

1 July 2010

Investment statement for Term Deposits prepared as at 1 July 2010 for the purposes of the Securities Act 1978.

### Important information

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

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

### Choosing an Investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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In addition to the information in this document, important information can be found in the current General Disclosure Statement for ASB Bank Limited. You may obtain a copy of that General Disclosure Statement, free of charge, from any branch of ASB.

### What sort of investment is this?

This investment statement is provided in relation to New Zealand Dollar Term Deposits offered to the public by ASB from time to time.

A Term Deposit is an unsecured term deposit denominated in New Zealand Dollars with a fixed term of investment and a fixed interest rate payable by ASB.

### Who is involved in providing it for me?

The issuer is ASB Bank Limited (ASB). The head office of ASB is situated at ASB Bank Centre, 135 Albert Street, Auckland 1010. ASB is a registered bank under the Reserve Bank of New Zealand Act 1989.

As at the date of this investment statement, the directors of ASB are Richard Boven, Donald McGillivray Elder, Jonathan Peter Hartley, Gary James Judd, Jonathan Peter Ling, Garry Lynton Mackrell, Ross Maxwell McEwan, Ian Mark Narev, Charles James Sheppard Pink, James Michael Robert Syme and Gavin Ronald Walker. The directors of ASB may change from time to time.

ASB has provided financial services to New Zealanders for over 160 years, and is one of New Zealand's leading full service banks.

### How much do I pay?

At the date of this investment statement the minimum amount you may invest in a Term Deposit is \$5,000. However, the minimum investment for Term Deposits which pay interest monthly is \$10,000. The maximum amount you can hold in one or more Term Deposits at any one time is \$10,000,000. In the case of interest rates advertised as special rates, the minimum and maximum investment amounts may differ. These minimum and maximum investment amounts are subject to change by ASB from time to time.

Investing in Term Deposits is easy. Subject to ASB's account opening requirements, your Term Deposit can be opened on the spot – you can call into any ASB branch to do this. Alternatively, existing ASB customers can contact the Investor Express Line on 0800 650 506 or, if registered for FastNet Classic, can use internet banking to open a Term Deposit.

The amount to be invested is payable to ASB at the time the Term Deposit is made. Payment can be made by means agreed between you and ASB and may include cheque, cash, or transferring money from another account with ASB or from another bank.

ASB may refuse any investment in a Term Deposit without giving any reason.

### What are the charges?

There are no charges payable by you to ASB when you make an investment in a Term Deposit.

If ASB allows you to terminate or partially withdraw your Term Deposit before its maturity date, the rate of interest payable to you by ASB on that Term Deposit will be adjusted to 2% p.a. less than the interest rate that applied, at the date the investment was made, for the term the funds were actually deposited. The amount of this adjustment can be obtained by speaking to an ASB staff member at the ASB Contact Centre, any ASB branch, your Personal Banker or Relationship Manager. Where a partial withdrawal is made, the remaining principal balance will earn interest at the rate the Term Deposit was originally invested at. If the remaining principal amount is less than the prescribed minimum amount ASB may repay your Term Deposit early in full.

In the case of an early or partial withdrawal where interest has been paid to you prior to that withdrawal, the interest payable by ASB on that altered Term Deposit may be less than the interest already paid to you. In this case ASB may deduct the excess amount from the principal amount to be repaid to you.

Any tax or approved issuer levy (AIL) that has already been deducted from interest earned and paid to Inland Revenue can not be refunded to you by ASB. Any tax refund may need to be claimed from Inland Revenue directly. AIL is not refundable.

If you are a non-resident investor, have elected for ASB to pay AIL and ASB is lawfully able to do so at the applicable AIL rate, currently 2% of gross interest payable to you, ASB will pay the AIL to the Inland Revenue and will deduct the amount paid from the returns payable to you. The current AIL rate can be obtained by contacting the ASB Contact Centre, any ASB branch or your Personal Banker or Relationship Manager.

## Term Deposits: Investment Statement - continued

Fees and charges are subject to change by ASB from time to time.

### What returns will I get?

On maturity or early repayment of your Term Deposit, ASB will pay you the principal amount invested and interest earned on that amount (less any withholding tax deductions or amounts specified under the heading "What are the charges?").

The key factors that will determine your returns will be the interest rate that you agree to invest your money at, the amount of principal you invest, the term of your investment, and any taxes (or other deductions) applicable to your investment. Interest is paid on the sum invested at the agreed frequency and agreed rate of interest for the term of your investment.

The amount of returns you may receive are not quantifiable at the date of this investment statement and therefore cannot be promised to you by ASB.

Unless you hold a current Certificate of Exemption (or other legal exemption), ASB is required by law to deduct from the gross interest payable to you as the investor Resident Withholding Tax or Non-Resident Withholding Tax as appropriate. Alternatively, if Approved Issuer Levy applies to you, this may be deducted as described in the section "What are the Charges?". Deductions are made before payment of the net interest to you.

The term of a Term Deposit can be between 30 days and 5 years and interest is calculated on the basis of the actual number of days in the term and a 365 day year. Unless specifically stated otherwise, you can elect to be paid interest as set out in the table below.

Term	Interest Frequency Options	Interest Payment Options
Less than 6 months	On Maturity	Paid to a nominated ASB or non- ASB account; or Invested into a new Term Deposit (together with the principal amount)
6 months or greater	Monthly <i>The minimum investment required to receive monthly interest is \$10,000.</i>	Paid to a nominated ASB or non- ASB account
	Quarterly; Six-monthly; Annually	Paid to a nominated ASB or non- ASB account; or Reinvested in the same Term Deposit
	On Maturity	Paid to a nominated ASB or non- ASB account; or Invested into a new Term Deposit (together with the principal amount)
Special Advertised Term	As per the Special Advertised Term's conditions	As per the Special Advertised Term's conditions

ASB may change these time frames and interest payment options from time to time.

ASB may withhold payment of your returns, after the due date, if ASB holds the Term Deposit as security, until the date that security is discharged, if there is a third party claim regarding the Term Deposit or if ASB is required by law to do so.

ASB is legally liable to pay the returns on your Term Deposit (when returns are payable).

### What are my risks?

The main risks of you not recovering the money which you paid for the investment or of not receiving the returns described above are:

- > if ASB becomes insolvent or is placed into receivership, liquidation or statutory management or ASB is otherwise not able to meet its debts as they fall due; or
- > ASB receiving a statutory deduction notice in respect of your Term Deposit; or
- > ASB exercising its rights to combine your accounts or to set-off funds held in credit against amounts you owe to ASB.

In the event ASB is put into liquidation during the term of your Term Deposit, secured creditors and those creditors preferred by statute will rank ahead of your claim. After the payment of these creditors your claim will rank equally with all other unsecured unsubordinated creditors of ASB.

Should a statutory manager be appointed to ASB, the ranking of your claim as a holder of a Term Deposit would be determined by the statutory manager in accordance with the relevant statutory framework.

ASB Bank Limited has a guarantee under the New Zealand Retail Deposit Guarantee Scheme. As at the date of this investment statement, this guarantee will operate until 12:01am on 12 October 2010. Further information about the New Zealand deposit guarantee scheme is available, free of charge and at all reasonable times, on the Internet site maintained by, or on behalf of, the Treasury - <http://www.treasury.govt.nz/economy/guarantee>.

You will not be liable to pay any more than the amount that you invested with us as a result of the insolvency of ASB.

### Can the investment be altered?

ASB may at any time alter its standard account terms and conditions and may alter the minimum and maximum amount payable for Term Deposits. However, once an investment is made it cannot generally be altered without the agreement of you and ASB.

As stated above, ASB may in certain circumstances agree to the early or partial withdrawal of your Term Deposit. Please refer to the question "What are the Charges?" for details of charges relating to an early or partial withdrawal.

### How do I cash in my investment?

If you need to withdraw your investment before its maturity date, you can apply to do so by contacting ASB. If your application is accepted you will still be paid interest, but at a reduced rate, as described in the section "What are the Charges?". ASB may repay your Term Deposit early if the remaining principal amount is less than the prescribed minimum amount.

ASB may terminate your Term Deposit before its maturity date if it exercises any of its rights to combine your accounts or to set off amounts you have deposited with ASB against amounts you may owe to ASB.

## Term Deposits: Investment Statement - continued

You may not sell, assign, mortgage or charge your Term Deposit to another person (other than ASB) without ASB's written consent. There is no established market for such sales.

### Who do I contact with inquiries about my investment?

Inquiries about your Term Deposit may be made at any ASB branch to any Personal Banker or to the Branch Manager or by telephoning ASB's Investor Express Line on 0800 650 506. Details relating to your current Term Deposits, such as their maturity date, term and interest rate can be viewed in FastNet Classic if you are registered.

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

Any complaints about your Term Deposit may be made at any ASB branch to any Personal Banker or to the Branch Manager. Alternatively, you can telephone the Investor Express Line on 0800 650 506. They will explain ASB's complaint procedures to you and should be able to resolve the problem. If the issue remains unresolved your complaint can be directed to ASB's Customer Care Department by calling 0800 738 930.

If a resolution has still not been achieved and you are not satisfied with the outcome of ASB's consideration of the complaint, you can contact the Banking Ombudsman for an independent review of your complaint at:

The Office of the Banking Ombudsman  
PO Box 10573, The Terrace, Wellington, New Zealand  
Email: [help@bankomb.org.nz](mailto:help@bankomb.org.nz)  
Phone: 0800 805 950

### What other information can I obtain about this investment?

Other information about Term Deposits and ASB is contained in ASB's current Disclosure Statement issued pursuant to the Reserve Bank of New Zealand Act 1989 and in its financial statements. A copy of the current Disclosure Statement and ASB's most recent financial statements can be obtained, free of charge, on request from any ASB branch or ASB's Head Office or can be found online at [www.asb.co.nz](http://www.asb.co.nz). ASB's most recent financial statements, together with all documents required to be registered with those financial statements, are filed on a public register at the Companies Office of the Ministry of Economic Development and are available for public inspection (including at [www.companies.govt.nz](http://www.companies.govt.nz)).

If applicable, annual Resident Withholding Tax deduction certificates will be issued in April if gross domestic interest paid

exceeds \$50 and tax has been deducted. If all accounts held by the investor with ASB are closed, a final certificate will be issued at that time, instead of being issued in April.

You may request further information about your Term Deposit, such as the balance, from ASB. Copies of the following information are also available from ASB on request:

- > ASB's most recent Annual Report.
- > Key Information Summary displayed in each ASB branch.
- > Further copies of the current investment statement.

### Money handling procedures

This information is provided by ASB as required by the Securities Markets Act 1988, and is in relation to the money handling procedures for Term Deposits.

You can invest money in a Term Deposit by any means such as a cheque, with cash, or by transferring money from another account either with us or another bank. The money we receive from you is deposited directly into your account with ASB in your name and is used by ASB in the ordinary course of its business. It is not held on trust by ASB.

While ASB is externally audited, the process of receiving your money and putting it on Term Deposit with ASB is not externally audited.

ASB keeps a record of your deposit. You can request details of your Term Deposit by calling the Investor Express Line on 0800 650 506 or at any ASB branch.

### Additional information in relation to the New Zealand Deposit Guarantee Scheme

ASB Bank Limited has a guarantee under the New Zealand Retail Deposit Guarantee Scheme. As at the date of this investment statement, this guarantee will operate until 12:01am on 12 October 2010.

Further information about the New Zealand deposit guarantee scheme is available, free of charge and at all reasonable times, on the Internet site maintained by, or on behalf of, the Treasury - <http://www.treasury.govt.nz/economy/guarantee>.

The most recent audited statement of financial position of the Crown is also available, free of charge and at all reasonable times, on the Internet site maintained by, or on behalf of, the Treasury.

INVESTOR EXPRESS LINE

**0800 650 506**

24 HOURS . 7 DAYS A WEEK