

FOREIGN CURRENCY ACCOUNT  
TERMS AND CONDITIONS AND THE  
FOREIGN CURRENCY  
TERM DEPOSIT  
INVESTMENT STATEMENT



## FOREIGN CURRENCY ACCOUNT TERMS AND CONDITIONS

### FOREIGN CURRENCY ACCOUNTS

Foreign Currency Transaction Accounts and Foreign Currency Investment Accounts (together, FCAs) are domiciled in New Zealand at The National Bank of New Zealand, part of ANZ National Bank Limited ("Bank").

#### 1. DEPOSITS

Deposits to your FCA may be made by depositing foreign currency by way of foreign cheques, drafts, telegraphic transfers, foreign cash and travellers cheques or in any other manner acceptable to the Bank from time to time – ask the Bank for details.

- a) At the Bank's sole discretion you may be required to make an initial deposit, of an amount deemed appropriate by the Bank, as a condition of opening a new FCA.
- b) For deposits made by foreign cheque or draft:
  - i) All foreign cheques or drafts presented to the Bank by you for deposit to your FCA are subject to the rules and regulations of the country in which they are drawn.
  - ii) The Bank will not pay interest on any funds deposited to your FCA by way of foreign cheque or draft until these funds are deemed available for withdrawal by the Bank. The period before the funds are deemed available will depend on the currency of the funds.
  - iii) Even where the Bank has deemed that funds deposited to your FCA are available, if a foreign cheque or draft is dishonoured or lost for any reason following deposit to your FCA, the Bank will exercise recourse against you and you will therefore be liable to repay the Bank for any amount not paid by the

bank on which the foreign cheque or draft is drawn (the Drawee Bank). You acknowledge that dishonour timeframes differ and depend on the rules of the country in which the foreign cheque or draft is drawn and in some cases a Drawee Bank can dishonour items many months after the foreign cheque has been deposited by you.

- iv) The Bank reserves the right but not the obligation to re-present on your behalf any foreign cheque or draft which is unpaid on presentation to the Drawee Bank but such re-presentation does not affect the Bank's right to exercise recourse at a later date.
- v) Where the Bank has to exercise recourse, the Bank may debit your FCA or any of your accounts held with the Bank to recover from you any costs levied by the Drawee Bank together with the Bank's fees. Where the Bank has to exercise recourse in a currency other than that of your FCA, the amount claimed may differ due to foreign exchange rate fluctuations. The Bank may also debit your accounts or recover from you any costs levied by the Drawee Bank together with the Bank's standard service fees and charges.
- vi) Where any foreign cheques or drafts are lost, you will be responsible for obtaining replacement documents if requested by the Bank. However, the Bank agrees to use its reasonable endeavours to assist you in obtaining replacement documents.
- vii) Where deemed necessary by the Bank, or upon your request, certain foreign cheques or drafts may be sent 'on collection' to the Drawee Bank. Where a foreign cheque or draft is sent 'on collection' available funds will be credited to your FCA as soon as payment is received from the Drawee Bank and will not be subject to recourse.

- c) Where funds are credited to your FCA other than by way of foreign cheque or draft, they will be available for withdrawal on the day of receipt in a form deemed suitable by the Bank, or on the value day of any authenticated advice from a remitting bank, whichever is the later, so long as it is a business day in New Zealand, and in the country of the relevant currency being deposited.
- d) If you deposit funds into your FCA in a different currency to that of your FCA or the Bank is required to effect any dishonour or return of funds in a currency other than that of your FCA, the relevant funds will be converted at the Bank's prevailing rate of exchange on the day of the transaction (or subsequent dishonour or return).

## 2. WITHDRAWALS

- a) All instructions from you for withdrawals from your FCA must be received in writing on the Bank's application form or as otherwise agreed by the Bank from time to time.
- b) All instructions from you for withdrawals for value on any day must be received by the Bank prior to the Bank's cut-off time for the relevant currency as advised from time to time. Instructions for withdrawals received after the Bank's cut-off time will be processed on the next business day. A schedule of the Bank's cut-off times for each currency can be obtained from any branch of the Bank.
- c) If you draw against funds that are not available, you will be charged default debit interest on the amount withdrawn as though that amount was an unarranged overdraft, as per Paragraph 6 (Unarranged Overdrafts) overleaf.

### 3. FEES AND CHARGES

- a) In addition to any fees and charges which are specifically referred to in these Terms and Conditions, other fees and charges applicable to FCAs may be payable.
- b) The Bank's standard service fees and charges for depositing or withdrawing foreign currency from your FCA (International Transactions) will also apply. Other banks involved in International Transactions may also require you to pay fees and charges. You will need to check with the relevant bank as to what these are.
- c) Any fees or charges quoted to you in a different currency than that of your FCA, will be charged to your relevant FCA (or, in the case of standard service fees and charges, such account as you nominate) at the Bank's current exchange rate applicable to fees and charges of this nature.

A copy of the fees and charges relating to FCAs and standard service fees and charges that the Bank will charge you for International Transactions can be obtained from any branch of the Bank, or via our website, [www.nationalbank.co.nz](http://www.nationalbank.co.nz).

### 4. INTEREST

- a) Where payable, interest is calculated daily on the available balance of the FCA at the applicable interest rate for the currency in which your FCA is held and is paid on the first day of the next month. Details of the interest rates paid by the Bank on FCAs can be obtained from any branch of the Bank.
- b) Interest may not be payable by the Bank on some FCAs.
- c) FCAs are subject to interest rate tiers which are quoted in New Zealand Dollars and calculated by the Bank from time to time for the relevant currency of your FCA at the prevailing rate of exchange. Interest rate tiers applicable to FCAs may be altered at any time by the Bank.

- d) FCAs are subject to interest base rates and interest margins for the relevant currency of your FCA, which are calculated at the sole discretion of the Bank and may change daily.
- e) The Bank does not undertake to advise customers of any changes to interest rates or other variations that are subject to market fluctuations.

## 5. TAX

Payment of interest will be subject to such deductions and taxation as may be required by law. You should obtain your own independent tax advice in relation to your own situation prior to investing funds into FCAs.

## 6. UNARRANGED OVERDRAFTS

- a) The Bank may in its absolute discretion permit at any time an unarranged overdraft on any FCA.

This may be as a result of you:

- i) Drawing on funds on your FCA which are not available in accordance with these Terms and Conditions and no overdraft facility has been arranged with the Bank, or
  - ii) Drawing on funds on your FCA which are not available in accordance with these Terms and Conditions beyond any overdraft facility limit which has been previously agreed with the Bank.
- b) Such overdrawn amounts shall be repayable by you upon demand together with default debit interest on that amount. Interest on overdrawn amounts is calculated for the period from the date that the FCA is overdrawn until sufficient funds are credited and are available to repay the overdrawn amount, at a default debit interest rate determined by the Bank from time to time.

- c) A fee may apply to any such unarranged overdraft on a FCA and will be debited to the FCA in accordance with the Bank's standard practice.
- d) Details of the Bank's fees and charges relating to unarranged overdrafts on your FCA, and the applicable default debit interest rate, can be obtained from any branch of the Bank.

## 7. STATEMENTS

Statements will be provided to you in accordance with your requirements, at least six-monthly. You must independently verify all entries on your statements and advise the Bank of any discrepancies. If you fail to do so, all entries shall be treated by the Bank as properly authorised by you.

## 8. LIMITATION OF LIABILITY

- a) To the extent permitted by law, the Bank shall not be liable for:
  - i) Any circumstance or event which affects the operation of any FCA, or the funds held in an FCA, and which is beyond the control of the Bank. This shall include, without limitation:
    - any teletransmission mode or system;
    - computer malfunction or error;
    - any form of government intervention;
    - regulatory control;
    - strikes, lockouts, civil disturbances, acts of war, epidemics, fire, equipment failure; or
    - communication line failures, power failures, earthquakes or other disasters.
  - ii) Any consequential, indirect or special damages or losses, however caused, suffered or incurred by you.

- b) The Bank will act in good faith and exercise reasonable care in its handling of deposits to your FCAs. To the extent permitted by law, the Bank assumes no liability or responsibility for the consequences arising out of delay and/or loss in transit of any foreign cheques, drafts or similar instruments relating to any such deposits and used for obtaining the payment of money or any messages or letters pertaining thereto.

## 9. FOREIGN CURRENCY TRANSACTIONS

If you decide to buy or sell foreign currency the Bank accepts no responsibility whatsoever for your decision, and you hereby acknowledge that you will not hold the Bank responsible in any way whatsoever for such a decision. Foreign exchange transactions can be complicated and expose you to risk. The risk of a particular foreign exchange transaction will depend on the nature of the transaction you enter into. You should note the following general risks:

- Foreign exchange can be volatile and the prices of the underlying rates, currencies or commodities may fluctuate rapidly over wide ranges, and may reflect unforeseen events or changes in conditions.
- You may suffer substantial losses as a result of those fluctuations. The Bank will not be liable for these losses in any circumstance.

It is your responsibility to understand the nature of the transactions you enter into, the risks associated with those transactions, and to monitor the transactions. You should not enter into transactions if the transactions or the risks are not understood.

## 10. OPERATION OF THESE TERMS AND CONDITIONS

- a) The Bank's usual terms and conditions for operating transaction and savings accounts, including (but not limited to) those contained in the signing authority you provide to the Bank, will apply to your FCAs together with these Terms and Conditions. These Terms and Conditions are to apply in the event of any conflict with any other of the Bank's terms and conditions.
- b) These Terms and Conditions shall survive closure of your FCAs and will apply irrespective of any indulgence granted by the Bank.
- c) These Terms and Conditions are not exclusive of any rights, powers and remedies provided by law.
- d) The Bank may add, cancel or amend any of these Terms and Conditions at any time including variations to the amount or the manner of payment of any fees or charges. The Bank will give at least 14 days' notice of any variation of these Terms and Conditions, except for interest rate and other variations that are subject to market fluctuations. You will be advised of any changes to these Terms and Conditions by means of the following:
  - by direct communication with you; or
  - by advice on display at any of the Bank's branches; or
  - by public advertisements.
- e) In relation to these Terms and Conditions, no delay or failure to act will be construed as a waiver of or in any way prejudice, any of our rights. No waiver will be effective unless it is in writing. A waiver of a breach will not waive any other breach.

- f) If any of these Terms and Conditions is held to be invalid, illegal or unenforceable, that Term and Condition will be severed and the remaining Terms and Conditions will be enforceable.
- g) New Zealand law governs and New Zealand courts have non-exclusive jurisdiction.

## 11. ASSIGNMENT OF RIGHTS

You may not assign or transfer any of your rights or obligations in relation to any FCA but the Bank will be free to do so at any time.

## 12. PRIVACY

Information you provide to the Bank will be kept strictly confidential and will be securely held by the Bank and/or within its related companies (as defined by the Companies Act 1993). You have a right to access the information by enquiring at any branch of the Bank and you may also request that it be corrected. A fee may be payable.

So the Bank can ensure your information is accurate, please let us know of any changes in your personal details, such as your address.

The Bank may use this information to:

- consider your application for facilities, products or services;
- administer, manage and monitor any facilities, products or services provided to you;
- conduct market research, data processing and statistical analysis; and
- unless you disagree, provide you with information about other facilities, products or services including select third party products or services.

The Bank may disclose information about you to its related companies (as defined by the Companies Act 1993), agents or contractors for the above purposes. The Bank may disclose information about you to credit reference agencies for the purpose of obtaining credit reports on you. Those credit reference agencies may retain that information and provide it to their customers who use their credit reporting services.

If you default in any obligations to the Bank, then the Bank may disclose information about you to credit reference or debt recovery agencies and it may be retained by them. Those agencies may provide that information to their customers who use their credit reporting services. The Bank may also disclose account information to any authorised signatory to your accounts.

If you are under 18 years old, the Bank may contact your parent(s)/guardian(s) to disclose, or to collect, information about you that will help the Bank contact you, or to obtain repayment of any amount you owe the Bank.

The Bank may obtain information and make such enquiries about you as the Bank may consider warranted from any source including its related companies (as defined by the Companies Act 1993) and credit reference agencies for the above purpose.

### **13. ANTI-MONEY LAUNDERING AND SANCTIONS**

- a) You agree that the Bank may delay, block or refuse to process any transaction without incurring any liability if the Bank suspects that:
  - i) the transaction may breach any laws or regulations in New Zealand or any other country;

- ii) the transaction involves any person (natural, corporate or governmental) that is itself sanctioned or is connected, directly or indirectly, to any person that is sanctioned under economic and trade sanctions imposed by the United States, the European Union or any country; or
  - iii) the transaction may directly or indirectly involve the proceeds of, or be applied for the purposes of, conduct which is unlawful in New Zealand or any country.
- b) You must provide all information to the Bank which the Bank reasonably requires in order to manage its money-laundering, terrorism-financing or economic and trade sanctions risk or to comply with any laws or regulations in New Zealand or any other country. You agree that the Bank may disclose any information concerning you to any law enforcement, regulatory agency or court where required by any such law or regulation in New Zealand or elsewhere.
- c) Unless you have disclosed that you are acting in a trustee capacity or on behalf of another party, you warrant that you are acting on your own behalf in entering into this agreement.
- d) You declare and undertake to the Bank that the processing of any transaction by ANZ in accordance with your instructions will not breach any laws or regulations in New Zealand or any other country.

## 14. GENERAL

- a) The Bank may at any time and without notice to you apply the whole or any part of any credit balance on any of your accounts in any currency towards payment of any indebtedness by you to the Bank. If any amount is contingently due or not quantified the Bank may withhold the repayment of any credit balance pending the amount becoming due or being quantified and may set off the maximum liability which may at any time be or become owing. This right is without prejudice and in addition to any rights of set-off, combination of accounts, lien or other rights to which the Bank is otherwise entitled to by operation of law, contract or otherwise. In order to apply its rights of set-off, the Bank is authorised to effect any necessary conversion of amounts held in any accounts you have with the Bank at the prevailing exchange rate on the day such set off is applied.
- b) Where you are a business (or have held yourself out as acquiring goods or services for the purpose of any business) any rights or remedies under the Consumer Guarantees Act 1993 shall not apply in respect of goods or services supplied pursuant to any agreement between you and the Bank.

## 15. DISCLOSURES

A current disclosure statement published by ANZ National Bank Limited under section 81 of the Reserve Bank of New Zealand Act 1989 may be obtained from any branch of the Bank or via our website at [www.nationalbank.co.nz](http://www.nationalbank.co.nz).

## FOREIGN CURRENCY TERM DEPOSIT INVESTMENT STATEMENT

This document is an investment statement for the purposes of the Securities Act 1978, is dated and has been prepared as at 1 July 2010.

### IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978.)

1. Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

### WHAT SORT OF INVESTMENT IS THIS?

#### Description of securities

2. This investment statement is for foreign currency fixed term deposits ("**Term Deposits**") with The National Bank, part of ANZ National Bank Limited ("**Bank**"). Each Term Deposit is an unsecured deposit:
  - (a) made for an agreed fixed term;
  - (b) with an agreed interest rate or rates that apply for a fixed period or periods; and
  - (c) made in such specified foreign currency as the Bank permits.
3. Additional terms and conditions that apply to the operation of your foreign currency accounts with the Bank, including your Term Deposit, are contained in the latest Foreign Currency Account Terms and Conditions. If there is any inconsistency between the terms of this investment statement and the latest Foreign Currency Account Terms and Conditions as they apply to your Term Deposit, then the terms of this investment statement will prevail.

## WHO IS INVOLVED IN PROVIDING IT FOR ME?

### **Name and address**

4. ANZ National Bank Limited is the issuer of the Term Deposits. The address of the Bank is Level 6, 1 Victoria Street, Wellington 6011. As at the date of this investment statement the directors of the Bank are:

Donald Thomas Brash

Shayne Cary Elliot

Jennifer Anne Fagg

Norman Michael Thomas Geary

John Frederick Judge

Peter Ralph Marriott

Michael Roger Pearson Smith

Dryden Thomas Spring

The directors of the Bank may change from time to time. A director cannot be appointed to the Bank unless the Reserve Bank of New Zealand has advised that it has no objections to the appointment. A current list of directors is available on [www.anz.co.nz/about-us](http://www.anz.co.nz/about-us).

### **Activities**

5. The Bank is a registered bank under the Reserve Bank of New Zealand Act 1989. The principal activities of the Bank and its subsidiaries are retail, corporate and rural banking, mortgage lending, asset and general finance, and international and investment banking. The Bank has itself, or through its predecessors, carried on the business of banking in New Zealand since 1840.

6. More information about the Bank and its business is contained in the Bank's latest general disclosure statement, which can be obtained, free of charge, from the Bank's head office at Level 6, 1 Victoria Street, Wellington 6011 or at [www.nationalbank.co.nz/about/financialreports](http://www.nationalbank.co.nz/about/financialreports).

## HOW MUCH DO I PAY?

### Money payable by subscribers

7. The Bank may from time to time set minimum and/or maximum principal amounts which may be invested in a Term Deposit. Details are available from [www.nationalbank.co.nz](http://www.nationalbank.co.nz), any branch of The National Bank or by phoning 0800 477 444.
8. You must pay to the Bank the amount you wish to invest in your Term Deposit (which must meet any minimum and/or maximum amounts set by the Bank). You may make payment at any branch of The National Bank or at such other places, or by such other means, as the Bank agrees.
9. You are also required to pay to the Bank any charges applicable to your Term Deposit (see the "What are the charges?" section).

### Cooling-off period

10. There is generally no cooling-off period during which you may cancel your Term Deposit. However, if on its maturity date your Term Deposit is reinvested by the Bank on your behalf in a new Term Deposit, you may inform the Bank (within 7 calendar days of the maturity date) that:
  - (a) you wish to change the term and/or principal amount of your new Term Deposit (which must meet any minimum and/or maximum amounts set by the Bank). This may alter the amount of interest payable on your new Term Deposit; or

(b) you wish to cancel the new Term Deposit, in which case the Bank will repay your matured Term Deposit and pay any interest that is owing on your matured Term Deposit. You will not be paid any interest for the period from the original maturity date of your Term Deposit to the date of its repayment.

You will not pay or incur any of the termination charges set out in the "What are the charges?" section if you change the term and/or principal amount of, or cancel, your new Term Deposit during the cooling-off period.

### **WHAT ARE THE CHARGES?**

11. You do not pay any charges when you invest in a Term Deposit.
12. If your Term Deposit is terminated before its maturity date for any reason, the Bank will deduct all costs associated with the termination from your Term Deposit and reduce the interest rate payable on your Term Deposit by 3% per annum (to a minimum interest rate of 0%). The reduced interest rate will be calculated from the date you invested in your Term Deposit until the date of termination.
13. If the Bank allows you to partially withdraw your Term Deposit before its maturity date, the Bank will reduce the interest rate payable on the total principal amount of your Term Deposit by 3% per annum (to a minimum interest rate of 0%) and pay interest at this reduced rate on the same date as the Bank makes the partial repayment of your Term Deposit. The reduced interest rate will be calculated from the date you invested in your Term Deposit until the date of partial repayment. The Bank may at its discretion reduce the interest rate payable on the remaining amount of your Term Deposit to a rate that is applicable to Term Deposits of that type and amount.

14. You can find out the amount of these deductions prior to terminating or partially withdrawing your Term Deposit by contacting any branch of The National Bank or by phoning 0800 477 444.
15. The Bank may impose new, or change existing, fees and charges which may apply to your Term Deposit. The Bank will give you at least 14 days notice of any change before it takes effect by:
  - (a) direct communication with you (eg, by notice on your account statement);
  - (b) displays at branches of The National Bank; and/or
  - (c) media advertisements.
16. Additional fees and charges that may also apply to your foreign currency accounts with the Bank are contained, or referred to in, the latest Foreign Currency Account Terms and Conditions.

## WHAT RETURNS WILL I GET?

17. The information set out in this section should be read in conjunction with the information set out in the "What are my risks?" section.

### Returns

18. The returns payable to you are:
  - (a) the payment of interest at the rate and on the dates agreed on your Term Deposit, in the currency in which you invested (less any withholding tax deductions); and
  - (b) the repayment of the principal amount of your Term Deposit.
19. As at the date of this investment statement, the dates on which the above returns will be paid are unknown, and will be agreed when you make the Term Deposit.

20. On the maturity date of your Term Deposit, unless you advise the Bank to the contrary, the Bank will reinvest the principal amount of your Term Deposit (and any unpaid interest) on your behalf in a new Term Deposit. The new Term Deposit will have a similar term as your maturing Term Deposit and an interest rate that is applicable to Term Deposits of that type at the date of reinvestment. There is a cooling-off period during which you may cancel a Term Deposit that is reinvested by the Bank on your behalf. See the "How much do I pay?" section for further information.

### **Key factors that determine returns**

21. The key factors that determine the returns to you are:

- (a) the principal amount of your Term Deposit;
- (b) the term of your Term Deposit;
- (c) the interest rate applicable to your Term Deposit;
- (d) whether your Term Deposit is terminated or partially withdrawn before its maturity date (which will result in a reduction of the interest rate applicable to your Term Deposit and result in you incurring associated costs);
- (e) whether or not New Zealand resident or non-resident withholding tax or an amount equivalent to the approved issuer levy are withheld or deducted; and
- (f) the risks described in the "What are my risks" section.

### **Nature of returns**

22. It is not possible to quantify, as at the date of this investment statement, the exact amount of returns you will receive on your Term Deposit, and therefore no such amount can be promised by the Bank.

23. Interest is calculated on the principal amount of your Term Deposit, and does not compound during the term of your Term Deposit.
24. The return on your Term Deposit will be affected by taxes. Resident withholding tax ("**RWT**") will be deducted from interest payments made to New Zealand resident investors (unless an original or certified copy of a valid RWT exemption certificate is provided to the Bank at the time you apply for a Term Deposit). For non-resident investors, non-resident withholding tax or, if agreed with the Bank, the cost of the approved issuer levy, will be deducted from interest payments.
25. The Bank may withhold repayments of principal and/or payments of interest on your Term Deposit where:
- (a) the Bank is entitled to apply the amount of your Term Deposit in payment of any liability you have to the Bank by way of security, right of set-off or otherwise;
  - (b) your Term Deposit account is stopped or suspended for any reason;
  - (c) the Bank is aware of illegal activity concerning the Term Deposit; or
  - (d) the Bank is required by law, including any Court order, to do so.
26. ANZ National Bank Limited is the person legally liable to pay returns on your Term Deposit.

## WHAT ARE MY RISKS?

### Principal risks

27. An investment in a Term Deposit involves risks, including those described in this section. You should carefully consider the risk factors in this section in light of your personal circumstances and seek professional advice from your accountant, lawyer or other professional adviser before deciding whether to invest in a Term Deposit.
28. The principal risks which may affect your ability to receive the returns referred to in the "What returns will I get?" section and recover the amount of money you invested in your Term Deposit are:
- (a) the insolvency or statutory management of the Bank in circumstances where the assets of the Bank are insufficient to meet claims ranking ahead of, and equally with, your claim. The risks that could result in the insolvency or statutory management of the Bank are discussed below;
  - (b) the Bank receiving an order from the Inland Revenue Department requiring the Bank to deduct from the amount of your Term Deposit a sum which you owe as a tax payer;
  - (c) the Bank exercising any security rights, or its rights to combine your accounts or to set-off amounts that you have deposited with the Bank against amounts that you owe to the Bank; and
  - (d) the Bank paying to you in New Zealand dollars the returns on a Term Deposit denominated other than in New Zealand dollars in circumstances where, since you made the deposit, the New Zealand dollar has increased in value against the currency in which the deposit is denominated.

29. Other than any applicable fees or charges, you are not required to pay more money to the Bank, in addition to the principal amount of your Term Deposit.

### **Risks that could result in the insolvency or statutory management of the Bank**

30. Like any other business, the Bank is exposed to the effects of an adverse change in the economy and general business conditions, including increased competition. In addition, as a financial institution, the Bank is exposed to the risks described below that reflect the nature of its business and the environment in which it operates. Failure to manage these risks could have an adverse effect on the financial performance, reputation and solvency of the Bank. However, the Bank considers that these risks would need to be extreme in their impact before they would result in the insolvency or statutory management of the Bank.

#### **Credit risk**

31. As a financial institution the Bank is exposed to the risks associated with lending and extending credit to customers and other parties. Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, could expose the Bank to increased risk that those customers and other parties will default, causing loss to the Bank.

#### **Liquidity and funding risk**

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

**Litigation risk**

33. From time to time the Bank may be subject to major litigation, regulatory actions, or other legal proceedings which, if determined against the Bank, may result in costs, losses or other adverse effects.

**Market risk**

34. Market risk is the risk to the Bank'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 Bank.

**Operational risk**

35. The Bank is exposed to operational risks, such as risks arising from process or human error or failure, fraud, systems failure, breach of security and breaches of laws or the Bank's internal policies.

36. In addition, the Bank is exposed to operations failings by third-party providers, including outsourcing, to natural disasters, political, security and social events and to failings in the financial services sector.

**Regulatory change risk**

37. Changes to laws, regulations, codes of practice or policies, or the way they are applied, could affect the Bank 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 that the Bank can offer and/or increasing the ability of non-banks to offer competing financial services and products, as well as changes to accounting standards, taxation laws and prudential regulatory requirements.

38. In addition, the Bank's failure to comply with laws, regulations or codes of practice could result in the imposition of sanctions by regulatory agencies and compensatory action by affected persons, and could damage the Bank's reputation.

### **More information**

39. The Bank's latest general disclosure statement contains more information on the risks the Bank faces in carrying on its business as a registered bank, and the steps the Bank takes to mitigate these risks. A copy of the latest general disclosure statement can be obtained, free of charge, from the Bank's head office at Level 6, 1 Victoria Street, Wellington 6011 or at [www.nationalbank.co.nz/about/financialreports](http://www.nationalbank.co.nz/about/financialreports).

### **Consequences of insolvency**

40. Term Deposits are unsecured, unsubordinated debt obligations of the Bank. This means that in a liquidation of the Bank your rights to repayment of the principal amount of your Term Deposit, and to payment of interest:

- (a) will rank **after** the claims of (i) secured creditors of the Bank (if any), and (ii) creditors of the Bank who are preferred by law (eg, the Bank's employees in respect of claims for unpaid wages or salaries, and the Inland Revenue Department in respect of unpaid tax);
- (b) will rank **equally** with the claims of all other unsecured, unsubordinated creditors of the Bank; and
- (c) will rank in **priority** to the claims of subordinated creditors of the Bank (being creditors who have agreed to accept a lower priority in respect of their claims in a liquidation of the Bank).

41. You will not be liable to pay money to any person as a result of the insolvency of the Bank.

## CAN THE INVESTMENT BE ALTERED?

42. The Bank may change its Foreign Currency Account Terms and Conditions, and introduce new, and/or change, fees and charges that apply to Term Deposits upon notice to you in accordance with the Code of Banking Practice. The specific terms applying to your Term Deposit (for instance, the interest rate, the dates on which interest is paid and the maturity date) may not be altered without your agreement.
43. If the Bank agrees to allow you to terminate or partially withdraw your Term Deposit before its maturity date, then the returns on your Term Deposit will be reduced, as described in the "What are the charges?" section.
44. Except as described above, neither you nor the Bank may change the terms of your Term Deposit (unless both you and the Bank agree).

## HOW DO I CASH IN MY INVESTMENT?

### Early termination

45. You have no right to terminate or partially withdraw your Term Deposit before its maturity date (unless you do so within the cooling-off period described in the "How much do I pay?" section). However, the Bank will consider applications for an early repayment of your Term Deposit. If your Term Deposit is terminated or partially withdrawn before its maturity date, then the returns on your Term Deposit will be reduced, as described in the "What are the charges?" section.

### Right to sell

46. Your term deposit is not transferable, and you may not sell your Term Deposit to any other person.

## **WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?**

47. You can make enquiries about your Term Deposit at any branch of The National Bank, to any of the Bank's officers or employees or to the branch's manager, or by calling 0800 477 444.

## **IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH MY INVESTMENT?**

48. You can make complaints about your Term Deposit at any branch of The National Bank, to any of the Bank's officers or employees or to the branch's manager. If you are not satisfied with how the Bank has dealt with any complaint you have made, you may refer your complaint to the Banking Ombudsman by phoning 04 471 0006 or 0800 805 950 or by post at Freepost 218002, PO Box 10573, The Terrace, Wellington 6143.

## **WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?**

49. Other information about the Bank and Term Deposits is contained in the Bank's latest general disclosure statement published under section 81 of the Reserve Bank of New Zealand Act 1989 and in its most recent financial statements. You can obtain these documents, free of charge, from the Bank's head office at Level 6, 1 Victoria Street, Wellington 6011 or at [www.nationalbank.co.nz/about/financialreports](http://www.nationalbank.co.nz/about/financialreports).

50. The financial statements and other documents of, or relating to, the Bank are filed on a public register which you may view on the Companies Office website ([www.companies.govt.nz](http://www.companies.govt.nz)). Copies of the publicly filed documents may also be obtained (on payment of a fee) by telephoning the Companies Office on 0508 266 726.

**Annual information**

51. The Bank will provide you with an annual certificate (subject to minimum interest thresholds being met) that states the amount of interest you have earned and, if applicable, the withholding tax deducted from interest paid or credited to you in respect of your Term Deposit.

**On request information**

52. You may request, free of charge, further information about your Term Deposit and the Bank from the Bank's head office at Level 6, 1 Victoria Street, Wellington 6011 or at any branch of The National Bank. This includes the Bank's last annual report and the terms and conditions and details applicable to your Term Deposit.



**The National Bank**  
of New Zealand

These terms and conditions are current as at 1 July 2010.  
The National Bank of New Zealand, part of ANZ National Bank Limited.