the end of each business day; and
 - (c) the one-year core funding ratio of the Banking Group is not less than 65 per cent. at the end of each business day.

For the purposes of this condition of registration, the ratios identified must be calculated in accordance with the Reserve Bank of New Zealand documents entitled "Liquidity Policy" (BS13) dated March 2010 and "Liquidity Policy Annex: Liquid Assets" (BS13A) dated March 2010.

- 14.** That, with effect from 1 April 2010, the registered bank has an internal framework for liquidity risk management that is adequate in the registered bank's view for managing the bank's liquidity risk at a prudent level, and that, in particular:
- (a) is clearly documented and communicated to all those in the organisation with responsibility for managing liquidity and liquidity risk;
 - (b) identifies responsibility for approval, oversight and implementation of the framework and policies for liquidity risk management;
 - (c) identifies the principal methods that the banks will use for measuring, monitoring and controlling liquidity risk; and

- (d) considers the material sources of stress that the bank might face, and prepares the bank to manage stress through a contingency funding plan.

For the purposes of these conditions of registration, the term “**Banking Group**” means ANZNBL’s financial reporting group (as defined in section 2(1) of the Financial Reporting Act 1993).

ANZ National (Int’l) Limited

ANZNIL is not a registered bank, so it is not directly subject to the conditions of registration imposed by RBNZ, nor is it directly regulated by RBNZ under the Act. However, it is part of the “**Banking Group**” of ANZNBL for the purposes of the bank’s registration.

TAXATION

General

Neither ANZBGL, ANZNBL nor ANZNIL nor any of the Dealers makes any comment about the treatment for taxation purposes of payments or receipts in respect of the Notes. Each investor contemplating acquiring Notes under the Programme is advised to consult a professional adviser in connection with the consequences relating to the acquisition, retention and disposition of Notes.

Australia

The comments below are of a general nature and are based on the provisions currently in force in Australia. They relate only to the position of persons who are the absolute beneficial owners of their Notes issued by ANZBGL (other than through an offshore branch, in which case such persons should consider the tax implications of the jurisdiction in which the relevant branch is located). Noteholders who are in doubt as to their personal tax position should consult their professional advisers. Statutory references are references to a section of the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997* of Australia (the "**Australian Tax Act**").

Interest or an amount that is included in the extended definition of interest in section 128A on the Notes issued by ANZBGL is exempt from Australian withholding tax under section 128F of the Australian Tax Act if the following conditions are met:

- (a) ANZBGL is either:
 - (i) a resident of Australia when it issues the Notes and when interest (as defined in section 128A (1AB)) is paid on the Notes; or
 - (ii) a non-resident of Australia when it issues the Notes and when interest (as defined in section 128A (1AB)) is paid on the Notes and the Notes are issued and the interest is paid on the Notes by ANZBGL in carrying on business at or through a permanent establishment in Australia; and
- (b) the Notes are issued by ANZBGL in a manner which satisfies the public offer test.

The public offer test is satisfied if the Notes are issued by ANZBGL as a result of being offered for issue:

- (a) to at least ten persons each of whom:
 - (i) is carrying on business of providing finance, or investing or dealing in securities, in the course of operating in financial markets; and
 - (ii) is not known, or suspected, by ANZBGL to be an associate (as defined in section 128F) of any of the other persons; or
- (b) to at least 100 persons whom it is reasonable for ANZBGL to regard as having acquired Notes in the past or being likely to be interested in acquiring Notes; or
- (c) as a result of being accepted for listing on a stock exchange, where ANZBGL had previously entered into an agreement with a dealer, manager or underwriter in relation to the placement of the Notes, requiring ANZBGL to seek such a listing; or
- (d) as a result of negotiations being initiated publicly in electronic form, or in another form, that is used by financial markets for dealing in instruments similar to the Notes; or
- (e) to a dealer, manager or underwriter in relation to the placement of the Notes who, under an agreement with ANZBGL, offered the Notes for sale within 30 days in a way covered by any of paragraphs (a) to (d) above.

In relation to the issue of a Global Note by ANZBGL, the “**public offer**” test will be satisfied if the Global Note falls within the definition of “**global bond**” set out in section 128F(10). Broadly speaking, this will be the case if the following requirements are satisfied:

- (a) the Global Note describes itself as a global bond or a global note; and
- (b) it is issued to a clearing house (as defined in section 128F(9)) or to a person as trustee or agent for, or otherwise on behalf of, one or more clearing houses; and
- (c) in connection with the issue of the Global Note, the clearing house or houses confer rights in relation to the Global Note on other persons and will record the existence of the rights; and
- (d) before the issue of the Global Note, ANZBGL or a Dealer, manager or underwriter in relation to the placement of debentures, on behalf of ANZBGL, announces that, as a result of the issue, such rights will be able to be created; and
- (e) the announcement is made in a way or ways covered by any of paragraphs (a) to (e) of section 128F(3) (reading a reference in those paragraphs to “**debenture**” as if it were a reference to the rights referred to in paragraph (d) above and a reference to the “**company**” as if it included a reference to the Dealer, manager or underwriter); and
- (f) under the terms of the Global Note, interests in the Global Note are able to be surrendered, whether or not in particular circumstances, in exchange for other debentures issued by ANZBGL, that are not themselves Global Notes.

The public offer test is not satisfied if at the time of issue, or at the time of payment, ANZBGL knows, or had reasonable grounds to suspect, that the Notes, or an interest in the Notes, issued by ANZBGL was being, or would later be, acquired directly or indirectly by an Offshore Associate (as defined below in “Subscription and Sale — Australia”) of ANZBGL acting other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Notes or a clearing house, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act 2001 of Australia.

If, where ANZBGL is the Issuer, ANZBGL is compelled by law at any time to withhold or deduct an amount in respect of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Australia or any authority therein having the power to tax, it will, subject to certain exceptions set out in Condition 7 (*Taxation*), pay such additional amounts as will result in the payment to the Noteholders concerned of the sum which would otherwise have been payable on the Notes.

ANZBGL will not be liable to account to an investor for any deduction or withholding on account of any duties or taxes where those duties or taxes are imposed or levied by or on behalf of Australia or any authority therein having the power to tax by virtue of, among other things (refer to Condition 7 (*Taxation*) of “The Conditions of the Notes” for further details), the investor being an Offshore Associate (as defined below in “Subscription and Sale — Australia”) of ANZBGL (acting other than in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act 2001 of Australia), or as a result of the investor being a party to or participating in a scheme to avoid such duties or taxes, being a scheme which ANZBGL neither was a party to nor participated in.

ANZBGL proposes to issue Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

The Australian Government has signed a number of new or amended double tax conventions (“**New Treaties**”) with foreign jurisdictions (each a “**Specified Country**”).

The New Treaties effectively prevent interest withholding tax applying to interest derived by:

- Governments of the Specified Countries and certain governmental authorities and agencies in a Specified Country; and
- certain unrelated (1) banks, and (2) other financial institutions which substantially derive their profits by carrying on a business of raising and providing finance and which are resident in the Specified Country,

by reducing the interest withholding tax rate to zero (interest paid under a back-to-back loan or economically equivalent arrangement will not qualify for this exemption).

The New Treaties are in force in a number of jurisdictions including, for example, the United States and the United Kingdom. The Australian government is progressively amending its double tax conventions to include this form of the interest withholding tax exemption.

Section 126 of the Australian Tax Act imposes a type of withholding tax at the rate of 45 per cent. on the payment of interest on bearer Notes issued by ANZBGL (other than certain promissory notes) if ANZBGL fails to disclose the names and addresses of the holders to the Australian Taxation Office. Section 126 does not apply to a payment on a bearer Note which, although not being interest at general law, is included in the extended definition of interest in section 128A. Section 126 does not apply to the payment of interest on bearer Notes held by non-residents who do not carry on business at or through a permanent establishment in Australia, where the issue of those Notes satisfied the requirements of section 128F of the Australian Tax Act or interest withholding tax is payable. The Australian Taxation Office has clarified that it considers "the holder of debenture", for the purposes of section 126, to be the person in possession of the debenture. Consequently, where residents of Australia or non-residents carrying on a business at or through a permanent establishment in Australia hold bearer Notes through (for example) the Euroclear or Clearstream systems, the Australian Taxation Office will view the operator of the relevant system as the holder of those bearer Notes.

Section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia imposes a type of withholding tax at the rate of (currently) 46.5 per cent. on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number ("**TFN**"), (in certain circumstances) an Australian Business Number ("**ABN**") or proof of some other exception (as appropriate). Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes issued by ANZBGL, then the requirements of section 12-140 do not apply to payments to a holder of those Notes in registered form who is not a resident of Australia and not holding those Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of holders of Notes issued by ANZBGL in registered form may be subject to a withholding where the holder of those Notes does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate).

ANZBGL has been advised by its Australian counsel that, under current Australian law:

- (a) subject to compliance with the requirements of the Australian Tax Act referred to above, payments of:
 - (i) principal;
 - (ii) interest;
 - (iii) amounts included in the extended definition of interest in section 128A; or
 - (iv) amounts that are deemed to be interest under section 128AA of the Australian Tax Act,

to a holder of a Note or Coupon issued by ANZBGL who is a non-resident of Australia and who, during the taxable year has not engaged in trade or business at or through a permanent establishment within Australia, will not be subject to Australian income tax;

- (b) a holder of a Note or Coupon issued by ANZBGL who is a non-resident of Australia and who during the taxable year has not carried on business at or through a permanent establishment within Australia will not be subject to Australian income or capital gains tax on gains realised during that year on sale or redemption of such Notes, provided such gains do not have an Australian source. A gain arising on the sale of a Note or Coupon issued by ANZBGL by a non-Australian resident holder to another non-Australian resident where the Note or Coupon is sold outside Australia and all negotiations are conducted and all documentation is executed outside Australia would not be regarded as having an Australian source;
- (c) Subdivision 12-FB of the *Taxation Administration Act 1953* (the "**Act**") of Australia imposes a withholding obligation in respect of certain payments, to be prescribed by regulation, that are made to non-residents of Australia.

The Act expressly provides that the regulations will not apply to interest and other payments which are already subject to the current interest withholding tax rules or specifically exempt from those rules. Further, regulations may only be made if the responsible minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. ANZBGL has been advised by its Australian counsel that they do not expect the regulations to apply to repayments of principal under the Notes, as such amounts are not generally income or gains. The possible application of any regulations to the proceeds of any sale of the Notes will need to be monitored.

- (a) the Notes issued by ANZBGL will not be subject to death, estate or succession duties imposed by Australia or by any instrumentality thereof or therein, if held outside Australia at the time of death; and
- (b) no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue of the Notes by ANZBGL or the transfer of the Notes issued by ANZBGL outside Australia.

Interest paid on Subordinated Undated Notes when treated as Equity for Tax Purposes

For Australian tax purposes, interest may be paid on Subordinated Undated Notes as a 'franked distribution' if the Notes qualify as 'equity' for Australian tax purposes. In these circumstances, a notional 'franking credit' will be attached to the distribution if ANZBGL chooses to pay interest as a franked distribution in accordance with relevant Final Terms. Broadly, interest paid on Subordinated Undated Notes will be considered to be paid as a franked distribution if the payment is stated by ANZBGL to be a franked distribution and if the Commissioner of Taxation has not made a determination to the effect that it is not a franked distribution. The franking credit on the distribution will be the amount so stated by ANZBGL when making the distribution, and is broadly intended to be an amount representative of the Australian income tax paid by ANZBGL on profits from which the payment is made.

To the extent interest is paid on Subordinated Undated Notes as a franked distribution and the noteholder in receipt of such interest is a resident of Australia:

- (a) the noteholder will generally be subject to income tax on the amount of interest received and on the franking credit stated to be attached to the distribution; and
- (b) the noteholder will generally be entitled to a tax offset equal to an amount up to the amount of the franking credit. Some noteholders who are Australian residents may be entitled to a refund if the amount of the franking credit exceeds tax otherwise payable by the investor. Some noteholders (primarily companies) who are Australian residents may be entitled to include the franking credit in its own franking account.

The inclusion of the amount of the franking credit in the taxable income of a noteholder, and the entitlement of a noteholder to a tax offset is subject to there being no arrangements which would cause certain anti-avoidance rules to apply. It is also subject to the noteholder satisfying a

minimum holding period of, very broadly, 45 days within specified periods or, in certain cases, 90 days within specified periods.

To the extent interest is paid on Subordinated Undated Notes as a franked distribution and the Noteholder in receipt of such interest is not a resident of Australia the Noteholder will generally not be subject to income tax. Unless there are arrangements which cause certain anti-avoidance rules apply, such interest payments will not be subject to dividend withholding tax. If dividend withholding tax is payable, the payment of any additional amount by ANZBGL in respect of such withholding tax will be determined in accordance with relevant Final Terms.

Taxation of Financial Arrangements

The Australian Government has enacted a new regime for the taxation of financial arrangements (referred to as **TOFA**) which can affect the taxation of financial instruments such as Notes. ANZBGL has elected for the new TOFA regime to apply to certain financial arrangements, such as the Notes, acquired on or after 1 July 2009. ANZBGL has elected for the new TOFA regime to apply to all financial arrangements held by them on 1 July 2009. The previous law governing the taxation of financial arrangements will continue to apply to Notes acquired before 1 July 2010. The previous law governing the taxation of financial arrangements will also continue to apply to Notes held by taxpayers that are not subject to the TOFA regime because they do not meet certain threshold requirements. In any case, the TOFA regime does not contain any measures that would override the exemption from Australian interest withholding tax available under section 128F of the Australian Tax Act in respect of interest payable on the Notes.

New Zealand

Resident Withholding Tax

ANZNBL is, and ANZNIL may be required by law to deduct New Zealand resident withholding tax from the payment of interest to the holder of any Note on any Interest Payment Date or the Maturity Date, where:

- (a) the holder is a resident of New Zealand for income tax purposes or the holder is engaged in business in New Zealand, through a fixed establishment (as defined in the New Zealand Income Tax Act 2007) in New Zealand (a "**New Zealand Holder**"); and
- (b) at the time of such payment the New Zealand Holder does not hold a valid certificate of exemption for New Zealand resident withholding tax purposes.

Prior to any Interest Payment Date or the Maturity Date, any New Zealand Holder:

- (a) must notify ANZNBL or ANZNIL, as the case may be, or a Paying Agent that the New Zealand Holder is the holder of a Note; and
- (b) must notify ANZNBL or ANZNIL, as the case may be, or a Paying Agent of any circumstances, and provide ANZNBL or ANZNIL, as the case may be, or the relevant Paying Agent with any information, that may enable ANZNBL or ANZNIL, 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 ANZNBL or ANZNIL, as the case may be, prior to any Interest Payment Date or the Maturity Date, of any change in the New Zealand Holder's circumstances from those previously notified that could affect ANZNBL's or ANZNIL's, as the case may be, payment or withholding obligations in respect of any Note. By accepting payment of the full face amount of a Note or any interest thereon on any Interest Payment Date or the Maturity Date, the New Zealand Holder will be deemed to have indemnified ANZNBL or ANZNIL, as the case may be, for all purposes in respect of any liability which ANZNBL or ANZNIL, as the case may be, may incur

for not deducting any amount from such payment on account of New Zealand resident withholding tax.

Non-Resident Withholding Tax

To the extent that New Zealand law requires a deduction on account of non-resident withholding tax to be made from the payment of interest to any holder of a Note who is not a New Zealand Holder, ANZNBL and ANZNIL intend (for so long as they do not incur any increased cost or detriment from so doing) to reduce the applicable rate of non-resident withholding tax to zero per cent. (in the case of holders of Notes who are not New Zealand Holders and are not associated with ANZNBL or ANZNIL) by registering the Programme with the New Zealand Inland Revenue Department and paying, on its own account, a levy equal to 2 per cent. of the relevant interest payment. It is not possible to use the approved issuer levy if the holder is associated with ANZNBL or ANZNIL.

United Kingdom

A. Introduction

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of H.M. Revenue and Customs ("**HMRC**") which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes and related Coupons and Talons (if any). Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Final Terms may affect the tax treatment of that and other series of Notes. The following is a general guide and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

B. UK Withholding Tax on UK Source Interest

- B1. Interest on Notes may be paid by the relevant Issuer without withholding or deduction for or on account of United Kingdom income tax except in circumstances where such interest has a United Kingdom source ("**UK Interest**"). Interest on Notes may have a United Kingdom source where, for example, the Notes are issued by an Issuer acting through a branch or permanent establishment in the United Kingdom, the Notes are secured on assets situated in the United Kingdom or the interest is paid out of funds maintained in the United Kingdom. Notes which carry a right to UK Interest are referred to in this United Kingdom Taxation Section as "**UK Notes**".
- B.2 UK Notes which carry a right to interest will constitute "quoted Eurobonds" within the meaning of section 987 of the Income Tax Act 2007 provided they are and continue to be "listed on a recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. HMRC may designate certain exchanges as recognised stock exchanges. The London Stock Exchange is a recognised stock exchange for these purposes. In the case of

UK Notes to be traded on the London Stock Exchange, the UK Notes will be treated as “listed on a recognised stock exchange” if the UK Notes are included in the Official List of the FSA (within the meaning of Part 6 of the FSMA) and admitted to trading on the London Stock Exchange. UK Notes to be traded on a recognised stock exchange outside the United Kingdom will be treated as “listed on a recognised stock exchange” if (and only if) they are admitted to trading on that exchange and they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange. Whilst the UK Notes are and continue to be quoted Eurobonds, payments of interest on the UK Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

B.3 In addition to the exemption set out in B.2 above, interest on UK Notes may be paid without withholding or deduction for or on account of United Kingdom income tax if the relevant Issuer is a “bank” for the purposes of section 878 of the Income Tax Act 2007 and so long as such payments are made by the relevant Issuer in the ordinary course of its business. Neither ANZNBL nor ANZNIL qualify as a bank for these purposes. However, ANZBGL has confirmed that, when acting through its London branch, it is a bank for these purposes. In accordance with the published practice of HMRC, such payments will be accepted as being made by the relevant Issuer in the ordinary course of its business unless either:

- (i) the borrowing in question relates to the capital structure of the relevant Issuer. A borrowing will be regarded as relating to the capital structure of the relevant Issuer if it conforms to any of the definitions of Tier 1, 2 or 3 capital adopted by the Financial Services Authority whether or not it actually counts towards Tier 1, 2 or 3 capital for regulatory purposes; or
- (ii) the characteristics of the transaction giving rise to the interest are primarily attributable to an intention to avoid United Kingdom tax.

B.4 In all cases falling outside the exemptions described in B.2 and B.3 above, interest on UK Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC under the provisions of any applicable double taxation treaty or to any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on UK Notes with a maturity of less than one year from the date of issue and which are not issued under arrangements the effect of which is to render such UK Notes part of a borrowing with a total term of a year or more.

C. Payments by Guarantor

If the Guarantor makes any payments in respect of interest on UK Notes (or other amounts due under UK Notes other than the repayment of amounts subscribed for such UK Notes) such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.) subject to such relief as may be available following a direction from HMRC under the provisions of any applicable double taxation treaty or to any other exemption which may apply. Such payments by the Guarantor may not be eligible for the exemptions described in B above.

D. Payments under Deed of Covenant

Any payments made by an Issuer under the Deed of Covenant may not qualify for the exemptions from UK withholding tax described in B above.

E. Provision of Information

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by an Issuer acting through a UK branch or permanent establishment or by any

person in the United Kingdom acting on behalf of an Issuer (a “**paying agent**”), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a “**collecting agent**”), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the Noteholder (including the Noteholder’s name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. In certain circumstances, the details provided to HMRC may be passed by HMRC to the tax authorities of certain other jurisdictions.

For the above purposes, “**interest**” should be taken, for practical purposes, as including payments made by a guarantor in respect of interest on Notes.

The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Notes which constitute “deeply discounted securities” for the purposes of section 18 of the Taxes Management Act 1970 (although in this regard HMRC published guidance for the year 2010/2011 indicates that HMRC will not exercise its power to obtain information in relation to such payments in that year).

Information may also be required to be reported in accordance with regulations made pursuant to the EU Savings Directive (see below).

F. Other Rules Relating to United Kingdom Withholding Tax

1. Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in B above, but may be subject to reporting requirements as outlined in E above.
2. Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax and reporting requirements as outlined above.
3. Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.
4. The references to “**interest**” in this United Kingdom taxation section mean “interest” as understood in United Kingdom tax law. The statements do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation (e.g. see Condition 7 of the Notes). Where a payment on a Note does not constitute (or is not treated as) interest for United Kingdom tax purposes and the payment has a United Kingdom source, it may be subject to United Kingdom withholding tax if, for example, it constitutes (or is treated as) an annual payment, a manufactured payment, rent or royalties for United Kingdom tax purposes. Where a payment is subject to United Kingdom withholding tax, depending on the nature of the payment (which will be determined by, amongst other things, the terms and conditions specified by the Final Terms of the Note), the payment may fall to be made under deduction of United Kingdom tax (the rate of withholding generally being 20 per cent.), subject to any exemption from withholding which may apply and to such relief as may be available following direction from HMRC under the provisions of any applicable double tax treaty.
5. The above description of the United Kingdom withholding tax position assumes that there will be no substitution of an Issuer and does not consider the tax consequences of any such substitution.

European Union Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State. However, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. Belgium has replaced this withholding tax with a regime of exchange information to the Member State of residence as of 1 January 2010.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either the provision of information or transitional withholding) in relation to payments of interest or other similar income payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. Discussions are still ongoing at Council level. If any of the proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisers.

SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in an Amended and Restated Programme Agreement dated 2 June 2010 (as further amended, restated, supplemented and/or updated from time to time, the "**Programme Agreement**") between the Issuers, the Guarantor and the Permanent Dealers (as defined in the Programme Agreement), the Notes will be offered from time to time by the relevant Issuer to the Permanent Dealers. However, each Issuer reserves the right to issue Notes directly on its own behalf to Dealers that are not Permanent Dealers or to other subscribers procured by it. The Notes may be sold at prevailing market prices, or at prices related thereto, at the time of such sale, as determined by the relevant Dealer. The Notes may also be issued by an Issuer through the Dealers, acting as agents of the relevant Issuer. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between such Issuer and the Dealer, which commission may be deducted from the net proceeds payable to such Issuer on the closing of any series of Notes. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Final Terms.

Each Issuer has severally agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes issued by such Issuer. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

The Issuers have agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) in relation to the Programme or any Notes (including this Base Prospectus) has been or will be lodged with or registered by ASIC or the Australian Securities Exchange Limited. 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 (unless the relevant Final Terms or a supplement to this Base Prospectus otherwise provides):

- (a) made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) distributed or published and will not distribute or publish any draft, preliminary or final form offering memorandum, advertisement or other offering material relating to the Notes in Australia,

unless:

- (i) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternate currency) (disregarding money lent by the Offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 and Part 7 of the Corporations Act 2001; and
- (ii) such action complies with all applicable laws, directives and regulations and does not require any document to be lodged with, or registered by, the Australian Securities and Investments Commission.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not sell any Note issued by ANZBGL in circumstances where employees of the Dealer aware of, or involved in, the sale know, or have reasonable grounds to suspect, that the

Note or an interest in or right in respect of the Note, was being or would later be, acquired either directly or indirectly by:

- (a) in respect of Bearer Notes in definitive form, and Temporary Global Notes which are exchangeable for Bearer Notes in definitive form according to the relevant Final Terms only, a resident of Australia, or a non-resident who is engaged in carrying on business in Australia at or through a permanent establishment of that non-resident in Australia (the expression 'resident of Australia', 'non-resident' and 'permanent establishment' having the meanings given to them by the Australian Tax Act); or
- (b) in respect of any Note issued by ANZBGL, an Offshore Associate of ANZBGL acting other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Notes or a clearing house, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act 2001 of Australia.

"Offshore Associate" means an associate (as defined in section 128F of the Income Tax Assessment Act 1936 and any successor legislation) of ANZBGL that is either a non-resident of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia or, alternatively, a resident of Australia that acquires the Notes in carrying on business at or through a permanent establishment outside of Australia.

Public Offer Selling Restriction Under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **"Relevant Member State"**), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **"Relevant Implementation Date"**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto (or are the subject of the offering contemplated by a Drawdown Prospectus, as the case may be) to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the Final Terms or Drawdown Prospectus in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **"Non-exempt Offer"**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus which is not a Drawdown Prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, all as shown in its last annual or consolidated accounts; or

- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

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

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 Special Administrative Region of the People’s Republic of China (“**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 and any rules made under that Ordinance; or
 - (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; 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 Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended, the “FIEL”) and accordingly, each Dealer has represented and undertaken and each further Dealer appointed under the Programme will be required to represent and undertake, that it will not offer or sell any Notes directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with the FIEL and all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “**Japanese Person**” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

New Zealand

No action has been or will be taken by any Issuer, the Guarantor or the Dealers which would permit a public offering of any of the Notes, or possession or distribution of any offering material in relation to the Notes, in New Zealand.

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, and it will not distribute any offering memorandum or advertisement in relation to any offer of Notes, in New Zealand, unless the minimum subscription price payable by each offeree for Notes is at least NZ\$500,000 (disregarding any amount lent by the Offeror, the relevant Issuer or any associated person of the Offeror or relevant Issuer) and the minimum holding of Notes is at least NZ\$500,000, or that offer, sale or delivery is in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, in relation to Note issues by ANZNBL or ANZNIL, it has not offered or sold, and will not offer or sell, any Notes to persons whom it believes to be persons to whom any amounts payable on the Notes are or would be subject to New Zealand resident withholding tax, unless such persons certify that they hold a valid certificate of exemption for New Zealand resident withholding tax purposes 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).

United Kingdom

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

- (a) **No deposit-taking:** in relation to any Notes having a maturity of less than one year and issued by ANZNBL and/or ANZNIL:
 - (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:
 - (i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (ii) 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 ANZNBL and/or ANZNIL.

- (b) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 ANZNBL and/or ANZNIL, or, in the case of ANZBGL would not, if ANZBGL was not an authorised person, apply to ANZBGL; and
- (c) **General compliance:** 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.

United States of America

Neither the Notes nor the Guarantee have been, and neither will be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold or delivered within the United States or to or for the account or benefit of US persons, except pursuant to an exemption from, or in a transaction 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. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Programme Agreement, it has not offered, sold or delivered Notes, and will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until forty days after the later of the commencement of the offering and the completion of the distribution of the Notes comprising the relevant Tranche, as determined and certified to the Fiscal Agent or the relevant Issuer by such Dealer (or in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to the Notes of such Tranche purchased by or through it, in which case the Fiscal Agent or the relevant Issuer shall notify each such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of US persons except in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act) with respect to the Notes, and it and they have complied and will comply with any applicable offering restrictions requirement of Regulation S. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, at or prior to the confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the distribution compliance period (as defined in Regulation S under the Securities Act) a confirmation or notice to substantially the following effect:

“Neither the Notes covered hereby nor the Guarantee have been, and neither will be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to or for the account or benefit of US persons (i) as part of their distribution at any time or (ii) otherwise until forty days after the later of the commencement of the offering and the completion of the distribution of the Notes comprising the relevant Tranche, as determined and certified by [Name of Dealer or Dealers, as the case may be], except in either case in accordance with Rule 903 of Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S under the Securities Act.”

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, to notify the Fiscal Agent and the relevant Issuer when it has completed its distribution of the Notes of any Tranche. In addition, until 40 days after the later of the commencement of the offering and the completion of the distribution of the Notes comprising the relevant Tranche, any offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

In addition, unless the Final Terms or the subscription agreement relating to one or more Tranches specifies that the applicable Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), TEFRA exemption is either “C Rules” or “not applicable,” each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) except to the extent permitted under US Treas. Reg. § 1.163-5(c)(2)(i)(D) (the “**D Rules**”):
 - (i) it has not offered or sold, and during the restricted period will not offer or sell, any Notes to a person who is within the United States or its possessions or to a United States person; and

- (ii) it has not delivered and will not deliver within the United States or its possessions any Notes in bearer form that are sold during the restricted period;
- (b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of US Treas. Reg. §1.163-5(c)(2)(i)(D)(6); and
- (d) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either (i) repeats and confirms the representations and agreements contained in sub-paragraphs (a), (b) and (c) on behalf of such affiliate or (ii) agrees that it will obtain from such affiliate for the benefit of the relevant Issuer the representations and agreements contained in sub-paragraphs (a), (b) and (c).

Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations thereunder, including the D Rules.

In addition, to the extent that the Final Terms or the subscription agreement relating to one or more Tranches of Notes in bearer form specifies that the applicable TEFRA exemption is C Rules under US Treas. Reg § 1.163-5(c)(2)(i)(I) (the “**C Rules**”) (provided that such transaction is in accordance and compliance with applicable laws), Notes in bearer form must be issued and delivered outside the United States and its possessions in connection with their original issuance. In relation to each such Tranche, 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 shall not offer, sell or deliver, directly or indirectly, Notes in bearer form within the United States or its possessions in connection with their original issuance. Further, in connection with their original issuance of Notes in bearer form, 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 communicated, and shall not communicate, directly or indirectly, with a prospective purchaser if either such purchaser or it is within the United States or its possessions or otherwise involve its US office in the offer or sale of Notes in bearer form. Terms used in this paragraph have the meanings given to them by the US International Revenue Code and regulations thereunder, including the C Rules.

Each issuance of index, commodity or currency-linked Notes may be subject to such additional US selling restrictions as the relevant Dealer(s) may agree with the relevant Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it shall offer, sell and deliver such Notes only in compliance with such additional US selling restrictions.

General

These selling restrictions may be modified by the agreement of the relevant Issuer and the Dealers, including following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Base Prospectus. With the exception of the approval by the FSA of this Base Prospectus as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom, no action has been taken in any country or jurisdiction by any Issuer, the Guarantor or the Dealers that would permit a public offering of any of the Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required.

The Programme Agreement provides that each Dealer will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Base Prospectus or any other offering material, in all cases at its own expense.

The Programme Agreement also provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "General" above.

Persons into whose hands the Base Prospectus or any Final Terms comes are, and each Noteholder is, required by the Issuers, the Guarantor and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The form of Final Terms that will be issued in respect of each Tranche, subject only to the possible deletion of non-applicable provisions, is set out below:

FINAL TERMS



**[Australia and New Zealand Banking Group Limited
(Australian Business Number 11 005 357 522)**

(Incorporated with limited liability in Australia and registered in the State of Victoria)]*

[ANZ National Bank Limited

(Incorporated with limited liability in New Zealand)]*

[ANZ National (Int'l) Limited

(Incorporated with limited liability in New Zealand)]*

US\$60,000,000,000
Euro Medium Term Note Programme

Series No: []

Tranche No: []

[Brief Description and Amount of Notes]

Issue Price: [] per cent.

[Guaranteed by ANZ National Bank Limited]**

[Name(s) of Dealers(s)]

The date of these Final Terms is []

* delete as appropriate

** include only if Issuer is ANZ National (Int'l) Limited

PART A – CONTRACTUAL TERMS

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (a) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (b) in those Public Offer Jurisdictions mentioned in Paragraph 38 of Part A below, provided such person is one of the persons mentioned in Paragraph 38 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].¹

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].²

Option 1: *(The following paragraphs should only be inserted for issues to be admitted to trading on an EU regulated market and/or offered to the public in the European Economic Area)*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 2 June 2010 [and the Supplemental Base Prospectus dated [●]] which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [as so supplemented].

Full information on the Issuer [, the Guarantor] and the offer of the Notes described herein is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the Supplemental Base Prospectus] [is] [are] available for viewing at the offices of the Paying Agents and copies may be obtained from Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB.

(The following alternative language applies if the first Tranche of an issue of Notes which is being increased was issued under a Base Prospectus with an earlier date.)

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [original date] [and the Supplemental Base Prospectus dated [●]]. This document constitutes the Final Terms of the Notes described herein for

1 Consider including this legend where a non-exempt offer of Notes is anticipated.

2 Consider including this legend where an exempt offer of Notes is anticipated.

the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated [*current date*] [and the Supplemental Base Prospectus dated [●]], which [together] constitute[s] a base prospectus (the “**Base Prospectus**”) for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Base Prospectus dated [*original date*] [and the Supplemental Prospectus dated [●]] and are attached hereto. Full information on the Issuer [, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [*original date*] and [*current date*] [and the Supplemental Base Prospectus dated [●] and [●]]. [The Base Prospectus [and the Supplemental Base Prospectus] are available for viewing at the offices of the Paying Agents and copies may be obtained from Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB.

End of Option 1

Option 2: *(The following paragraphs should only be inserted for issues of Notes which are not to be admitted to trading on an EU regulated market and not offered to the public in the European Economic Area)*

This document constitutes the Final Terms relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 2 June 2010 [and the Supplemental Base Prospectus dated [●]] ([together], the “**Base Prospectus**”). These Final Terms of the Notes must be read in conjunction with such Base Prospectus [as so supplemented].

(The following alternative language applies if the first Tranche of an issue of Notes which is being increased was issued under a Base Prospectus with an earlier date.)

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Base Prospectus dated [*original date*]. These Final Terms of the Notes must be read in conjunction with the Base Prospectus dated [*current date*] [and the Supplemental Base Prospectus dated [●]] ([together], the “**Base Prospectus**”), save in respect of the Conditions which are extracted from the Base Prospectus dated [*original date*] [and the Supplemental Base Prospectus dated [●]] and are attached hereto.

(Include whichever of the following apply or specify as “Not Applicable” or “N/A.” Note that the numbering should remain as set out below, even if “Not Applicable” or “N/A” indicated for individual paragraphs or sub paragraphs. Italics denote guidance for completing the Final Terms.

When completing the Final Terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

End of Option 2

(Unless stated otherwise, include all the items listed in Part A – Contractual Terms of these Final Terms in connection with all Notes. References in the drafting notes to retail issues are to issues of Notes with a Specified Denomination of less than EUR 50,000 to be admitted to trading on an EU regulated market and/or offered to the public in the European Economic Area and references to wholesale issues are to issues of Notes with a Specified Denomination of at least EUR 50,000 to be admitted to trading on an EU regulated market)

- 1** [(i)] Issuer [Australia and New Zealand Banking Group Limited (specify branch, if applicable)/ANZ National Bank Limited (specify branch, if applicable)/ANZ National (Int'l) Limited(specify branch, if applicable)]
- [(ii)] Guarantor ANZ National Bank Limited]³
- 2** (i) Series Number: []
- (ii) Tranche Number: [] (if fungible with an existing Series, include details of that Series, and the date on which the Notes become fungible)
- 3** Specified Currency or Currencies: []
- 4** Aggregate Nominal Amount: []
- (i) Series: []
- (ii) Tranche: []
- 5** Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
- 6** (i) Specified Denomination(s): [] (Notes issued by ANZNBL and ANZNIL (including Notes denominated in Sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the Financial Services and Markets Act 2000 (“FSMA”) and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies))
- (ii) Calculation Amount: [] The applicable Calculation Amount will be (i) if there is only one Specified Denomination, the Specified Denomination of the relevant Notes or (ii) if there are several Specified Denominations or the Specified Denomination is expressed to be €50,000 or its equivalent and multiples of a lower principal amount (for example €1,000), the highest common factor of those Specified Denominations (note: there must be a common factor in the case of two or more Specified Denominations).
- 7** [(i)] Issue Date: []
- [(ii)] Interest Commencement Date:] [Issue Date [] (specify)/Not Applicable]
- [N.B. An Interest Commencement Date will not be relevant for certain Notes, for example, Zero Coupon Notes.]
- 8** Maturity Date: []
- (specify date or, where applicable Interest Payment Date falling in or nearest to the relevant month and year) (Notes issued by ANZNBL or ANZNIL having a

³ Only applicable for Notes issued by ANZ National (Int'l) Limited

maturity of less than one year, where either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, must:

(i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or 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; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by ANZNBL or, as the case may be, ANZNIL)

- 9** Interest Basis: [[] per cent. Fixed Rate] [*specify reference rate*] +/- [[] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Other (*specify*)] (Further particulars specified below)
- 10** Redemption/Payment Basis: [Redemption at Par] [Index Linked Redemption] [Dual Currency] [Partly-Paid] [Instalment] [Other (*specify*)]
- 11** Change of Interest or Redemption/Payment Basis: [Not Applicable/ []]
(*Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis*) [(Further particulars specified below)]
- 12** Put/Call Options: [Not Applicable] [Investor Put Option] [Issuer Call Option] [(Further particulars specified below)]
- 13** [i] Status of the Notes: [Unsubordinated] [Subordinated Dated Notes/ Subordinated Undated Notes (*only if Issuer is ANZBGL*)]
- (*Add the following language if Board (or similar) authorisation is required for the particular Tranche of Notes or related Guarantee*)
- [(ii)] [Date [Board] approval for issuance of Notes [and Guarantee] obtained: [] [and [], respectively]] (*Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes or related Guarantee*)
- 14** Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 15 Fixed Rate Note Provisions** [Applicable [in respect of the period from, and including, [] to, but excluding, []]
(*specify if interest on the Note is calculated by reference to more than one interest rate*)/[Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

- (i) Rate(s) of Interest: [] per cent. per annum [payable annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear
- (ii) (a) Interest Payment Date(s): [] in each year [commencing on []]/Not Applicable
- (b) Interest Period(s): [[] (*Specify either a period or periods or a specific date or dates if no Interest Payment Date(s) specified*)/Not Applicable]
- (c) Interest Period Date: [[] (*Specify either a date or dates if no Interest Payment Date(s) specified*)/Not Applicable]
- (iii) Fixed Coupon Amount(s): [[] per Calculation Amount/Not Applicable]
- (iv) Broken Amount(s): [Not Applicable/[] per Calculation Amount payable on [] (*Insert particulars of any initial or final Broken Amount(s) which do not correspond with Fixed Coupon Amount(s) and insert relevant Interest Payment Date(s) for which a Broken Amount is payable*)]
- (v) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 (ICMA)] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Other (*specify*)].
- (vi) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment/other (*give details*)/Not Applicable]
- (vii) Additional Business Centre(s): [[]/Not Applicable] (*Only relevant where a Business Day Convention is applicable. For the purposes of the definition of "Business Day"*)
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent in its capacity as Calculation Agent): [Fiscal Agent/[] shall be the Calculation Agent (*insert name and address*)]
- (ix) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/(*give details*)]
- 16 Floating Rate Note Provisions** [Applicable [in respect of the period from, and including, [] to, but excluding, [] (*specify if interest on the Note is calculated by reference to more than one interest rate*)/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) (a) Interest Payment Dates: [[] in each year [commencing on []]/Not Applicable]

- (b) Interest Period(s): []
(Specify either a period or periods or a specific date or dates if no Interest Payment Date(s) specified)/Not Applicable]
- (c) Interest Period Date [] specify either a date or dates if no Interest Payment Date(s) specified)/Not Applicable]
- (ii)** Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (iii)** Additional Business Centre(s): [] *(for the purposes of the definition of "Business Day")*
- (iv)** Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/BBSW Notes/BKBM Notes/other *(give details)*]
- (v)** Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent in its capacity as Calculation Agent): [Fiscal Agent/[] shall be the Calculation Agent *(insert name and address)*]
- (vi)** Screen Rate Determination: [Applicable/Not Applicable] *(Specify "Not Applicable" if the Notes are BBSW Notes or BKBM Notes) (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- Reference Rate: []
- Interest Determination Date(s): []
- Relevant Screen Page: []
- [Relevant Time:] [] *(If other than as specified in the definition of "Relevant Time" in Condition 4(k))*
- [Relevant Financial Centre:] [] *(If other than as specified in the definition of "Relevant Financial Centre" in Condition 4(k))*
- (vii)** ISDA Determination: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- Floating Rate Option: []
- Designated Maturity: []
- Reset Date: []
- (viii)** [Margin(s)/Rate Multiplier]: [[+/-] [] per cent. per annum/[]/Not Applicable]
- (ix)** Minimum Rate of Interest: [[] per cent. per annum/Not Applicable]
- (x)** Maximum Rate of Interest: [[] per cent. per annum/Not Applicable]

- (xi) Day Count Fraction: [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360 (ICMA)] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [Other (*specify*)].
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [*specify*] (*Also, review and confirm additional defined terms in Condition 4 (Interest and Other Calculations): Effective Date, Interest Accrual Period and Reference Banks*)
- 17 Zero Coupon Note Provisions** [Applicable [in respect of the period from, and including, [] to, but excluding, [] (*specify if interest on the Note is calculated by reference to more than one interest rate*)/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Amortisation Yield: [[] per cent. per annum/Not Applicable]
- (ii) Day Count Fraction: []
- [(iii)] [Any other relevant provisions and/or other formula/basis of determining amount payable or the Amortised Face Amount (if other than as specified in Condition 4(d)(ii)):] []
- 18 Index-Linked Interest Note/Other variable-linked interest Note Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula/other variable: [*give or annex details*]
- (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent in its capacity as Calculation Agent): [Fiscal Agent/[] shall be the Calculation Agent (*insert name and address*)]
- (iii) Provisions for determining the Rate(s) of Interest where calculated by reference to an Index and/or Formula and/or other variable: []
- (iv) Interest Determination Date(s): []

- (v) Provisions for determining the Rate(s) of Interest where calculation by reference to an Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) (i) (a) Interest Payment Dates: [[] in each year [commencing on []]/Not Applicable]
- (b) Interest or calculation Period(s): [[]
(Specify either a period or periods or a specific date or dates if no Interest Payment Date(s) specified)/Not Applicable]
- (c) Interest Period Date: [[]
(Specify either a date or dates if no Interest Payment Date(s) specified)/Not Applicable]
- (vii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (viii) Additional Business Centre(s): []
(for the purposes of the definition of "Business Day")
- (ix) Minimum Rate of Interest: [[] per cent. per annum/Not Applicable]
- (x) Maximum Rate of Interest: [[] per cent. per annum/Not Applicable]
- (xi) Day Count Fraction: []
- (xii) [Margin(s)/Rate Multiplier]: [[+/-][] per cent. per annum/[]/Not Applicable]
- 19 Dual Currency Note Provisions** [Applicable [in respect of the period from, and including, [] to, but excluding, [] (specify if interest on the Note is calculated by reference to more than one interest rate)/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Rate of Exchange/method of calculating Rate of Exchange and Rate(s) of Interest: [give details]
- (ii) Party, if any, responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent in its capacity as the Calculation Agent): [Fiscal Agent/[] shall be the Calculation Agent (insert name and address)]

- (iii) Provisions applicable where calculation of Rate(s) of Interest by reference to Rate of Exchange impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []

PROVISIONS RELATING TO REDEMPTION

20 Call Option

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

[Any early redemption will be subject to the prior approval of APRA *(for Subordinated Notes issued by ANZBGL only)*]

- (i) Option Exercise Date(s) (if other than as set out in the Conditions): [[] *(If setting notice periods which are different to those provided in the terms and conditions, consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*]/Not Applicable]
- (ii) Optional Redemption Date(s): []
- (iii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/other *(specify)*]
- (iv) If redeemable in part:
 - (a) Minimum Redemption Amount: [[]/Not Applicable]
 - (b) Maximum Redemption Amount: []/Not Applicable]

21 Put Option

[Applicable/Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Option Exercise Date(s) (if other than as set out in the Conditions): [] *(If setting notice periods which are different to those provided in the terms and conditions, consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Fiscal Agent)*
- (ii) Optional Redemption Date(s): []

(iii) Optional Redemption Amount(s) and method, if any, of Amount/other (specify) calculation of such amount(s): [] per Calculation Amount/other(specify)]

22 Final Redemption Amount of each Note

[]
per Calculation Amount/Index Linked Redemption or other variable-linked/other(specify)]
[See appendix for details.]

[In cases where the Final Redemption Amount is index-linked or other variable-linked:

- (i) Index/Formula/variable: [] (give or annex details)
- (ii) Person responsible for calculating the Final Redemption Amount(if not the Fiscal Agent in its capacity as Calculation Agent): [Fiscal Agent/[] shall be the Calculation Agent(insert name and address)]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:] *[Include a description of any market disruption or settlement disruption events that affect the underlying]*

23 Early Redemption Amount:

(Early Redemption Amount(s) payable on redemption for taxation reasons or on an Event of Default or other early redemption and/or the method of calculating the same) (if required or if different from that set out in the Conditions)

[Not Applicable/[] per on Calculation Amount/Index-Linked Redemption or other variable-linked/Other (Specify) [See appendix for details]]
[Any early redemption will be subject to the prior approval of APRA (for Subordinated Notes issued by ANZBGL only)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 24** Form of Notes: [Bearer Notes/Registered Notes]
[If Bearer Notes:
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Bearer Notes in definitive form on 60 days' notice (or, following a failure to pay principal, on 30 days' notice) by the Issuer [or the holder as the case may be]⁴ and ([in the limited circumstances specified in the Permanent Global Note].] [Temporary Global Note exchangeable for Bearer Notes in definitive form following the Exchange Date (as defined in the Temporary Global Note).] [Permanent Global Note exchangeable for Bearer Notes in definitive form on 60 days' notice (or, following a failure to pay principal, on 30 days notice) by the Issuer [or the holder as the case may be]⁵ [at any time/in the limited circumstances specified in the Permanent Global Note].]]
[If Registered Notes: [Registered Global Note exchangeable for Certificates in definitive form in the limited circumstances specified in the Registered Global Note/Certificates in definitive form]
- 25** Additional Financial Centre(s) or other special provisions relating to Payment Business Dates: []/Not Applicable
(Note that this item relates to the definition of "Payment Business Day" and the place of payment in Condition 6(h), and not Additional Business Centres to which item 15(iii) relates)
- 26** Talons for future Coupons or Receipts to be attached to Notes in definitive form (and dates on which such Talons mature): [Yes (If yes, give details)/No]
- 27** Details relating to Partly-Paid Notes including: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment and the method of calculating interest: [Not Applicable/(give details)]
- 28** Details relating to Instalment Notes, including Instalment Amount(s) and Instalment Date(s): [Not Applicable/(give details)]

4 If the minimum denomination is €50,000 + €1,000 (or equivalent in another currency) or other multiples less than €50,000, the holder's option to request Bearer Notes in definitive form should be disappplied.

5 If the minimum denomination is €50,000 + €1,000 (or equivalent in another currency) or other multiples less than €50,000, the holder's option to request Bearer Notes in definitive form should be disappplied.

29	Redenomination, renominatisation and reconventioning provisions:	[Not Applicable/ <i>Condition 6(i)</i> applies/The provisions annexed to this Final Terms apply]
30	Consolidation provisions:	[Not Applicable/The provisions annexed to this Final Terms apply]
31	Governing Law:	English
32	Other final terms	[Not Applicable/ <i>give details</i>] <i>(when adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive)</i>

DISTRIBUTION

(In the left hand column under "Distribution" the words in square brackets should be included for retail issues only)

33	(i) If syndicated, names [and addresses] of Managers [and underwriting commitments]:	[Not Applicable/ <i>give names [and for retail issues only, addresses and underwriting commitments] and include names [and addresses] of entities agreeing to underwrite the issue on a firm commitment basis and names [and addresses] of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers, specifying any Financial Intermediaries</i>]
	(ii) Stabilising Manager (if any):	[Not Applicable/ <i>give name</i>]
	[(iii)] [Date of Subscription Agreement:]	<i>(retail issues only)</i> []
34	If non-syndicated, name [and address] of Dealer:	[Not Applicable/ <i>give name [and address]</i>]
35	[Total commission and concession:]	<i>(retail issues only)</i> [] <i>per cent. of the Aggregate Nominal Amount</i>
36	Additional selling restrictions:	[Not Applicable/ <i>give details</i>]
37	US Selling Restrictions:	[TEFRA Not Applicable/C Rules/D Rules/ <i>applicable to Bearer Notes only</i>]/Reg S. Category 2] <i>(in the absence of any specification, the D Rules will apply)</i>
38	Non-exempt Offer:	[Not Applicable] [An offer of the Notes may be made by the Managers [and <i>specify, if applicable</i>] other than pursuant to Article 3(2) of the Prospectus Directive in [<i>specify relevant Member State(s) — which must be jurisdictions where the Base Prospectus and any supplements have been passported</i>] (" Public Offer Jurisdictions ") during the period from[<i>specify date</i>] until [<i>specify date</i>] (" Offer Period "). See further Paragraph 10 of Part B below.

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for the issue [and public offer in the Public Offer Jurisdictions]⁶ and admission to trading on the Regulated Market of the London Stock Exchange of the Notes described herein pursuant to the US\$60,000,000,000 Euro Medium Term Note Programme.⁷

RESPONSIBILITY

[Australia and New Zealand Banking Group Limited/ANZ National Bank Limited/ANZ National (Int'l) Limited] accepts responsibility for the information contained in these Final Terms. [*Specify relevant third party information*] has been extracted from [*specify source*]. [Each of the] [The] Issuer [and the Guarantor] 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 [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.] (*Include where any information sourced form a third party has been reproduced and provide any necessary details*)

Signed on behalf of [Australia and New Zealand Banking Group Limited/ANZ National Bank Limited/ANZ National (Int'l) Limited]:

By: [By:
[Duly Authorised Signatory/Attorney Duly Authorised Signatory]⁸

[Signed on behalf of ANZ National Bank Limited:⁹

By: [By:
[Duly Authorised Signatory/Attorney Duly Authorised Signatory]¹⁰

6 Include only for Notes that are offered to the public.
7 Relevant only in regards to Notes that are listed.
8 Delete if signed by an attorney of the entity.
9 Include only if Issuer is ANZ (Int'l) Limited
10 Delete if signed by an attorney of the entity.

PART B – OTHER INFORMATION

1 LISTING

- (i) Listing: [London/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify regulated market*] 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 [*specify regulated market*] with effect from [].]
- [Not Applicable.]
- (Where documenting a fungible issue, the Issuer needs to indicate that the original securities are already admitted to trading.)
- (iii) [Estimate of total expenses related to admission to trading:]¹¹ [●] (*For wholesale issues only*)

2 RATINGS

- Ratings: The Notes to be issued have been rated:
- [Standard and Poor's Rating Services, a Division of the McGraw-Hill Companies, Inc.: []] [Moody's Investor Services Limited: []] [[Other]: []]
- [Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider]¹²
- (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)
- A rating is not a recommendation by any rating organisation to buy, sell or hold Notes and may be subject to revision or withdrawal at any time by the assigning rating organisation.

3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER]

(Need to include a description of any interest, including conflicting ones, that is material to the issue/offer of the Notes, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:)

[Save as discussed in the section of the Base Prospectus entitled "**Subscription and Sale**," so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.]

11 Relevant only in relation to Notes with a denomination of at least €50,000.

12 Relevant only in relation to Notes with a denomination of less than €50,000.

(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.)

4 REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i)] Reasons for the offer []

(See “Use of Proceeds” wording in Base Prospectus — if reasons for offer different from general corporate purposes, making profit and/or hedging certain risks will need to include those reasons here)

[(ii)] Estimated net proceeds: []

(If proceeds are intended for more than one use then need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding)

[(iii)] Estimated total expenses: [].

[Include breakdown of expenses.]¹³ (If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5 [(Fixed Rate Notes only) YIELD

Indication of yield: [].

Calculated as [include details of method of calculation in summary form] on the Issue Date¹⁴. (As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.)

6 [(Retail issues only – Floating Rate Notes only) HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Identity relevant screen page or service where information is available].

7 [(Index-linked Interest or Index-Linked Redemption or other variable-linked Notes only) PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, (for retail issues only) EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS] AND OTHER INFORMATION CONCERNING THE UNDERLYING¹⁵

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident]. Where the underlying is an index, need to include the name of the index and a description if composed by the Issuer and, if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.

13 Relevant only in relation to Notes with a denomination of less than €50,000.

14 Relevant only in relation to Notes with a denomination of less than €50,000.

15 Relevant only in relation to Notes with a denomination of less than €50,000.

Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.¹⁶

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

8 [Dual Currency Notes only PERFORMANCE OF RATE[S] OF EXCHANGE (for retail issue only) AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

(Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained [(for retail issues only) and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

9 OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s), address(es) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) or other Agent(s) (if any): []

10 (Retail issues only) TERMS AND CONDITIONS OF THE OFFER

Offer Price: [Issue Price] [specify if other than Issue Price]

Conditions to which the offer is subject: [Not applicable/give details]

Description of the application process: [Not applicable/give details]

Details of the minimum and/or maximum amount of application: [Not applicable/give details]

Description of the possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: [Not applicable/give details]

¹⁶ If the Final Redemption Amount is or may be less than 100 per cent. of the nominal value of the Notes, the Notes will be derivative securities for the purposes of the Prospectus Directive, and the requirements of Annex XII to the Prospectus Directive will apply

Details of the method and time limits for paying up and delivering the Notes:	[Not applicable/ <i>give details</i>]
Manner in and date on which results of the offer are to be made public:	[Not applicable/ <i>give details</i>]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not applicable/ <i>give details</i>]
Categories of potential investors to which the Notes are offered and whether Tranche(s) have been reserved for certain countries:	[Not applicable/ <i>give details</i>]
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not applicable/ <i>give details</i>]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not applicable/ <i>give details</i>]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[None/ <i>give details</i>]

GENERAL INFORMATION

- 1 The admission of the Programme to listing on the Official List of the FSA and to trading on the Regulated Market of the London Stock Exchange is expected to take effect on 7 June 2010. The price of the Notes on the price list of London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). Any Tranche of Notes intended to be admitted to trading on the Regulated Market of the London Stock Exchange will be so admitted to trading upon submission to the London Stock Exchange of the relevant Final Terms and any other information required by the London Stock Exchange, subject to the issue of the relevant Notes. Prior to admission to trading, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the day of the transaction.
2. However, Notes may be issued pursuant to the Programme which will not be admitted to listing, trading and/or quotation by the London Stock Exchange or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the relevant Issuer and the relevant Dealer(s) may agree.
3. Each Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes issued by it. The establishment of the Programme and the issue of the Notes by it thereunder was authorised (i) by resolutions of the board of directors of ANZBGL on 24 April 1991, 26 and 27 February 2002, 22 and 23 October 2002, 27 July 2004, 28 February 2007 and 22 and 23 July 2008; (ii) by resolutions of the board of directors of ANZNBL on 5 January 2000, 16 June 2004, 9 August 2007, 19 June 2008, 2 December 2008 and 15 April 2010; (iii) by resolutions of the board of directors of ANZNIL on 22 June 2004, 29 August 2007, 28 November 2008 and 23 December 2008 and (iv) by resolutions of the shareholder of ANZNIL on 22 June 2004 and 21 August 2007.

The update of the Programme does not require further authorisation of the board of directors of ANZBGL, ANZNBL or ANZNIL.

ANZBGL is authorised to raise dated and perpetual subordinated liabilities up to a limited aggregate amount in any ANZBGL financial year (being from 1 October to 30 September). If any proposed issue of Subordinated Notes, when aggregated with other dated and perpetual subordinated liabilities raised by ANZBGL in the relevant ANZBGL financial year, will exceed that limit, then further authorisations will need to be obtained from the board of directors of ANZBGL prior to that issue.

4. (i) Since 31 March 2010 there has been no significant change in the financial or trading position of ANZBGL and its subsidiaries taken as a whole. Since 30 September 2009 there has been no material adverse change in the prospects of ANZBGL and its subsidiaries taken as a whole.
 - (ii) Since 31 March 2010 there has been no significant change in the financial or trading position of ANZNBL and its subsidiaries taken as a whole. Since 30 September 2009 there has been no material adverse change in the prospects of ANZNBL and its subsidiaries taken as a whole.
 - (iii) Since 31 March 2010, there has been no significant change in the financial or trading position of ANZNIL. Since 30 September 2009, there has been no material adverse change in the prospects of ANZNIL.
5. None of the Issuers nor the Guarantor is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which it is aware) during the 12 months before the date of this Base Prospectus which may

have, or have had in the recent past, significant effects on the financial position or profitability of it or, in respect of ANZBGL and ANZNBL only, it and its subsidiaries taken as a whole, except:

- (i) in the case of ANZBGL only, as set out in Note 15 to ANZBGL's unaudited interim consolidated financial statements for the half year ended 31 March 2010 which are incorporated by reference into this Base Prospectus; and
- (ii) in the case of ANZNBL only, as set out in Note 38 to ANZNBL's General Disclosure Statement for the six months ended 31 March 2010 and in respect of the matters set out in the sections entitled "ANZ National Bank Limited – New Zealand Commerce Commission Proceedings"; "ANZ National Bank Limited – ING New Zealand Limited Fund Proposal to Investors" and "ANZ National Bank Limited – Tax Proceedings" on pages 100 to 101 of this Base Prospectus.

6. There are no material contracts having been entered into outside the ordinary course of each of the Issuer's businesses, which could result in any group member of that Issuer being under an obligation or entitlement that is material to that Issuer's ability to meet its obligation to Noteholders in respect of the Notes being issued.
7. Notes have been accepted for clearance through Euroclear of 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and Clearstream, Luxembourg of 42 Avenue JF Kennedy, L-1855, Luxembourg, Grand Duchy of Luxembourg. The Common Code and the International Securities Id

entification Number (ISIN) (and any other relevant identification number for any Alternative Clearing System) for each Series of Notes will be set out in the relevant Final Terms.

8. ANZBGL is authorised by the Financial Services Authority to accept deposits through a branch in the United Kingdom. ANZNBL and ANZNIL are not so authorised in the United Kingdom
9. The financial statements of ANZBGL and of ANZBGL and its subsidiaries have been audited for the years ended 30 September 2008 and 2009 by KPMG of 147 Collins Street, Melbourne, Victoria 3000, Australia, independent auditors of ANZBGL and of ANZBGL and its subsidiaries, for that period, and unqualified opinions have been reported thereon. KPMG has no material interest in ANZBGL.

KPMG partners are members or affiliate members of The Institute of Chartered Accountants of Australia.

10. The financial statements of ANZNBL and of ANZNBL and its subsidiaries have been audited for the years ended 30 September 2008 and 2009 by KPMG of 10 Customhouse Quay, P.O. Box 996, Wellington, New Zealand, independent auditors of ANZNBL and of ANZNBL and its subsidiaries, for that period, and unqualified opinions have been reported thereon. KPMG has no material interest in ANZNBL.

The financial statements of ANZNIL have been audited for the years ended 30 September 2008 and 2009 by KPMG of 10 Customhouse Quay, P.O. Box 996, Wellington, New Zealand, independent auditors of ANZNIL, for that period, and unqualified opinions have been reported thereon. KPMG has no material interest in ANZNIL.

KPMG partners are members or affiliate members of the New Zealand Institute of Chartered Accountants.

11. For the life of this Base Prospectus or whilst any Notes are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent and the relevant Issuer:

- (i) the constitutive documents of the relevant Issuer;
- (ii) the Agency Agreement (which includes the form of the Bearer Global Notes, the Registered Global Notes, the Bearer Notes in definitive form, the Certificates, the Coupons, the Receipts and the Talons);
- (iii) the Programme Agreement, the Deed of Covenant and the Deed of Guarantee;
- (iv) any Final Terms relating to Notes of the relevant Issuer which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. (In the case of any Notes which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Noteholders.);
- (v) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus; and
- (vi) copies of the most recent publicly available annual audited consolidated and/or non-consolidated (as applicable) accounts and semi-annual unaudited financial statements of each of the Issuers and their subsidiaries incorporated by reference into this Base Prospectus, beginning with the annual audited consolidated and/or non-consolidated (as applicable) and interim consolidated and/or non-consolidated (as applicable) accounts of ANZBGL, ANZNBL and ANZNIL for the financial years ended 30 September 2008 and 2009 and the half-year ended 31 March 2010 (see "Information Incorporated by Reference" above for further details).

12. The Issuer does not intend to provide any post-issuance information in relation to any issue of Notes. However, the Issuer may prepare one or more supplements to this Base Prospectus to reflect, among other things, developments in its business or affairs.

THE ISSUERS

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ANZ National (Int'l) Limited

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THE GUARANTOR

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