



The National Bank 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 fixed term deposits ("**Term Deposits**") with 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 New Zealand dollars or such other currency as the Bank permits.
3. Additional terms and conditions that apply to the operation of your accounts with the Bank, including your Term Deposits, are contained in the latest National Bank Personal Banking Master Terms and Conditions which you may obtain, free of charge, from any branch of The National Bank, by phoning 0800 18 18 18 or by contacting your relationship manager. If there is any inconsistency between the terms of this investment statement and the latest National Bank Personal Banking Master 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 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 nationalbank.co.nz/about

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 nationalbank.co.nz, any branch of The National Bank, by phoning 0800 18 18 18 or by contacting your relationship manager.
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 a seven day cooling-off period commencing on the date of investment during which you may cancel, or change the term and/or principal amount of, your Term Deposit (provided you meet any minimum and/or maximum amounts set by the Bank). The amount of your Term Deposit that is cancelled will be repaid by the Bank without interest.
11. The seven day cooling-off period also applies where on its maturity date your Term Deposit is reinvested by the Bank on your behalf in a new Term Deposit. The cooling-off period commences on the date of reinvestment. If you cancel a reinvested Term Deposit, 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 Term Deposit during the cooling-off period.

What are the charges?

12. You do not pay any charges when you invest in a Term Deposit.
13. If the Bank allows you to terminate or partially withdraw your Term Deposit before its maturity date, or the Bank terminates your Term Deposit before its maturity date, the Bank:
 - (a) will reduce the interest rate payable on the amount of your Term Deposit that is withdrawn early (whether it's a full or partial withdrawal) by 3% per annum; and
 - (b) may recover from you any interest that was paid on your Term Deposit at the higher original rate by deducting the excess amount from your Term Deposit.
14. The reduced interest rate payable on the amount of your Term Deposit that is withdrawn early (whether it is a full or partial withdrawal) will be calculated from the date you invested in your Term Deposit until the date of withdrawal. If the Bank allows you to withdraw part of your Term Deposit before its maturity date, the Bank will pay interest on the remaining amount of your Term Deposit at the rate and on the dates originally agreed on your Term Deposit.
15. 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, by phoning 0800 18 18 18 or by contacting your relationship manager.
16. 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 (e.g. by notice on your account statement);
 - (b) displays at National Bank branches and on National Bank's website (nationalbank.co.nz); and/or
 - (c) media advertisements.
17. Additional fees and charges that may also apply to your accounts with the Bank (including your Term Deposits) are contained, or referred to in, the latest National Bank Personal Banking Master Terms and Conditions and National Bank Fees and Charges brochure, which you may obtain, free of charge, from any branch of The National Bank, by phoning 0800 18 18 18 or by contacting your relationship manager.

What returns will I get?

18. 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

19. The returns payable to you are:
 - (a) interest paid or compounded and added to the principal amount of your Term Deposit at the rate and on the dates agreed on your Term Deposit (less any withholding tax deductions); and

- (b) the repayment of the principal amount of your Term Deposit.

20. 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.
21. 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 and interest payment dates 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

22. 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);
 - (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

23. 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.
24. Interest is calculated on the principal amount of your Term Deposit.
25. 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.
26. 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.
27. ANZ National Bank Limited is the person legally liable to pay returns on your Term Deposit.

What are my risks?

Principal risks

28. 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.
29. 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; and
 - (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.
30. 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

31. 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

32. 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

33. 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

34. 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

35. 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

36. 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.
37. 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

38. 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.
39. 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

40. 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 nationalbank.co.nz/about

Consequences of insolvency

41. 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 (e.g. 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).
42. 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?

43. The Bank may change its National Bank Personal Banking Master 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.
44. 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.
45. 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

46. 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

47. 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?

48. You can make enquiries about your Term Deposit at any branch of The National Bank, by phoning 0800 18 18 18 or by contacting your relationship manager.

Is there anyone to whom I can complain if I have problems with my investment?

49. You can make complaints about your Term Deposit at any branch of The National Bank or by calling 0800 751 750. 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?

50. 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 nationalbank.co.nz/about
51. 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). 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

52. 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

53. 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.

Supplement to the Investment Statement

Prepared as at 1 July 2010.

This document supplements the investment statement to which it is attached by inserting the following text at the end of the section entitled "What sort of investment is this?".

Crown Guarantee

ANZ National Bank Limited ("**Bank**") has a guarantee under a Crown retail deposit guarantee scheme, being a guarantee that expires on 12 October 2010. Further information about the deposit guarantee scheme is available in this investment statement under the section entitled "Application of the Crown Guarantee to Term Deposits" and on www.treasury.govt.nz

The investment statement is further supplemented by inserting the following text at the end of the section entitled "What returns will I get?".

Application of the Crown Guarantee to Term Deposits

The Bank has a guarantee under a Crown retail deposit guarantee scheme, being a guarantee that expires on 12 October 2010 ("**Crown Guarantee**"). The Crown Guarantee will cover:

- (a) the principal amount of, and the interest payable on, any Term Deposit that becomes due and payable during the Guarantee Period; and
- (b) if an insolvency type Default Event (as defined in the Crown Deed of Guarantee) occurs during the Guarantee Period, the principal amount of, and the interest payable on, all Term Deposits outstanding at the date of that Default Event (whether or not the principal amount or interest is due and payable during the Guarantee Period).

Subject to limited exceptions, any Term Deposit made with the Bank after the occurrence of a Default Event will not receive the benefit of the Crown Guarantee.

Only Creditors (as defined in the Crown Deed of Guarantee) are eligible to receive the benefit of the Crown Guarantee. This means that, for instance, an investor that is a Related Party of the Bank, controlled by a Related Party, or a Financial Institution will not receive the benefit of the Crown Guarantee (unless they hold the Term Deposit as a bare trustee for a person who would be entitled to receive the benefit of the Crown Guarantee). Further information about who is entitled to receive the benefit of the Crown Guarantee can be found in the Crown Deed of Guarantee.

The Crown's obligation to pay any amount under the Crown Guarantee is subject to a Creditor giving a Notice of Claim to the Crown and to the Crown satisfying itself as to the amount of the claim and any other matters the Crown reasonably considers appropriate. Under the Crown Guarantee the Crown may (in its sole discretion) decline to accept liability for any amount of interest on or in respect of any indebtedness to the extent that the interest accrues after the date by which the Crown reasonably considers adequate time has elapsed for the relevant Creditor to submit a Notice of Claim.

The maximum liability of the Crown to each Creditor of the Bank under the Crown Guarantee is one million New Zealand dollars (\$1,000,000). For this purpose amounts owed to a Creditor by the Bank under any Term Deposit will be aggregated with other amounts owed to the Creditor by the Bank which are guaranteed by the Crown Guarantee.

Further information about the Crown Guarantee and the most recent audited statement of financial position of the Crown are available, free of charge and at all reasonable times, on the internet site maintained by, or on behalf of, the Treasury (www.treasury.govt.nz).

Defined terms in the Crown Deed of Guarantee have the same meanings in this supplement. In addition:

"**Crown**" means Her Majesty the Queen in right of New Zealand acting by and through the Minister of Finance.

"**Crown Deed of Guarantee**" means the deed of guarantee entered into between the Crown and the Bank dated 18 December 2009, which replaced the initial deed of guarantee entered into between the Crown and the Bank dated 14 November 2008. A copy of the Crown Deed of Guarantee can be found at www.treasury.govt.nz/economy/guarantee/pdfs/dg-b-anz-rdeed.pdf

"**Guarantee Period**" means the period commencing at 12.01 am on 12 October 2008 and expiring at 12.01 am on 12 October 2010.

The investment statement is further supplemented by inserting the following text at the end of the section entitled "What are my risks?".

Crown Guarantee

You may be entitled to the benefit of the Crown Guarantee (see the section titled "Application of the Crown Guarantee to Term Deposits" for further details).