

CONDITIONS OF THE NOTES

As from the date hereof, the section entitled "Conditions of the Notes" on pages 19 to 46 of the Base Prospectus shall be replaced by the following:

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 25 September 2006 (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 and the other agents named in it and with the benefit of a Deed of Covenant dated 3 October 2005 (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 3 October 2005 (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 bearer of any Unsubordinated Bearer Note and the Receipts relating to it or the person in whose name an Unsubordinated Registered Note is registered (as the case may be), **"Subordinated Dated Noteholder"** means the bearer of any Subordinated Dated Bearer Note issued by ANZBGL, and the Receipts relating to it or the person in whose name a Subordinated Dated Registered Note is registered (as the case may be), **"Subordinated Undated Noteholder"** means the bearer of any Subordinated Undated Bearer Note issued by ANZBGL, and the Receipts relating to it or the person in whose name a Subordinated Undated Registered Note is registered (as the case may be) (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(f), (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 (subject to Condition 4 (*Negative Pledge*)) direct, unconditional and unsecured obligations of the Issuer and (save for certain debts of the Issuer required to be preferred by the law, including where the Issuer is ANZBGL, those in respect of ANZBGL's deposit liabilities in Australia required to be preferred by Australian law) rank *pari passu* among themselves and equally with all other unsecured obligations (other than subordinated obligations) of the Issuer. Section 13A of the Banking Act 1959 of Australia provides that if ANZBGL becomes unable to meet its obligations or suspends payment, the assets of ANZBGL are to be available to meet ANZBGL's deposit liabilities in Australia in priority to all other liabilities of ANZBGL.

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 and unsecured subordinated obligations of ANZBGL. In the event of the winding up of ANZBGL (see Condition 11 (*Subordination*)) and prior to the commencement of the winding up of ANZBGL (see Condition 5(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 11 (*Subordination*)) and prior to the commencement of the winding up of ANZBGL (see Condition 5(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 (subject to Condition 4 (*Negative Pledge*)) 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. **Negative Pledge**

So long as any Unsubordinated Notes of any Series of the Issuer remain outstanding, neither the Issuer nor, if applicable, the Guarantor shall create or permit to be outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of the property, assets, present or future, of the Issuer and, if applicable, the Guarantor to secure:

- (a) repayment of any external indebtedness;
- (b) any payment under any guarantee of any external indebtedness; or
- (c) any payment under any indemnity or any other like obligation relating to any external indebtedness,

without in any such case at the same time according to all Unsubordinated Notes of all Series of the Issuer (whether then outstanding or issued thereafter) the same security as is granted to or is outstanding in respect of such external indebtedness or such guarantee, indemnity or other like obligation, or such other security, as shall be approved by an Extraordinary Resolution of the holders of Unsubordinated Notes of the Issuer. For this purpose, "**external indebtedness**" means any obligation for the repayment of money borrowed by the Issuer or, if applicable, the Guarantor or any other person (not being indebtedness incurred in the ordinary course of banking business):

- (a) consisting of or evidenced by bonds, notes, debentures or other securities which are capable of being listed, quoted, ordinarily dealt in or traded on any recognised securities market; and
- (b)
 - (i) which by its terms is payable, or may be required to be paid, in or by reference to any currency other than Australian dollars in the case where the Issuer is ANZBGL, or New Zealand dollars in the case where the Issuer is ANZNBL or ANZNIL; or
 - (ii) which by its terms is payable, or may be required to be paid, in or by reference to Australian dollars in the case where the Issuer is ANZBGL, or New Zealand dollars in the case where the Issuer is ANZNBL or ANZNIL, where it is intended by the Issuer that more than 50 per cent. in aggregate principal amount of such indebtedness is to be distributed initially outside Australia in the case where the Issuer is ANZBGL, or New Zealand in the case where the Issuer is ANZNBL or ANZNIL;

but shall not include indebtedness incurred in the ordinary course of carrying on the business of coordinating and arranging or participating in leveraged lease facilities or in connection with the provision of or the participation in other similar financial accommodation by the Issuer or, if applicable, the Guarantor. For this purpose, "**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.

5. Interest and other Calculations

(a) *Interest on Fixed Rate Notes*

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.

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.

(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 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, if the Business Day Convention specified is:
 - (A) the **Floating Rate Business Day Convention**, such 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;
 - (B) the **Following Business Day Convention**, such date shall be postponed to the next day that is a Business Day;
 - (C) the **Modified Following Business Day Convention**, such 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; or

(D) the **Preceding Business Day Convention**, such date shall be brought forward to the immediately preceding Business Day.

(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 5(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, 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 5(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;
- (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;
- (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.

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 5 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*

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 5(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 Notes become due and payable under Condition 10 (*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 6(e)(ii) unless otherwise specified in the Final Terms.

"**Amortised Face Amount**" has the meaning given in Condition 6(e)(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 TARGET 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.

"**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/360**" is specified in the Final Terms, the actual number of days in the Calculation Period divided by 360;
- (ii) if "**Actual/365**" 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 (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) 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/Actual (ICMA)**" is specified in the Final Terms:
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of:
 - (x) the number of days in such Determination Period; and
 - (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

"Determination Period" means the period from and including an Interest Payment Date in any year to but excluding the next Interest Payment Date;

- (v) if "**30/360**" is specified in the Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months); and
- (vi) if "**30E/360**" or "**Eurobond Basis**" is specified in the Final Terms, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

"Deferred Interest" means, at any time, any unpaid interest in respect of a Subordinated Undated Note which has been deferred in accordance with Condition 5(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 6(e).

"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 Union 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 10(a) and, in respect of Subordinated Notes, has the meaning given in Condition 10(b).

"Exercise Notice" has the meaning given in Condition 6(g).

"Extraordinary Resolution" has the meaning given in Condition 12(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 or Broken Amount, 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.

"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 or (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 TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

"Interest Period" means 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 2000 ISDA Definitions published by the International Swaps and Derivatives Associations, 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 6(i).

"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 the provisions set out in the Final Terms.

"Record Date" has the meaning given in Condition 7(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 5(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 8.

"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).

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

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer 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 5 (*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 10(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 10(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 5(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 Residual 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 for the purposes of paying interest, dividends or distributions on ANZBGL's Residual 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 the Issuer in the 12 months to and including the applicable Interest Payment Date on:
 - (1) the Subordinated Undated Notes; and
 - (2) any other Residual Tier 1 Capital or Upper Tier 2 Capital 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;
- (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;
and

- (iii) any such interest, dividend, distribution or other amount which is included in the calculation of consolidated net profit after tax within the meaning of A.
- (c) "C" is the net profit after income tax of ANZBGL (determined before any interest, dividends or distributions paid or payable by ANZBGL on its Upper Tier 2 Capital and Residual 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 Residual 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 by ANZBGL in the twelve months to and including the relevant Interest Payment Date on:
 - (1) the Subordinated Undated Notes; and
 - (2) any other Residual Tier 1 Capital or Upper Tier 2 Capital of ANZBGL to the extent interest, dividends, distributions or other amounts on those securities are funded by ANZBGL,

but excluding:

- (i) interest payable in relation to the Subordinated Undated Notes on the relevant Interest Payment Date;
- (ii) any such interest, dividend, distribution or other amount to which ANZBGL was or is beneficially entitled; and
- (iii) any such interest, dividend, distribution or other amount which is included in the calculation of consolidated net profit after tax within the meaning of C;

"**Level 1**" has the meaning given to that term 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.

"**Residual Tier 1 Capital**" means at any time any equity, debt or other capital instrument so described by APRA.

"**Upper Tier 2 Capital**" means at any time any equity, debt or other capital instrument 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 5(o). Any interest payment made in part will be made on a *pro rata* basis among the Subordinated Undated Noteholders.

- (ii) Notwithstanding Condition 5(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 15 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 5(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 the Issuer or any entity that the issuer 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 5(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 5(q)(ii):

"ANZ Shares" means ordinary shares in the capital of the Issuer.

"control" has the meaning given in section 9 of the Corporations Act 2001 of Australia.

6. **Redemption, Purchase and Options**

(a) *Redemption by Instalments and Final Redemption*

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 (*Redemption, Purchase and Options*) 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 6(f) or 6(g), 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 6(f) or 6(g), 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, which change or amendment 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 8 (*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 6(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 5(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 6(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 authorized 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*

- (A) 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 6(b), (e) or (f) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*), shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified in the Final Terms.
- (B) Subject to the provisions of sub-paragraph (C) 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.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(b), (e) or (f) or upon it becoming due and payable as provided in Condition 10 (*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 (iii) 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 5(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 fifteen 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**") 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 UK Listing Authority and admitted to trading on the Gilt Edged and Fixed Interest 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**"), 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 6(i) 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 6 (*Redemption, Purchase and Options*), 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 (f) 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.

7. 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 7(f)(vi)) or Coupons (in the case of interest, save as specified in Conditions 7(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 (which, in the case of Japanese Yen, shall be a non-resident account) 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 7(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 sub-paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(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.

(c) *Payments in the United States*

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. 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 8 (*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 UK Listing Authority 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 UK Listing Authority 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 U.S. dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 15 (*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 unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured 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 9 (*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 9 (*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 Sydney where ANZBGL is the Issuer, in London, Auckland and Wellington where ANZNIL is the Issuer and in Auckland and Wellington where ANZNBL 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.

(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 definitive Notes 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 definitive Notes 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 subdivision 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 15 (*Notices*).

8. **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 6 (*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 11 (*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 in New Zealand, ANZNBL or, as the case may be, ANZNIL may, and intend to, 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. 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:

- (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, 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, 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 6(b) and this Condition 8 (*Taxation*) shall be read and construed as including references to such other taxing jurisdiction(s).

9. **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.

10. **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 7 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 U.S.\$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 in Condition 4 (*Negative Pledge*), 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)); 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 5(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 6(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 11 (*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 5(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.

11. **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*)), 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 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 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 U.S. 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.

12. 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 8 (*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 shall be passed at a meeting of Noteholders duly convened by a clear majority of the votes cast.

(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.

13. **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.

14. **Further Issues**

The 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.

15. **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 Gilt Edged and Fixed Interest Market of the London Stock Exchange (so long as such Registered Notes are admitted to trading on the Gilt Edged and Fixed Interest 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 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 Gilt Edged and Fixed Interest Market of the London Stock Exchange (so long as such Bearer Notes are admitted to trading on the Gilt Edged and Fixed Interest 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 15 (*Notices*).

16. **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 16 (*Currency Indemnity*), 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.

17. **Governing Law, Jurisdiction and Service of Process**

(a) *Governing Law*

The Notes, the Receipts, the Coupons and the Talons 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), 5(n), (o) and (p), 10(b) and 11) 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 (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 Minerva House, Montague Close, London SE1 9DH. 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 11, 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.

18. **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.