

# Information Memorandum

**Asian Development Bank N.Z.\$5,000,000,000 Domestic Medium-Term Note Programme**

*The Asian Development Bank, subject to compliance with all relevant laws, regulations and directives, may from time to time issue debt securities (the "Notes") to investors in New Zealand and other jurisdictions.*

*The Asian Development Bank is not a registered bank in New Zealand pursuant to the Reserve Bank of New Zealand Act 1989. The Notes are not the obligations of any government and, in particular, are not guaranteed by the Government of New Zealand.*

*The Notes may not be offered or transferred to the public in New Zealand. For a description of certain restrictions on offers and sales of Notes and on distribution of this Information Memorandum, see "Selling Restrictions".*

*Neither this Information Memorandum nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of the Asian Development Bank or any Dealer, to subscribe or purchase any, Notes.*

**Date 27 January 2010**

## Important Notice

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This Information Memorandum relates solely to a Medium-Term Note Programme (the “**Programme**”) established for the Asian Development Bank (the “**Issuer**” or “**ADB**”), under which Medium-Term Notes (“**Notes**”) may be issued up to a maximum aggregate amount of N.Z.\$5,000,000,000 (as that amount may be increased from time to time by the Issuer).

### Registration

**Notes issued under the Programme are not required to be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act (U.S.”). Accordingly, no registration statement has been filed with the U.S. Securities and Exchange Commission (the “SEC”). The Notes have not been approved or disapproved by the SEC or any state securities commission nor has the SEC or any state securities commission passed upon the accuracy or adequacy of this Information Memorandum. Any representation to the contrary is a criminal offence in the United States.**

### Date and currency of this Information Memorandum

This Information Memorandum has been prepared by the Issuer as at the Preparation Date (as defined below). The delivery of this Information Memorandum at any time after the Preparation Date does not imply the information contained in it is accurate, timely and complete at any time subsequent to the Preparation Date. Accordingly, neither the delivery of this Information Memorandum, nor any offer or issue of Notes, implies or should be relied upon as a representation or warranty that there has been no change since the Preparation Date in the affairs or financial condition of the Issuer or that the information contained in it is correct at any time after the Preparation Date.

### Limited responsibility for information

This Information Memorandum has been prepared by and issued with the authority of the Issuer. The Issuer accepts responsibility for it.

The only role of the Arrangers (as defined in the “Programme Summary”) in the preparation of this Information Memorandum has been to confirm to the Issuer that the information as to their identity under the heading “Programme Summary” and their respective descriptions under the heading “Directory” are accurate as at the Preparation Date. The only role of the Registrar (as defined in the “Programme Summary”) in the preparation of this Information Memorandum has been to confirm to the Issuer that the information under its description under the heading “Directory” is accurate as at the Preparation Date. Apart from the foregoing, the Arrangers and the Registrar make no representation or warranty, express or implied, as to and assume no responsibility or liability for the authenticity, origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement, opinion or forecast contained in this Information Memorandum or in any accompanying, previous or subsequent material or presentation.

### No other material authorised

The Issuer has not authorised any person to give any information or make any representations in connection with the offering of the Notes other than those contained in this Information Memorandum. Any information or representation not contained in this Information Memorandum or as otherwise authorised in writing by the Issuer, must not be relied upon as having been authorised by or on behalf of the Issuer, the Arrangers, any Lead Manager (as defined in the “Programme Summary”), any Dealer (as defined in the “Programme Summary”) or the Registrar.

### No waiver of privileges and immunities

The issuance and distribution of this Information Memorandum and any offering and sale of the Notes is not a waiver by the Issuer or by any of its members, governors, alternate governors, executive directors, alternate executive directors, officers or employees of any other rights, immunities, privileges or exemptions conferred upon any of them by the Agreement Establishing the Asian Development

Bank (the “**Charter**”) or by any statute, law or regulation of any member of the Issuer or any political subdivision of any member, all of which are expressly reserved.

### **Not a bank**

The Issuer is not a registered bank in New Zealand pursuant to the Reserve Bank of New Zealand Act 1989.

### **Intending purchasers to make independent investment decision and obtain tax advice**

The information contained in this Information Memorandum is not a recommendation or a statement of opinion (or a report of either of those things) by the Issuer, the Arrangers, any Lead Manager, any Dealer or the Registrar that any person may acquire Notes or any rights in respect of any Notes. Intending purchasers should:

- (a) determine for themselves the relevance of the information contained in this Information Memorandum and must base their investment decision solely upon such independent assessment and investigation as they consider necessary; and
- (b) consult their own tax advisers concerning the application of any tax laws applicable to their particular situation.

None of the Arrangers, any Lead Manager, any Dealer or the Registrar undertakes to review the financial condition or affairs of the Issuer at any time or to advise any holder of a Note of any information coming to their attention with respect to the Issuer.

### **Distribution and selling restrictions**

The distribution and use of this Information Memorandum, and the offer or sale of the Notes, may be restricted by law in certain jurisdictions and intending purchasers should inform themselves about and observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Information Memorandum, any Pricing Supplement or other material relating to the Notes see the “Selling Restrictions” section of this Information Memorandum. None of the Issuer, the Arrangers, any Lead Manager, any Dealer or the Registrar represents that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

In particular, no action has been taken by any of those parties that would permit a public offering of any Notes or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations and each Dealer has represented and agreed that it will comply with the laws of all applicable jurisdictions. Persons into whose possession this Information Memorandum or any Notes come must inform themselves about, and observe, any such restrictions. In particular, a person may not (directly or indirectly) offer for subscription or purchase or issue an invitation to subscribe or buy Notes, nor distribute this Information Memorandum except if the offer or invitation complies with all applicable laws and regulations.

### **Stabilisation**

In connection with any issue of Notes, any Dealer designated as stabilising manager in the relevant Pricing Supplement may over-allot or effect transactions with a view to supporting the market price of the Notes of the relevant Series at a level higher than that which might otherwise prevail. Such stabilising, if commenced, may be discontinued at any time. Such stabilising shall be in compliance with any relevant laws and regulations.

## **Distribution arrangements**

The Issuer has agreed to pay the Registrar fees for undertaking its role and reimburse it for certain of its expenses incurred in connection with the Programme. The Issuer may also agree to pay each Dealer a commission in respect of the Notes subscribed by it and has agreed to indemnify each Dealer against certain liabilities described in the Programme Agreement (as defined in "Programme Summary").

## **References to ratings**

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

## **Disclosure of interest**

The Arrangers, each Lead Manager and each Dealer disclose that they, their subsidiaries, directors and employees:

- (a) may have pecuniary or other interests in the securities mentioned in this Information Memorandum, and may also have interests pursuant to other arrangements; and
- (b) will receive fees, brokerage and commissions, and may act as principal in any dealings in the Notes.

## **Documents incorporated by reference**

Certain documents are incorporated in and deemed to form part of this Information Memorandum (see "Documents Incorporated by Reference").

Any statement contained in this Information Memorandum or in any of the documents incorporated by reference in, and forming part of this Information Memorandum, shall be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

Copies of documents incorporated by reference are available free of charge from the Issuer at its specified office as set out under the heading "Directory", and as otherwise specified in the "Documents Incorporated by Reference" section of this Information Memorandum.

## **Preparation Date**

In this Important Notice section, "**Preparation Date**" means:

- (a) in relation to this Information Memorandum, the date indicated on its face or, if this Information Memorandum has been amended or supplemented, the date indicated on the face of that amendment or supplement;
- (b) in relation to financial statements incorporated in this Information Memorandum, the date up to or as at the date on which the financial statements relate; and
- (c) in relation to any other item of information that is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release.

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## Programme Summary

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*The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum and in conjunction with the relevant Pricing Supplement and, to the extent applicable, the Conditions of the Notes. Unless otherwise defined in this Programme Summary or the Important Notice, each capitalised term referred to in this Programme Summary has the meaning given to it in the Conditions.*

<b>Issuer</b>	Asian Development Bank.
<b>Programme:</b>	A non-underwritten revolving domestic medium-term note programme.
<b>Arrangers:</b>	ANZ National Bank Limited Royal Bank of Canada
<b>Dealers:</b>	Dealers may be appointed from time to time in accordance with the Programme Agreement dated 27 January 2010 for the Programme (the “ <b>Programme Agreement</b> ”). The Issuer may also issue Notes directly to purchasers or investors (as applicable) procured by it.
<b>Lead Manager:</b>	The Issuer may appoint, in relation to any Tranche or Series of Notes, one or more Dealers as the Lead Manager of that Tranche or Series and the details of the appointment will be specified in the relevant Pricing Supplement and subscription agreement.
<b>Registrar:</b>	Computershare Investor Services Limited or such other registrar as may be appointed. The Registrar may also provide issue and paying agency services with respect to each Series or Tranche of Notes initially lodged and held through or predominantly through a Clearing System (as defined below).
<b>Calculation Agent:</b>	If a Calculation Agent is required for the purpose of calculating any amount or making any determination in respect of a Series or Tranche of Notes, that appointment will be notified in the relevant Pricing Supplement. The Issuer may terminate the appointment of the Calculation Agent, appoint additional or other Calculation Agents or elect to have no Calculation Agent. Where no Calculation Agent is appointed, the calculation of interest, principal and other payments in respect of Notes will be made by the Issuer.
<b>Programme limit:</b>	N.Z.\$5,000,000,000 for all outstanding Notes, as may be varied by the Issuer under the Programme Agreement.
<b>Status of Notes:</b>	The Notes of each Series constitute direct and unsecured obligations of the Issuer ranking pari passu without any preference among themselves and with all other unsecured and unsubordinated obligations of the Issuer. The Notes are not the obligations of any government and, in particular, are not guaranteed by the Government of New Zealand.
<b>Status of Issuer:</b>	The Issuer is not a registered bank in New Zealand pursuant to the Reserve Bank of New Zealand Act 1989.
<b>Governing law:</b>	The Notes and all related documentation will be governed by the laws of New Zealand.
<b>Use of proceeds:</b>	The net proceeds of any issue of Notes will be included in the ordinary capital resources of the Issuer and used in its ordinary operations.

**Term:** The term of the Programme continues for a period of 30 years from the date of this Information Memorandum or, if earlier, until terminated by the Issuer. For the avoidance of doubt, the Issuer may issue Notes with any tenor as specified in the relevant Pricing Supplement, but not less than 365 days, on any date prior to the termination of the Programme.

**Taxation:** Each payment (whether in respect of principal, interest or otherwise) will be subject to any fiscal or other laws and regulations applicable thereto.

The Issuer is not required to deduct withholding tax from payments of premium (if any) or interest in respect of the Notes.

The Issuer enjoys certain exemptions from New Zealand tax under the International Finance Agreements Act and the Income Tax Act 2007. As a result, the Issuer and the Registrar, as paying agent, are not required to withhold New Zealand non-resident withholding tax from any payment of premium or interest in respect of the Notes where the beneficial owner of the Note is a non-resident of New Zealand and does not carry on business through a fixed establishment in New Zealand.

As a result also, the Issuer is exempt from the requirement to withhold resident withholding tax (“**RWT**”) from any payment of premium or interest in respect of a Note to a New Zealand resident beneficial owner (or a non-resident beneficial owner engaged in business through a fixed establishment in New Zealand). The Registrar will not have an obligation under the Income Tax Act 2007 to withhold RWT if the person receiving the payment from the Registrar has a valid certificate of exemption from RWT and has submitted a copy thereof to the Registrar.

Payments in respect of the Notes will be made without gross-up for any present or future taxes, duties, assessments or governmental charges whatsoever.

Investors should obtain their own taxation advice regarding the taxation status of investing in Notes.

See also the “New Zealand and United States Federal Taxation” section of this Information Memorandum.

**Rating:** The ratings of the Programme will be set out in the relevant Pricing Supplement.

Where an individual Tranche or Series of Notes is rated, the rating may not necessarily be the same as the ratings specified in the relevant Pricing Supplement.

Structured Notes may have a different credit rating than other Notes.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating agency.

**Terms and Conditions:** The Conditions are contained in this Information Memorandum, as amended, supplemented, modified or replaced in relation to any Notes by the relevant Pricing Supplement for the relevant Tranche.

**Form:** Notes will be issued in registered form. They will be debt obligations of the Issuer constituted by, and owing under, a deed poll made by the Issuer and dated 27 January 2010 (the “**Deed Poll**”) and will take the

form of entries in a register (the “**Register**”) maintained by the Registrar. There is no trustee for the holders of Notes.

The Notes of any Series may be described as “Notes”, “Bonds”, “Instruments” or by any other marketing name specified in the relevant Pricing Supplement.

Notes may bear interest at a fixed or floating rate, be issued at a discount or premium to the face value or otherwise bear interest that is calculated by a formula or an index as specified in the relevant Pricing Supplement. The Notes of any Series may be described as “Notes”, “MTNs”, “Bonds”, “Instruments”, “Indexed Notes”, “Amortising Notes”, “Credit Linked Notes”, “FRNs”, “Zero Coupon Notes” or by any other marketing name specified in the relevant Pricing Supplement.

<b>Method of issue:</b>	The Notes may be issued on a syndicated or non-syndicated basis.
<b>Title:</b>	<p>Entry of the name of a person in the Register in respect of a Note constitutes the obtaining or passing of title to the Note and is conclusive evidence that the person so entered is the registered owner of the Note, subject to rectification for fraud or error. Title to such Notes passes when details of the transfer are recorded in the Register.</p> <p>Notes held in the Austraclear New Zealand System (as defined below) will be registered in the name of New Zealand Central Securities Depository Limited (“<b>NZCSD</b>”). Title to Notes held in a Clearing System (as defined below) will be determined in accordance with the rules and regulations of that Clearing System.</p> <p>No certificates or other evidence of title will be issued to holders of Notes unless the Issuer determines that certificates should be available or is required to do so by any applicable law or regulation.</p>
<b>Currency:</b>	<p>Subject to any applicable legal or regulatory requirements, Notes will be denominated in New Zealand dollars.</p> <p>Payments in respect of Notes will be made in New Zealand dollars.</p>
<b>Denominations:</b>	Unless otherwise indicated in the relevant Pricing Supplement, Notes will be issued in minimum denominations of N.Z.\$10,000 or (if a larger principal amount) such other notional face value of a Note as specified in the relevant Pricing Supplement.
<b>Tenor:</b>	As specified in the relevant Pricing Supplement, but not less than 365 days.
<b>Issue Price:</b>	Notes may be issued at any price on a fully or partly paid basis, as specified in the relevant Pricing Supplement.
<b>Settlement price:</b>	As specified in the relevant Pricing Supplement, or as otherwise agreed between the parties.
<b>Issuance in Series:</b>	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and interest commencement date may be different in respect of different Tranches of a Series. The Notes of each Series are intended to be fungible with other Notes of that Series.

However, in certain circumstances, Notes of a particular Tranche may not be, nor become, fungible with Notes of any Tranche or Tranches forming part of the same Series until a specified time following their issue, as described in the relevant Pricing Supplement.

**Interest Periods and Interest Rates:**

The length of the interest periods and the applicable rate of interest or its method of calculation may differ from time to time or be constant for any Series as specified in the relevant Pricing Supplement. Notes may have a maximum rate of interest, a minimum rate of interest or both.

**Transfer procedure:**

Notes may only be transferred in whole.

Notes may only be transferred if the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place and the transfer is made in a manner which would not require disclosure to investors under the Securities Act (N.Z.).

Notes not held in a Clearing System may only be transferred by completing and delivering to the Registrar a signed transfer form in compliance with all applicable laws.

Interests in Notes held in a Clearing System are transferable only in accordance with the rules and regulations of the relevant Clearing System.

**Marking:**

A holder of Notes may request the Registrar to mark a transfer form that has been completed by the holder as transferor.

Such marking will only be recognised by the Registrar for 42 days from (and including) the date of marking.

**Payments and Record Date:**

Payments will be made to the persons whose names are entered in the Register as at 5:00 p.m. (local time) in the place of payment on the relevant Record Date. Unless otherwise indicated in the relevant Pricing Supplement, the Record Date in relation to Notes entered in a Register maintained in New Zealand will be the tenth calendar day before a payment date.

Payments to a person who holds an interest or right in respect of any Note held in a Clearing System will be made by transfer to the person's account in accordance with the rules and regulations of the relevant Clearing System.

If Notes are not held in a Clearing System, payments will be made to the account of the registered holder previously notified by the registered owner of the Note to the Registrar. If no account is notified, then payments will be made by cheque mailed on the relevant payment date to the registered holder (or the first named of joint registered owners) at its address appearing in the Register as at the Record Date.

**Austraclear New Zealand:** Notes may be held within and traded under the Austraclear New Zealand System.

**Negative pledge:** See Condition 5.

**Cross default:** See Condition 11.

**Clearing System:**

Notes may be transacted either within or outside any Clearing System. The Issuer may apply to Reserve Bank of New Zealand (the “**Reserve Bank**”) for approval for the Notes to be traded on the settlement system operated by the Reserve Bank (the “**Austraclear New Zealand System**”). Such approval is not a recommendation or endorsement by the Reserve Bank of the Notes.

Notes may also be traded on the settlement system operated by Euroclear Bank S.A./N.V. (“**Euroclear**”), the settlement system operated by Clearstream Banking, société anonyme (“**Clearstream**”) or any other clearing system outside New Zealand specified in the relevant Pricing Supplement (together with the Austraclear New Zealand System, Euroclear and Clearstream, each, a “**Clearing System**”). Entitlements in respect of holdings of interests in Notes in Euroclear would be held in the Austraclear New Zealand System by a nominee of Euroclear (currently, HSBC Nominees (New Zealand) Limited (“**HSBC**”)), while entitlements in respect of holdings of interests in Notes in Clearstream would be held in the Austraclear New Zealand System by a nominee of Clearstream (currently, ANZ Nominees Limited (“**ANZ Nominees**”)).

The rights of a holder of interests in a Note held through Euroclear or Clearstream are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, the terms and conditions of agreements between Euroclear and Clearstream and their respective nominee and the rules and regulations of the Austraclear New Zealand System.

The Issuer will not be responsible for the operation of the clearing arrangements, which is a matter for the clearing institutions, their nominees, their participants and the investors.

**Selling restrictions:**

The Notes are subject to restrictions on their offering, sale and delivery (see “Selling Restrictions” below).

**Listing:**

The Issuer may elect to apply to list one or more Tranches of Notes on any stock exchange specified in the relevant Pricing Supplement or may decide to issue unlisted Notes.

## Documents Incorporated by Reference

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The following documents are incorporated by reference in and form part of this Information Memorandum:

- (a) all amendments and supplements to this Information Memorandum prepared by the Issuer from time to time;
- (b) the Issuer's latest information statement describing its capital, operations, administration, Charter, legal status, principal financial policies and containing its audited ordinary capital resources financial statements as of 31 December 2007; and
- (c) any subsequent information statement issued by the Issuer from time to time.

Any statement contained in this Information Memorandum or in any of the documents incorporated by reference in, and forming part of, this Information Memorandum, shall be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

Copies of documents incorporated by reference are available free of charge from the Issuer at its specified office set out under the heading "Directory". Copies of the Issuer's latest information statement may also be obtained from the Issuer's website at [www.adb.org/Bond-Investors.investor.asp](http://www.adb.org/Bond-Investors.investor.asp). No other documents or information on the Issuer's website are intended to be incorporated by reference in this Information Memorandum apart from the documents stated above.

In addition, the Issuer files its annual report (which includes its audited annual financial statements) and its unaudited quarterly financial statements with the SEC. These documents may be inspected (and copies may be obtained from the SEC at prescribed rates) at the following address:

Securities and Exchange Commission  
Room 1026  
450 Fifth Street, NW  
Washington, DC 20549  
United States of America

### ASIAN DEVELOPMENT BANK

ADB, a multilateral development bank, was established in 1966 under the Charter which is binding upon the member countries which are its shareholders. The purpose of ADB is to foster economic growth and cooperation in Asia and the Pacific region (the “**region**”) and to contribute to the economic development of the developing member countries in the region collectively and individually. ADB’s vision is a region free of poverty. Its mission is to help its developing member countries reduce poverty and improve living conditions and quality of life. ADB’s strategy for reducing poverty focuses on achieving three strategic agendas: inclusive economic growth, environmentally sustainable growth and regional integration.

As of 31 December 2008, ADB had 67 members consisting of 48 regional members, including Japan, Australia and New Zealand, providing 63.4 per cent. of its capital, and 19 nonregional members, including the United States, Canada and 17 European countries, providing 36.6 per cent. of its capital. The membership of ADB reflects the intention of the founders that, while its operations should be limited to the region, it should incorporate the active participation and financial resources of developed nations outside the region. The percentage of voting power in ADB’s affairs held by the respective members is related, but is not directly proportional, to their capital subscriptions. As of 31 December 2008, the aggregate voting power of the developed member countries, which include all the nonregional members plus Japan, Australia and New Zealand, represented approximately 54.2 per cent. of the total. The members and their respective voting power and subscriptions to ADB’s capital stock as of 31 December 2008 are set forth in ADB’s financial statements.

ADB’s primary activity is making loans to finance projects or programmes located within the territories of its developing member countries. Such activity is divided into ordinary operations and special operations, for which separate financial statements are maintained. Ordinary operations are financed from ordinary capital resources and special operations are financed from special funds resources, most of which are contributed by members. Under the Charter, ADB’s ordinary capital resources and special funds resources must at all times be held and used entirely separately from each other.

In addition to its lending operations, ADB issues guarantees, makes equity investments and participates in underwriting equity funds. ADB also extends technical assistance in the form of grants or loans for project preparation and evaluation, development planning and other purposes. ADB also provides policy dialogues and advisory services and mobilises financial resources through its cofinancing operations tapping official, commercial and export credit sources to maximise the development impact of its assistance. To complement ADB’s activities in development research and training, ADB has established the ADB Institute, a subsidiary body of ADB, located in Tokyo, Japan, the primary objective of which is to improve management capacities of agencies and organizations engaged in development activities.

The principal office of ADB is located in Manila, Philippines. ADB has 27 other offices including 20 resident missions located in Afghanistan, Armenia, Azerbaijan, Bangladesh, Cambodia, People’s Republic of China, India, Indonesia, Kazakhstan, Kyrgyz Republic, Lao People’s Democratic Republic, Mongolia, Nepal, Pakistan, Papua New Guinea, Sri Lanka, Tajikistan, Thailand, Uzbekistan and Viet Nam; a country office in the Philippines; a special liaison office in Timor-Leste; two regional missions, located in Sydney, Australia, and Suva, Fiji Islands; and three representative offices located in Tokyo, Japan, Frankfurt, Germany and Washington D.C., U.S.A.. As of 31 December 2008, ADB had a staff of 2,502 from 57 member countries. (For more details on ADB, see [www.adb.org](http://www.adb.org). This website address is included as an inactive textual reference only. Materials on the website are not incorporated by reference herein.)

## Recent Developments

On 29 April 2009, the Board of Governors of ADB adopted Resolution No. 336 which authorized a 200% increase in the capital stock of ADB. Individual members of ADB may subscribe for their respective allocations of additional capital stock until 31 December 2010.

On 5 May 2009, ADB's Board of Governors approved the following with respect to its 2008 ordinary capital resources net income:

- a) U.S.\$ 427.0 million, representing unrealized gains as of 31 December 2008, be added to the cumulative revaluation adjustments account;
- b) U.S.\$ 298.1 million, representing the adjustment to the loan loss reserve as of 31 December 2008, be added to the loan loss reserve;
- c) U.S.\$ 261.4 million be allocated to ordinary reserve;
- d) U.S.\$ 120.0 million be allocated to the Asian Development Fund; and
- e) U.S.\$23.0 million be allocated to the Technical Assistance Special Fund.

## Conditions of the Notes

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*The following are the Conditions that, as amended, supplemented, modified or replaced in relation to any Notes by the relevant Pricing Supplement, will be applicable to each Series of Notes.*

**The Notes are not the obligations of any government and, in particular, are not guaranteed by the Government of New Zealand.**

*The Notes will be unsecured debt obligations of the Issuer owing under the Deed Poll and will take the form of entries in the Register. A copy of the Deed Poll is available for inspection by Noteholders during normal business hours at the offices of the Issuer, each Arranger and the Registrar specified in the Information Memorandum, as amended or supplemented from time to time.*

*Each Tranche will be the subject of a Pricing Supplement, copies of which are available for inspection by the holder of any Note of such Tranche at the offices of the Issuer, each Arranger and the Registrar.*

*Each Noteholder and any person claiming through or under a Noteholder is deemed to have notice of and is bound by these Conditions, the Deed Poll, the Information Memorandum and the applicable Agency Agreement.*

## 1. Interpretation

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### 1.1 Definitions

The following words have these meanings in these Conditions, unless the context otherwise requires:

**Agency Agreement** means:

- (a) the Registry Services Agreement; or
- (b) any other agency agreement entered into by the Issuer in relation to an issue of Notes.

**Agent** means:

- (a) the Registrar;
- (b) the Paying Agent;
- (c) the Calculation Agent (if any); and
- (d) such other person appointed by the Issuer in relation to any Notes from time to time.

**Amortised Face Amount** means, in relation to a non-interest bearing Note, an amount equal to the sum of:

- (a) the Issue Price; and
- (b) the amount resulting from the application of the amortisation yield specified in the relevant Pricing Supplement (compounded as set out in the relevant Pricing Supplement) to the Issue Price from (and including) the Issue Date specified in the relevant Pricing Supplement to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year must be made on the basis of the Day Count Fraction specified in the relevant Pricing Supplement.

**Applicable Business Day Convention** means:

- (a) the Business Day Convention specified in, or determined in accordance with, the relevant Pricing Supplement as applicable to any date in respect of the Note; or
- (b) if none is specified or determined, the Applicable Business Day Convention for such purpose is the Following Business Day Convention.

Different Business Day Conventions may apply, or be specified or determined in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in relation to any Notes.

**Austraclear New Zealand Rules** means the rules and regulations (including the operating guidelines) established by the Reserve Bank (as amended or replaced from time to time) to govern the use of the Austraclear New Zealand System.

**Austraclear New Zealand System** means the system operated by the Reserve Bank for holding securities and electronic recording and settling of transactions in those securities between members of that system.

**Business Day** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in such place(s) as may be specified in the relevant Pricing Supplement.

**Business Day Convention** means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following conventions, where specified in the relevant Pricing Supplement in relation to any date applicable to any Note, have the following meanings:

- (a) **Floating Rate Convention** means that the date is postponed to the next following day that is a Business Day unless that day falls in the next calendar month, in which event:
  - (i) that date is brought forward to the first preceding day that is a Business Day; and
  - (ii) each subsequent Interest Payment Date is the last Business Day in the month that falls the number of months or other period specified as the Interest Period in the relevant Pricing Supplement after the preceding applicable Interest Payment Date occurred;
- (b) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day;
- (c) **Modified Following Business Day Convention** or **Modified Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date is the first preceding day that is a Business Day;
- (d) **Preceding Business Day Convention** means that the date is brought forward to the first preceding day that is a Business Day; and

- (e) **No Adjustment** means that the relevant date must not be adjusted in accordance with any Business Day Convention.

If no convention is specified in the relevant Pricing Supplement, the Following Business Day Convention applies. Different conventions may be specified in relation to, or apply to, different dates.

**Calculation Agent** means, in relation to a Series, the Registrar or any other person specified as such in the relevant Pricing Supplement as the party responsible for calculating the Interest Rate and other amounts required to be calculated under these Conditions or specified in the relevant Pricing Supplement.

**Charter** means the Agreement Establishing the Asian Development Bank.

**Clearing System** means:

- (a) the Austraclear New Zealand System; or
- (b) any other clearing system specified in the relevant Pricing Supplement.

**Condition** means the correspondingly numbered condition in these Conditions.

**Custodian** means New Zealand Central Securities Depository Limited or any other entity appointed from time to time by the Reserve Bank, under the Austraclear New Zealand Rules, as custodian trustee to hold securities on the Austraclear New Zealand System.

**Day Count Fraction** means, in relation to the calculation of an amount for any period of time ("**Calculation Period**"), the day count fraction specified in the relevant Pricing Supplement and:

- (a) if "**Actual/Actual (ICMA)**" is specified, has the meaning given to such term in the 2006 ISDA Definitions (the "**2006 ISDA Definitions**") published by the International Swaps and Derivatives Association, Inc., disregarding the reference therein to "Compounding Period";
- if "**Actual/Actual (ISDA)**" is specified, has the meaning given to such term in the 2006 ISDA Definitions, disregarding the reference therein to "Compounding Period";
- (b) if "**Actual/365 (Fixed)**" is specified, has the meaning given to such term in the 2006 ISDA Definitions, disregarding the reference therein to "Compounding Period";
- (c) if "**Actual/360**" is specified, has the meaning given to such term in the 2006 ISDA Definitions, disregarding the reference therein to "Compounding Period";
- (d) if "**30/360**" or "**Bond Basis**" is specified, has the meaning given to such term in the 2006 ISDA Definitions, disregarding the reference therein to "Compounding Period";
- (e) if "**30E/360**" or "**Eurobond Basis**" is specified, has the meaning given to such term in the 2006 ISDA Definitions, disregarding the reference therein to "Compounding Period";
- (f) if "**30E/360 (ISDA)**" is specified, has the meaning given to such term in the 2006 ISDA Definitions, where the reference therein to "Termination Date" shall have the meaning ascribed to "Maturity Date" below, and disregarding the reference therein to "Compounding Period";

- (g) if “**NZ Govt Bond Basis**” or “**New Zealand Bond Basis**” is specified, means one divided by the number of Interest Payment Dates in a year; and
- (h) any other day count fraction specified in the relevant Pricing Supplement.

**Deed Poll** means the note deed poll (to which these Conditions form schedule 1) executed by ADB.

**Denomination** means N.Z.\$10,000 or such other denomination of a Note as specified in the relevant Pricing Supplement.

**Early Redemption Amount** means the early redemption amount specified in, or determined in accordance with, the relevant Pricing Supplement.

**Event of Default** has the meaning given in Condition 11.

**Extraordinary Resolution** has the meaning given in the Meeting Provisions.

**Fixed Rate Note** means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on any other dates as specified in the relevant Pricing Supplement.

**Floating Rate Note** means a Note on which interest is calculated at a floating rate payable 1, 2, 3, 6, or 12-monthly or in respect of any other period or on any date specified in the relevant Pricing Supplement.

**Index Linked Note** means a Note in relation to which the amount payable in respect of interest is calculated by reference to an index or a formula or both, as specified in the relevant Pricing Supplement.

**Information Memorandum:**

- (a) means, in relation to a Note, any information memorandum, an advertisement (as defined in the Securities Act (N.Z.)) or other offering document referred to in the relevant Pricing Supplement (and any supplement to it) prepared on behalf of, and approved by, the Issuer in connection with the issue of Notes; and
- (b) includes:
  - (i) all documents incorporated by reference in it; and
  - (ii) any other information (including the relevant Pricing Supplement) approved by the Issuer from time to time.

**Instalment Amounts** has the meaning given in the relevant Pricing Supplement.

**Instalment Note** means a Note that is redeemable in one or more instalments, as specified in the relevant Pricing Supplement.

**Interest Accrual Period** means, in relation to an Interest Period, each successive period beginning on and including an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date during that Interest Period provided that the first Interest Accrual Period commences on (and includes) the Interest Commencement Date and the final Interest Accrual Period ends on (but excludes) the Maturity Date.

**Interest Commencement Date** means:

- (a) the date of issue of the Notes as specified in, or determined in accordance with, the relevant Pricing Supplement; or
- (b) such other date as may be specified as such in, or determined in accordance with, the relevant Pricing Supplement.

**Interest Determination Date** has the meaning given in the relevant Pricing Supplement.

**Interest Holder** means a person in whose Security Account an interest in a Note is recorded.

**Interest Payment Date** means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and adjusted, if necessary, in accordance with the Applicable Business Day Convention.

**Interest Period** means each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, provided that the first Interest Period commences on (and includes) the Interest Commencement Date and the final Interest Period ends on (but excludes) the Maturity Date.

**Interest Period End Date** means:

- (a) the dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement, as adjusted, if necessary, in accordance with the Applicable Business Day Convention; or
- (b) if no date or dates are specified in the relevant Pricing Supplement, the dates which correspond with the Interest Payment Dates in respect of the Notes.

**Interest Rate** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in, or calculated or determined in accordance with, these Conditions and the relevant Pricing Supplement.

**ISDA Definitions** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the Series).

**Issue Date** means the issue date specified in, or determined in accordance with, the relevant Pricing Supplement.

**Issue Price** means the issue price specified in, or calculated or determined in accordance with, the relevant Pricing Supplement.

**Issuer** means Asian Development Bank of 6 ADB Avenue, Mandaluyong City, 1550 Metro Manila, Philippines.

**Margin** means the margin specified in, or determined in accordance with, the relevant Pricing Supplement.

**Maturity Date** means the maturity date specified in, or determined in accordance with, the relevant Pricing Supplement.

**Maximum Interest Rate** means the maximum interest rate specified in, or calculated or determined in accordance with, the relevant Pricing Supplement.

**Meetings Provisions** means the provisions for the convening of meetings of, and passing of resolutions by, Noteholders set out in schedule 2 to the Deed Poll.

**Minimum Interest Rate** means the minimum interest rate specified in, or calculated or determined in accordance with, the relevant Pricing Supplement.

**Note** means a medium-term debt obligation issued or to be issued by the Issuer and which is construed by, and owing under, the Deed Poll, the details of which are recorded in, and evidenced by entry in, the Register.

**Noteholder** means:

- (a) a person whose name is for the time being entered in the Register as the holder of a Note; or
- (b) where a Note is owned jointly by one or more persons, the persons whose names appear in the Register as the joint owners of that Note.

*For the avoidance of doubt, where a Note is held in a Clearing System, references to a Noteholder include the operator of that system or a nominee for that operator or a common depository for one or more Clearing Systems (in each case acting in accordance with the rules and regulations of the Clearing System or Systems).*

**Ordinary Resolution** has the meaning given to it in the Meetings Provisions.

**Partly Paid Note** means a Note in relation to which the initial subscription moneys are payable to the Issuer in two or more instalments.

**Paying Agent** means, in relation to a Series, Computershare Investor Services Limited or such other person appointed by the Issuer to make payments in relation to that Series on the Issuer's behalf from time to time.

**Pricing Supplement** means, in respect of a Tranche, a pricing supplement prepared in relation to the Notes of the relevant Tranche, and confirmed in writing by the Issuer.

**Record Date** means:

- (a) the close of business in the place where the Register is maintained on the tenth clear calendar day before the relevant date for payment; or
- (b) any other date specified in the relevant Pricing Supplement.

**Redemption Amount** means:

- (a) for a Note (other than a Zero Coupon Note or a Structured Note), the outstanding principal amount as at the date of redemption;
- (b) for a Zero Coupon Note, the Amortised Face Amount calculated as at the date of redemption; and
- (c) for a Structured Note, the amount determined by the Calculation Agent in the manner specified in the relevant Pricing Supplement,

and also includes any final instalment and any other amount in the nature of a redemption amount specified in, or determined in accordance with, the relevant Pricing Supplement or these Conditions.

**Reference Banks** means the institutions so described in the relevant Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate.

**Reference Rate** has the meaning given in the relevant Pricing Supplement.

**Register** means, in relation to a Series, a register, including any branch register, of Noteholders established and maintained by or on behalf of the Issuer in which is entered the names and addresses of Noteholders whose Notes are carried on that register, the amount of Notes held by each Noteholder and the Tranche, Series and date of issue and transfer of those Notes, and any other particulars that the Issuer sees fit.

**Registrar** means, in relation to a Series, Computershare Investor Services Limited or such other person appointed by the Issuer to establish and maintain the Register for that Series on the Issuer's behalf from time to time.

**Registry Services Agreement** means, in relation to a Series, the registrar and paying agency agreement between the Issuer and the Registrar applicable to that Series, or any replacement of it, as amended from time to time.

**Regular Period** means:

- (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each Interest Period;
- (b) in the case of Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls; and
- (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

**Relevant Financial Centre** means the relevant financial centre specified in the relevant Pricing Supplement.

**Relevant Screen Page** means:

- (a) the page, section or other part of a particular information service (including the Reuters Monitor Money Rates Service) specified as the Relevant Screen Page in the relevant Pricing Supplement; or
- (b) any other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

**Relevant Time** has the meaning given in the relevant Pricing Supplement.

**Reserve Bank** means Reserve Bank of New Zealand, as operator of the Austraclear New Zealand System.

**Resolution** means an Extraordinary Resolution or Ordinary Resolution, as the context requires.

**Securities Act (N.Z.)** means the Securities Act 1978 of New Zealand.

**Security Account** has the meaning given in the Austraclear New Zealand Rules.

**Series** means a Tranche or Tranches of Notes that is or are identical and is or are issued on the same Conditions, except that:

- (a) the Issue Date and the amount of the first payment of interest may be different in respect of different Tranches of a Series; and
- (b) a Series may comprise Notes in more than one denomination.

**Specified Office** means the office specified in the Information Memorandum or any other address notified to Noteholders from time to time.

**Structured Note** means:

- (a) an Index Linked Note; or
- (b) an Instalment Note.

**Tranche** means Notes that are issued on the same Issue Date and on the same Conditions and the terms of which are identical in all respects (except that a Tranche may comprise Notes in more than one denomination).

**Zero Coupon Note** means a Note that does not carry an entitlement to periodic payment of interest before the redemption date of the Note and that is issued at a discount to its principal amount.

## 1.2 References to certain general terms

In these Conditions, unless the context otherwise requires:

- (a) a reference to these Conditions is a reference to these Conditions as modified, supplemented, modified or replaced by the relevant Pricing Supplement;
- (b) a reference to "New Zealand Dollars", "N.Z.\$" or "dollars" is a reference to the lawful currency of New Zealand;
- (c) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (d) the singular includes the plural and *vice versa*;
- (e) the word "person" includes a firm, body corporate, an unincorporated association or an authority;
- (f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns; and

- (g) a reference to any thing (including any amount) is a reference to the whole and each part of it and a reference to a group of persons is a reference to all of them collectively and to each of them individually.

### **1.3 References to particular terms**

In these Conditions, unless the context otherwise requires:

- (a) a reference to the Issuer, the Registrar, the Paying Agent, the Calculation Agent or another Agent is a reference to the person so specified in the relevant Pricing Supplement;
- (b) a reference to the Agency Agreement is a reference to the Agency Agreement applicable to the Notes of the relevant Series.
- (c) a reference to a Note is a reference to a Note of a particular Series issued by the Issuer specified in the relevant Pricing Supplement;
- (d) a reference to a Noteholder is a reference to the holder of Notes of a particular Series;
- (e) if the Notes are Zero Coupon Notes or Structured Notes that do not bear interest, references to interest are not applicable; and
- (f) a reference to a particular date is a reference to that date adjusted in accordance with the Applicable Business Day Convention.

### **1.4 References to principal and interest**

In these Conditions, unless the context otherwise requires:

- (a) any reference to “principal” is taken to include the Redemption Amount, any premium payable in respect of a Note, and any other amount in the nature of principal payable in respect of the Notes under these Conditions;
- (b) the principal amount of a Note issued at a discount is to be taken as at any time to equal the lesser of:
  - (i) its Denomination; and
  - (ii) if specified in the relevant Pricing Supplement, its Amortised Face Amount at that time;
- (c) the principal amount of a Note that is to vary by reference to a schedule or formula (where such determination has been previously made in accordance with these Conditions) is to be taken as at any time to equal its varied amount;
- (d) the principal amount of a Partly Paid Note is to be taken to equal its paid up principal amount;
- (e) the principal amount of an Instalment Note at any time is to be taken to be its Denomination less the total instalments repaid to the extent that such instalments relate to a repayment of principal; and
- (f) any reference to “interest” is taken to include any amount in the nature of interest payable in respect of the Notes under these Conditions.

## 1.5 **Headings**

Headings are inserted for convenience and do not affect the interpretation of these Conditions.

## 1.6 **Terms defined in the relevant Pricing Supplement**

Terms which are defined in the relevant Pricing Supplement have the same meaning when used in these Conditions, but if the relevant Pricing Supplement gives no meaning or specifies that the definition is “Not Applicable”, then that definition is not applicable to the Notes.

## 2. **Form, denomination and title**

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### 2.1 **Constitution under Deed Poll**

- (a) The Notes are debt obligations of the Issuer constituted by, and owing under, the Deed Poll and take the form of entries in the Register.
- (b) Each entry in the Register constitutes a separate and individual acknowledgment to the relevant Noteholder of the indebtedness of the Issuer to the relevant Noteholder.

### 2.2 **Independent obligations**

The obligations of the Issuer in respect of each Note constitute separate and independent obligations that the Noteholder to whom those obligations are owed is entitled to enforce without having to join any other Noteholder or any predecessor in title of a Noteholder.

### 2.3 **Types of Notes**

A Note is either:

- (a) a Fixed Rate Note; or
- (b) a Floating Rate Note; or
- (c) a Zero Coupon Note; or
- (d) a Structured Note (being either an Index Linked Note or an Instalment Note),

or a combination of the above (or any other type of debt obligation including a certificate of deposit), as specified in the relevant Pricing Supplement.

### 2.4 **Denomination**

Notes shall be issued in minimum denominations of N.Z.\$10,000 or such other denomination of a Note specified in the relevant Pricing Supplement.

### 2.5 **Register conclusive**

- (a) Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the registered owner of the Note, subject to rectification for fraud or error.

- (b) No Note will be registered in the name of more than four persons.
- (c) A Note registered in the name of more than one person is held by those persons as joint tenants.
- (d) Notes will be registered by name only without reference to any trusteeship.
- (e)
  - (i) The person registered in the Register as a Noteholder will be treated by the Issuer and the Registrar as absolute owner of that Note.
  - (ii) Neither the Issuer nor the Registrar is, except as ordered by a court or as required by statute, obliged to take notice of any other claim to a Note.

## 2.6 Holder absolutely entitled

Upon a person acquiring title to any Note by virtue of becoming registered as the owner of that Note, all rights and entitlements arising by virtue of the Deed Poll in respect of that Note vest absolutely in the registered owner of the Note, such that no person who has previously been registered as the owner of the Note has or is entitled to assert against the Issuer or the Registrar or the registered owner of the Note for the time being and from time to time any rights, benefits or entitlements in respect of the Note.

## 2.7 Location of Register

The Register will be established and maintained in Auckland, unless otherwise agreed with the Registrar.

## 2.8 Certificates

No certificate or other evidence of title will be issued by or on behalf of the Issuer to evidence title to a Note unless the Issuer:

- (a) determines that certificates should be made available; or
- (b) is required to do so pursuant to any applicable law or regulation.

## 2.9 Clearing Systems

Notes may be held in a Clearing System, in which case the rights of a person holding an interest in the Notes lodged in the Clearing System are subject to the rules and regulations of the Clearing System.

# 3. Transfers

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## 3.1 Limits on transfer

- (a) Notes, or interests in them, may only be transferred if the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place and the transfer is made in a manner which would not require disclosure to investors under the Securities Act (N.Z.).
- (b) Interests in Notes that have been entered in the Austraclear New Zealand System will be transferable only in accordance with the Austraclear New Zealand Rules.

- (c) Where the Custodian is the Noteholder and the Note is lodged in the Austraclear New Zealand System, the Reserve Bank may, in its absolute discretion and, to the extent not prohibited by the Austraclear New Zealand Rules, instruct the Registrar to transfer the Note to the person in whose Security Account that Note is recorded without any consent or action of such transferee and, as a consequence, remove that Note from the Austraclear New Zealand System.

### **3.2 Transfer forms**

- (a) Application for the transfer of Notes not held in a Clearing System must be made by the lodgment of a transfer form with the Registrar at its Specified Office.
- (b) Transfer forms are available from the Registrar.
- (c) Each form must be:
  - (i) duly completed;
  - (ii) accompanied by such evidence (if any) as the Registrar may require to prove the title of the transferor or the transferor's right to transfer the Note and that the transfer form has been duly executed; and
  - (iii) signed by or on behalf of both the transferor and the transferee.

### **3.3 Marking**

- (a) The Registrar will provide a marking service under which the Registrar will upon request mark transfers to evidence the transferor's title to Notes in the principal amount and of the type shown in the transfer.
- (b) A marked transfer form will only be recognised by the Registrar for 42 days from (and including) the date of marking.

### **3.4 Registration of transfer**

- (a) The transferor of a Note is deemed to remain the holder of that Note until the name of the transferee is entered in the Register in respect of that Note.
- (b) Transfers will not be registered later than the Record Date immediately prior to the Maturity Date of the Notes.

### **3.5 No charge on transfer**

Transfers will be registered without charge, provided taxes, duties or other governmental charges (if any) imposed in relation to the transfer have been paid.

### **3.6 Custodian as Noteholder**

If the Custodian is recorded in the Register as the Noteholder, each Interest Holder is taken to acknowledge in favour of the Issuer, the Registrar and the relevant Noteholder (and, if the Noteholder is the Custodian, the Reserve Bank) that:

- (a) the Registrar's decision to act as the Registrar of that Note is not a recommendation or endorsement by the Registrar or the relevant Noteholder (or, if the Noteholder is the Custodian, the Reserve Bank) in relation to that Note, but only indicates that the

Registrar considers that the holding of the Note is compatible with the performance by it of its obligations as Registrar under the Registry Services Agreement; and

- (b) the Interest Holder does not rely on any fact, matter or circumstance contrary to paragraph (a).

### **3.7 Estates**

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order, or a person administering the estate of a Noteholder, may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

### **3.8 Unincorporated associations**

A transfer to an unincorporated association is not permitted and a purported transfer to an unincorporated association is not effective.

### **3.9 Transfer of unidentified Notes**

Where the transferor executes a transfer of less than all Notes of the relevant Tranche or Series registered in its name, and the specific Notes to be transferred are not identified, the Registrar may (subject to the limit on minimum holdings) register the transfer in respect of such of the Notes of the relevant Tranche or Series registered in the name of the transferor as the Registrar thinks fit, provided the aggregate principal amount of the Notes registered as having been transferred equals the aggregate principal amount of the Notes expressed to be transferred in the transfer.

## **4. Status**

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The Notes of each Series constitute direct and unsecured obligations of the Issuer ranking *pari passu* without any preference among themselves and with all other unsecured and unsubordinated obligations of the Issuer.

## **5. Negative Pledge**

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So long as any Notes shall be outstanding and payment thereof shall not have been made or duly provided for, the Issuer will not cause or permit to be created on any of its property or assets any mortgage, pledge or other lien or charge as security for any notes, bonds or other evidence of indebtedness heretofore or hereafter issued, assumed or guaranteed by the Issuer for money borrowed (other than purchase money mortgages and pledges or liens on property purchased by the Issuer as security for all or part of the purchase price thereof), unless the Notes shall be secured by such mortgage, pledge or other lien or charge equally and rateably with such other notes, bonds or evidences of indebtedness.

## 6. Fixed Rate Notes

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*This Condition 6 applies to the Notes only if the relevant Pricing Supplement states that it applies.*

### 6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date to (but excluding) the Maturity Date at the Interest Rate. Interest is payable in arrear on each Interest Payment Date.

### 6.2 Fixed Coupon Amount

Unless otherwise specified in the relevant Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the preceding Interest Period is the Fixed Coupon Amount specified in the relevant Pricing Supplement.

### 6.3 Calculation of interest payable

The amount of interest payable in respect of a Fixed Rate Note for any period for which a Fixed Coupon Amount is not specified in the relevant Pricing Supplement is calculated by multiplying the Interest Rate for that period, the outstanding principal amount of the Fixed Rate Note and the applicable Day Count Fraction.

## 7. Floating Rate Notes

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*This Condition 7 applies to the Notes only if the relevant Pricing Supplement states that it applies.*

### 7.1 Interest on Floating Rate Notes

Each Floating Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date to (but excluding) the Maturity Date at the Interest Rate.

Interest is payable in arrear:

- (a) on each Interest Payment Date; or
- (b) if no Interest Payment Date is specified in the relevant Pricing Supplement, each date that falls the number of months or other period specified as the Specified Period in the relevant Pricing Supplement after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

### 7.2 Interest Rate determination

The Interest Rate payable in respect of a Floating Rate Note must be determined by the Calculation Agent in accordance with these Conditions.

### 7.3 Fallback Interest Rate

Unless otherwise specified in the relevant Pricing Supplement, if, in respect of an Interest Period, the Calculation Agent is unable to determine a rate in accordance with Condition 7.2,

the Interest Rate for the Interest Period is the Interest Rate applicable to the Floating Rate Notes during the immediately preceding Interest Period.

#### 7.4 ISDA Determination

If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the ISDA Rate.

In this Condition:

- (a) **“ISDA Rate”** means, for an Interest Period, a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction if the Calculation Agent for the Floating Rate Notes were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option, the Designated Maturity and the Reset Date are as specified in the relevant Pricing Supplement; and
  - (ii) the Period End Dates are each Interest Payment Date, the Spread is the Margin and the Floating Rate Day Count Fraction is the Day Count Fraction; and
- (b) **“Swap Transaction”, “Floating Rate”, “Calculation Agent”** (except references to **“Calculation Agent for the Floating Rate Notes”**), **“Floating Rate Option”, “Designated Maturity”, “Reset Date”, “Period End Date”, “Spread”** and **“Floating Rate Day Count Fraction”** have the meanings given to those terms in the ISDA Definitions.

#### 7.5 Screen Rate Determination

If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the Screen Rate.

In this Condition, **“Screen Rate”** means, for an Interest Period, the quotation offered for the Reference Rate appearing on the Relevant Screen Page at the Relevant Time on the Interest Determination Date. However:

- (a) if there is more than one offered quotation displayed on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, the **“Screen Rate”** means the rate calculated by the Calculation Agent as the average of the offered quotations. If there are more than five offered quotations, the Calculation Agent must exclude the highest and lowest quotations (or in the case of equality, one of the highest and one of the lowest quotations) from its calculation;
- (b) if an offered quotation is not displayed by the Relevant Time on the Interest Determination Date or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, the **“Screen Rate”** means:
  - (i) the rate the Calculation Agent calculates as the average mean of the Reference Rates that each Reference Bank quoted to the leading banks in the Relevant Financial Centre specified in the relevant Pricing Supplement at the Relevant Time on the Interest Determination Date; or
  - (ii) where the Calculation Agent is unable to calculate a rate under paragraph (i) because it is unable to obtain at least two quotes, the rate the Calculation Agent

calculates as the average of the rates (being the nearest equivalent to the Reference Rate) quoted by two or more banks chosen by the Calculation Agent in the Relevant Financial Centre at approximately the Relevant Time on the Interest Determination Date for a period equivalent to the Interest Period to leading banks carrying on business in the Relevant Financial Centre in good faith; or

- (c) if the relevant Pricing Supplement specifies an alternative method for the determination of the Screen Rate Determination, then that alternative method applies.

## 7.6 Bank Bill Rate Determination

If Bank Bill Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Interest Rate is to be determined, the Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the Bank Bill Rate.

In this Condition:

- (a) “**Bank Bill Rate**” means, for an Interest Period, in the case of Notes denominated in New Zealand dollars, the “FRA” Rate for Bills having a tenor closest to the Interest Period as displayed on the “BKBM” page of the Reuters Monitor System (or its successor page) on the first day of that Interest Period.

However, if the average mid rate is not displayed as close as reasonably practicable to 10:45 a.m. (New Zealand time) on that day, or if it is displayed but the Calculation Agent determines that there is an obvious error in that rate, “**Bank Bill Rate**” means the rate determined by the Calculation Agent in good faith as close as reasonably practicable to 10:45 a.m. (New Zealand time) on that day, having regard, to the extent possible, to the mid rate of the rates otherwise bid and offered for bank accepted Bills of that tenor at or around that time; and

- (b) “**Bill**” has the meaning given in the Bills of Exchange Act 1908 and a reference to the acceptance of a Bill is to be interpreted in accordance with that Act.

## 7.7 Interpolation

If the relevant Pricing Supplement states that “**Linear Interpolation**” applies to an Interest Period, the Interest Rate for that Interest Period is determined through the use of straight line interpolation by reference to two ISDA Rates, Screen Rates, Bank Bill Rates or other floating rates specified in the relevant Pricing Supplement.

The first rate must be determined as if the Interest Period were the period of time for which rates are available next shorter than the length of the Interest Period (or any alternative Interest Period specified in the relevant Pricing Supplement).

The second rate must be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Period (or any alternative Interest Period specified in the relevant Pricing Supplement).

## 8. Structured Notes

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*This Condition 8 applies to the Notes only if the relevant Pricing Supplement states that it applies.*

### 8.1 Interest on Structured Notes

Each interest-bearing Structured Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date to (but excluding) the Maturity Date at the Interest Rate.

Interest is payable in arrear:

- (a) on each Interest Payment Date; or
- (b) if no Interest Payment Date is specified in the relevant Pricing Supplement, each date that falls the number of months or other period specified as the Specified Period in the relevant Pricing Supplement after the preceding Interest Payment Date (or in the case of the first Interest Payment Date, after the Interest Commencement Date).

### 8.2 Interest Rate

The Interest Rate payable in respect of an interest-bearing Structured Note must be determined in the manner specified in the relevant Pricing Supplement.

## 9. General provisions applicable to interest

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### 9.1 Maximum or Minimum Interest Rate

If the relevant Pricing Supplement specifies a Maximum Interest Rate or Minimum Interest Rate for any Interest Period, the Interest Rate for the Interest Period must not be greater than the maximum, or be less than the minimum, so specified.

### 9.2 Calculation of Interest Rate and interest payable

The Calculation Agent must, as soon as practicable after determining the Interest Rate in relation to each Interest Period for each Floating Rate Note and interest-bearing Structured Note, calculate the amount of interest payable for the Interest Period in respect of the outstanding principal amount of that Note.

Unless otherwise specified in the relevant Pricing Supplement, the amount of interest payable is calculated by multiplying the product of the Interest Rate for the Interest Period and the outstanding principal amount of the Note by the applicable Day Count Fraction.

The rate determined by the Calculation Agent must be expressed as a percentage rate per annum.

### 9.3 Calculation of other amounts

If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent must, as soon as practicable after the time at which that amount is to be determined, calculate the amount in the manner specified in the relevant Pricing Supplement.

#### 9.4 **Notification of Interest Rate, interest payable and other items**

The Calculation Agent must notify the Issuer, the Registrar, the Noteholders, each other Agent and any stock exchange or other relevant authority on which the Notes are listed of:

- (a) each Interest Rate, the amount of interest payable and each other amount, item or date calculated or determined by it together with the Interest Payment Date; and
- (b) any amendment to any amount, item or date referred to in paragraph (a) arising from any extension or reduction in any Interest Period or calculation period.

The Calculation Agent must give notice under this Condition as soon as practicable after it makes its determination. However, it must give notice of each Interest Rate, the amount of interest payable and each Interest Payment Date by the fourth day of the Interest Period.

The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must notify the Issuer, the Registrar, the Noteholders, each other Agent and each stock exchange or other relevant authority on which the Notes are listed after doing so.

#### 9.5 **Determination final**

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of manifest error, final and binding on the Issuer, the Registrar, each Noteholder and each other Agent.

#### 9.6 **Rounding**

For the purposes of any calculations required under these Conditions (unless otherwise specified in the relevant Pricing Supplement):

- (a) all percentages resulting from the calculations must be rounded, if necessary, to the nearest one ten-thousandth of a percentage point (with 0.00005 per cent. being rounded up to 0.0001 per cent.);
- (b) all figures must be rounded to four decimal places (with halves being rounded up); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to one cent.

### 10. **Redemption**

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#### 10.1 **Scheduled redemption**

Each Note is redeemable by the Issuer on the Maturity Date at its Redemption Amount unless:

- (a) the Note has been previously redeemed; or
- (b) the Note has been purchased and cancelled; or
- (c) the relevant Pricing Supplement states that the Note has no fixed Maturity Date.

## 10.2 **Partly Paid Notes**

Each Partly Paid Note is redeemable on the Maturity Date in accordance with the relevant Pricing Supplement.

## 10.3 **Instalment Notes**

Each Instalment Note is partially redeemable in the Instalment Amounts and on the Instalment Dates specified in the relevant Pricing Supplement. The principal amount of each Instalment Note is reduced by the Instalment Amount with effect from the related Instalment Date.

## 10.4 **Early redemption at option of Noteholders (Noteholder put)**

If the relevant Pricing Supplement states that a Noteholder may require the Issuer to redeem all or some of the Notes of a Series held by that Noteholder before their Maturity Date, the Issuer must redeem the Notes specified by the Noteholder at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date if the following conditions are satisfied:

- (a) the amount of Notes to be redeemed is, or is a multiple of, their Denomination;
- (b) the Noteholder has given at least 30 days' (and no more than 60 days') (or any other period specified in the relevant Pricing Supplement) notice, to the Issuer and the Registrar by delivering to the Specified Office of the Registrar during normal business hours a completed and signed redemption notice in the form obtainable from the Specified Office of the Registrar together with any evidence the Registrar may require to establish title of the Noteholder to the Note;
- (c) the notice referred to in paragraph (b) specifies an account in the country of the currency in which the Note is denominated to which the payment should be made or an address to where a cheque for payment should be sent;
- (d) the redemption date is an Early Redemption Date (Put) specified in the relevant Pricing Supplement; and
- (e) any other condition specified in the relevant Pricing Supplement is satisfied.

A Noteholder may not require the Issuer to redeem any Note under this Condition 10.4 if the Issuer has given notice that it will redeem that Note under Condition 10.5.

## 10.5 **Early redemption at option of Issuer (Issuer call)**

If the relevant Pricing Supplement states that the Issuer may redeem all or some of the Notes of a Series before their Maturity Date under this Condition, the Issuer may redeem so many of the Notes specified in the relevant Pricing Supplement at the Redemption Amount and any interest accrued on it to (but excluding) the redemption date.

However, the Issuer may only do so if:

- (a) the amount of Notes to be redeemed is, or is a multiple of, their Denomination;
- (b) the Issuer has given at least 30 days' (and no more than 60 days') (or any other period specified in the relevant Pricing Supplement) notice to the Registrar, the Noteholders, each other Agent and any stock exchange or other relevant authority on which the Notes are listed;

- (c) the proposed redemption date is an Early Redemption Date (Call) specified in the relevant Pricing Supplement; and
- (d) any other condition specified in the relevant Pricing Supplement is satisfied.

## 10.6 Partial redemptions

If only some of the Notes are to be redeemed under Condition 10.5, the Notes to be redeemed must be specified in the notice and selected:

- (a) in a fair and reasonable manner; and
- (b) in compliance with any applicable law, directive or requirement of any stock exchange or other relevant authority on which the Notes are listed.

## 10.7 Effect of notice of redemption

Any notice of redemption given under Condition 10.4 or 10.5 is irrevocable.

## 10.8 Purchase of Notes

- (a) The Issuer may at any time purchase Notes in the open market or otherwise and at any price.
- (b) All unmatured Notes purchased in accordance with this Condition may be held, resold, re-issued or cancelled at the discretion of the Issuer, subject to compliance with all legal and regulatory requirements.

## 11. Event of Default

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If, in respect of the Notes of a Series, the Issuer defaults in the payment of principal of, or premium (if any) or interest on, or in the performance of any covenant in respect of a purchase fund or a sinking fund for, any bonds (including the Notes), notes or similar obligations that have been issued, assumed or guaranteed by the Issuer, and such default continues for a period of 90 days (an “**Event of Default**”), then the Noteholder of a Note of that same Series may by written notice to the Issuer at its principal office (with a copy to the Registrar), effective upon receipt by the Registrar, declare the Redemption Amount (together with all accrued interest (if any)) applicable to each Note of that Series held by the Noteholder to be due and payable and, on the 30th day after such notice shall be so delivered, such amount shall become immediately due and payable without presentation, demand, protest or other notice of any kind, all of which the Issuer expressly waives, unless prior to that time all Events of Default in respect of all Notes of the same Series shall have been remedied.

## 12. Payments

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### 12.1 Record Date

Payments to Noteholders will be made according to the particulars recorded in the Register at 5:00 p.m. (local time) on the relevant Record Date.

## 12.2 Joint holders

When a Note is held jointly, payment will be made to the holders in their joint names unless requested otherwise.

## 12.3 Payments to accounts

- (a) Payments in respect of each Note will be made by crediting on the relevant Interest Payment Date, in the case of payments of interest, or on the due date for redemption or repayment, in the case of payments of principal, the amount then due to:
  - (i) if the Note is held in the Austraclear New Zealand System, the account of the Custodian previously notified to the Registrar, or, if requested by the Reserve Bank, the accounts of the persons in whose Security Account the Note is recorded as previously notified by the Reserve Bank to the Registrar in accordance with the Austraclear New Zealand Rules; or
  - (ii) if the Note is not held in the Austraclear New Zealand System, an account previously notified by the registered owner of the Note to the Registrar.
- (b) If the registered owner of the Note has not notified the Registrar of such an account by close of business on the relevant Record Date or upon application by the registered owner of the Note to the Registrar no later than close of business on the relevant Record Date, payments in respect of the relevant Note will be made by cheque, mailed on the relevant Interest Payment Date in the case of payments of interest or on the due date for redemption or repayment, in the case of payments of principal, at the Noteholder's risk to the registered owner (or to the first named of joint registered owners) of such Note at the address appearing in the Register as at the Record Date.
- (c) Cheques to be despatched to the nominated address of a Noteholder will in such cases be deemed to have been received by the Noteholder:
  - (i) on the relevant Interest Payment Date, in the case of payments of interest; or
  - (ii) on the due date for redemption or repayment, in the case of payments of principal,

and no further amount will be payable by the Issuer in respect of the relevant Note as a result of payment not being received by the Noteholder on the due date.

## 12.4 Payments to Registrar or Paying Agent

Unless otherwise agreed between the Issuer and the Registrar, the Issuer must pay amounts due under each Note to a bank account in Auckland in the name of the Issuer operated by the Registrar or the Paying Agent.

## 12.5 Payment constitutes release

Any payment made by or on behalf of the Issuer to the Registrar or the Paying Agent for the account of a person whose name is, at the time such payment is made, entered in the Register as the holder of a Note constitutes for all purposes an absolute and unconditional release and discharge of the Issuer, to the extent of such payment, of all obligations and indebtedness in respect of the Note in relation to which the payment was made.

## 12.6 Business Days

If a payment is due under a Note on a day that is not a Business Day, the Noteholder is entitled to payment of such amount in accordance with the Applicable Business Day Convention and is not entitled to any interest or other payment in respect of any such delay.

## 12.7 Late payment

If any amount is not paid when due, then:

- (a) for a Note (other than a Zero Coupon Note or a Structured Note), interest continues to accrue on the unpaid amount (both before and after any demand or judgment) at the default rate specified in the relevant Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate) until the earlier of (i) the date on which payment is made to the Noteholder, or (ii) the 14<sup>th</sup> calendar day following the receipt of such payment by the appointed Paying Agent therefor;
- (b) for a Zero Coupon Note, the obligation to pay the amount is replaced by an obligation to pay the Amortised Face Amount recalculated as at the earlier of (i) the date on which payment is made to the Noteholder, or (ii) the 14<sup>th</sup> calendar day following the receipt of such payment by the appointed Paying Agent therefor; and
- (c) for a Structured Note as specified in the relevant Pricing Supplement:
  - (i) interest continues to accrue at the default rate specified in the relevant Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate) until the earlier of (i) the date on which payment is made to the Noteholder, or (ii) the 14<sup>th</sup> calendar day following the receipt of such payment by the appointed Paying Agent therefor; or
  - (ii) the obligation to pay the amount is replaced by an obligation to pay an amount determined in the manner specified in the relevant Pricing Supplement.

Each payment (whether in respect of principal, interest or otherwise) will be subject to any fiscal or other laws and regulations applicable thereto.

## 12.8 General payments provision

Each payment (whether in respect of principal, interest or otherwise) will be subject to any fiscal or other laws and regulations applicable thereto.

## 13. Further issues

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The Issuer may from time to time, without the consent of the Noteholders, issue further notes having the same terms and conditions as the Notes of any Series in all respects (or in all respects except for the first payment of interest, if any, on them and/or their denomination) so that such further issue shall be consolidated and so form a single Series with the Notes of that Series.

## 14. Time limit for claims

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A claim against the Issuer for a payment under a Note is void unless such claim is made within:

- (a) five years of the relevant Interest Payment Date in the case of a claim in respect of the payment of interest, provided that, if the Issuer has not made provision for full payment of such interest to be made on the relevant Interest Payment Date, such claim must be made within five years of such later date on which provision for full payment has been made by the Issuer; or
- (b) five years of the relevant Maturity Date in the case of a claim in respect of the payment of principal, provided that, if the Issuer has not made provision for full payment of such principal to be made on the relevant Maturity Date, such claim must be made within five years of such later date on which provision for full payment has been made by the Issuer.

## 15. Notices

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### 15.1 To Issuer and Registrar

A notice or other communication in connection with a Note to the Issuer or the Registrar must be in writing and may be given by prepaid post or delivery to the address of the addressee as agreed between those parties from time to time or as specified in the Information Memorandum or the relevant Pricing Supplement.

### 15.2 To Noteholders

A notice or other communication in connection with a Note to the Noteholder must be in writing and may be given by:

- (a) an advertisement published in *The New Zealand Herald* or any other newspaper or newspapers circulating in New Zealand generally or, if the relevant Pricing Supplement specifies an additional or alternative newspaper, an advertisement published in that newspaper; or
- (b) prepaid post or delivery to the address of each Noteholder or any relevant Noteholder as shown in the Register at the close of business three Business Days (in the place where the Register is maintained for the time being) prior to the dispatch of the relevant notice or communication.

### 15.3 Effective on receipt

Unless a later time is specified in it, a notice, approval, consent or other communication takes effect from the time it is received, except that if it is received after 5:00 p.m. in the place of receipt or on a non-business day in that place, it is to be taken to be received at 9:00 a.m. on the next succeeding Business Day in that place.

### 15.4 Proof of receipt

Subject to Condition 15.3, proof of posting of a letter, publication of a communication or delivery of a communication is proof of receipt:

- (a) in the case of a letter, on the third (seventh, if outside New Zealand) day after posting;
- (b) in the case of a publication, on the date of such publication; and
- (c) in the case of a delivery, at the time of delivery to the relevant address.

## 16. Meetings of Noteholders

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- (a) Meetings of Noteholders may be convened in accordance with the Meetings Provisions.
- (b) Any such meeting may consider any matters affecting the interests of Noteholders, including, without limitation, the variation of the terms of the Notes by the Issuer and the granting of approvals, consents and waivers.

## 17. Amendments

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- (a) These Conditions, the Deed Poll and the provisions of a Pricing Supplement may be amended by the Issuer, and an Agency Agreement may be amended by the Issuer and the relevant Agent, in each case without the consent of any Noteholder:
  - (i) for the purposes of curing any ambiguity, or correcting or supplementing any defective or inconsistent provisions therein; or
  - (ii) in the case of these Conditions, the Deed Poll and the provisions of a Pricing Supplement, in any manner that the Issuer deems, or in the case of an Agency Agreement, in any other manner that the Issuer and the relevant Agent deem, necessary or desirable and that does not adversely affect the interests of the Noteholders.
- (b) These Conditions and the Deed Poll may otherwise be varied by the Issuer with the approval of the Noteholders by Extraordinary Resolution. An Agency Agreement may be varied in accordance with that agreement.
- (c) A variation will take effect in relation to all subsequent Noteholders.
- (d) A variation that affects only a particular Series or Tranche of Notes may be approved solely by the Noteholders of such Series or Tranche.
- (e) These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

## 18. Agents

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### 18.1 Role of Agents

- (a) In acting under an Agency Agreement in connection with the Notes, the Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.
- (b) However, any funds received by an Agent in accordance with the relevant Agency Agreement shall, pending their application in accordance with that Agency Agreement, be held by it in a segregated account which shall be held for the benefit of the persons entitled thereto.

### 18.2 Change of Agent

- (a) The Issuer reserves the right at any time to terminate the appointment of an Agent in accordance with the relevant Agency Agreement and to appoint successor or additional agents, provided, however, that the Issuer must at all times maintain the

appointment of a registrar in respect of each Series with its specified office in New Zealand.

- (b) Notice of any such termination of appointment will be given to the Noteholders in accordance with Condition 15.

## 19. Calculation Agent

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- (a) If a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer shall at all times maintain a Calculation Agent.
- (b) As soon as practicable after the relevant time on such date as these Conditions or the relevant Pricing Supplement may require any:
  - (i) Amortised Face Amount, Early Redemption Amount, or any other amount to be calculated by the Calculation Agent; or
  - (ii) quote to be obtained by the Calculation Agent; or
  - (iii) determination or calculation to be made by the Calculation Agent,

the Calculation Agent will:

- (iv) determine the Interest Rate in respect of each denomination of the Notes for the relevant Interest Accrual Period, Interest Period or Interest Payment Date; or
- (v) calculate the Amortised Face Amount, Early Redemption Amount or other amount; or
- (vi) obtain such quote or make such determination or calculation,

and it will cause the Interest Rate for each Interest Accrual Period, Interest Period or Interest Payment Date and, if required to be calculated, any Amortised Face Amount, Early Redemption Amount or other amount, to be notified to the Registrar and the Issuer as soon as possible after its determination, but in no event later than 5:00 p.m. on the Business Day on which such calculation is made.

- (c) The Calculation Agent must obtain relevant quotes from appropriate banks or reference agents or obtain information from such other sources as are specified in these Conditions or the relevant Pricing Supplement or, failing which, as the Calculation Agent deems appropriate.
- (d) The calculations and determinations made by the Calculation Agent shall, in the absence of manifest error, be final and binding on the parties.

## 20. Governing law and jurisdiction

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### 20.1 Governing law

These Conditions are governed by, and are to be construed in accordance with, New Zealand law.

## 20.2 Jurisdiction

### (a) Submission to jurisdiction

Subject to paragraph (b), the Issuer submits, and each Noteholder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New Zealand and courts of appeal from them.

### (b) Article 50

However:

- (i) in accordance with paragraph 2 of Article 50 of the Charter, no action shall be brought against the Issuer by any of its members, or by any agency or instrumentality of a member, or by any entity or person directly or indirectly acting for or deriving claims from a member, or from any agency or instrumentality of a member; and
- (ii) in accordance with paragraph 3 of Article 50 of the Charter, the property and assets of the Issuer shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgment against it.

## 20.3 Serving documents

Without preventing any other method of service, any document in any action may be served on:

### (a) Issuer

the Issuer, by being left for it with its process agent referred to in Condition 20.4; and

### (b) Noteholder

a Noteholder by being delivered or left at its registered office or principal place of business.

## 20.4 Agent for service of process

### (a) Appointment

The Issuer appoints Bell Gully, Vero Centre, 48 Shortland Street, Auckland, New Zealand as its agent for the service of any document referred to in clause 20.3.

### (b) Ceasing to act

If for any reason that person ceases act as such, the Issuer will immediately appoint another person with an office located in New Zealand to receive any such document and promptly notify the Registrar of that appointment.

## 21. Taxation

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The Notes (and any interest thereon) are not exempt from taxation generally.

Under the Charter, the Issuer is not under any obligation to withhold or pay any tax imposed by any member country in respect of the Notes. Accordingly, payments in respect of principal, premium (if any) and interest due on the Notes will be paid to the relevant Agent without deduction by the Issuer in respect of any such tax.

Under the Charter, payments in respect of principal, premium (if any) and interest due on the Notes are not subject to any tax by a member country:

- (a) which tax discriminates against the Notes solely because they are issued by the Issuer; or
- (b) if the sole jurisdictional basis for the tax is the place or currency in which the Notes are issued, made payable or paid, or the location of any office or place of business maintained by the Issuer.

Payments in respect of the Notes will be made without gross-up for any present or future taxes, duties, assessments or governmental charges whatsoever.

## Form of Pricing Supplement

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Series No.: [ ]

Tranche No.: [ ]

### ASIAN DEVELOPMENT BANK

#### N.Z.\$5,000,000,000 Domestic Medium-Term Note Programme

Issue of

***[Aggregate Principal Amount of Tranche]***

***[Title of Notes]***

This Pricing Supplement (as referred to in the Information Memorandum dated 27 January 2010 and Deed Poll dated 27 January 2010 in relation to the above Programme) relates to the Tranche of Notes referred to above. The particulars to be specified in relation to such Tranche are as follows.

**The Issuer is not a registered bank in New Zealand pursuant to the Reserve Bank of New Zealand Act 1989. The Notes are not the obligations of any government and, in particular, are not guaranteed by the Government of New Zealand.**

- |      |  |   |
|------|--|---|
| 1    | Description of Notes:                      | [Fixed Rate/Floating Rate/Zero Coupon/Index Linked/Instalment/other]<br>[Notes][Bonds][Instruments] |
| 2    | Issuer:                                    | Asian Development Bank  |
| [3]  | [Lead Manager[s]:]                         | [Specify]   |
| [4]  | Dealer[s]:                                 | [Specify]   |
| [5]  | Registrar [and Paying Agent]:              | Computershare Investor Services Limited   |
| [6]  | [Paying Agent:]                            | [Specify]   |
| [7]  | Type of Issue:                             | [Private/Syndicated Issue]  |
| [8]  | Currency:                                  |   |
|      | (a) of Denomination                        | N.Z.\$  |
|      | (b) of payment                             | N.Z.\$  |
| [9]  | Aggregate principal amount of Tranche:     | [Specify]   |
| [10] | [If interchangeable with existing Series:] | [Specify]   |

- [11] Issue Date: [Specify]
- [12] Issue Price: [Specify]
- [13] Denomination(s): [Specify]
- [14] Rating:
- Programme Rating: As at the date of this Pricing Supplement, the Programme has been rated [AAA] by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., [AAA] by Fitch, Inc. and [Aaa] by Moody's Investors Service, Inc.
- [Notes Rating: As at the date of this Pricing Supplement, the Notes have been rated [AAA] by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., [AAA] by Fitch, Inc. and [Aaa] by Moody's Investors Service, Inc.]
- [15] Business Day: [Specify]
- [16] [If the Notes are Fixed Rate Notes:] [Condition 6 shall [not] apply]
- Fixed coupon amount: [Specify]
- Interest Rate: [Specify]
- [Interest Commencement Date, if not Issue Date:] [Specify]
- Interest Payment Dates: [Specify]
- Interest Period End Dates: [Specify]
- Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment/other]
- (a) for Interest Payment Dates: [Specify]
- (b) for Maturity Date: [Specify]
- (c) for Interest Period End Dates: [Specify]
- (d) for any other dates: [Specify]
- Day Count Fraction: [Specify]
- [17] [If the Notes are Floating Rate Notes:] [Condition 7 shall [not] apply]
- Calculation Agent: [Computershare Investor Services Limited][Specify]
- Interest Commencement Date, if not Issue Date: [Specify/Not applicable]
- Interest Rate: [Specify method of calculation]
- Interest Payment Dates: [Specify dates or the specified period]

Interest Period End Dates: [Specify]

Business Day Convention: [Floating Rate Convention/ (specify Interest Period)/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/No Adjustment/other]

(a) for Interest Payment Dates: [Specify]

(b) for Maturity Date: [Specify]

(c) for Interest Period End Dates: [Specify]

(d) for any other dates: [Specify]

Margin: [Specify] (state if positive or negative)

Day Count Fraction: [Specify]

Fallback interest rate: [Specify/Not applicable]

Interest Rate Determination: [ISDA Determination/Screen Rate Determination/Bank Bill Rate Determination]

[If ISDA Determination applies, specify]

Floating rate option: [Specify]

Reset Date: [Specify]

Designated Maturity: [Specify]

[If Screen Rate Determination applies, specify]

Relevant Screen Page: [Specify]

Relevant Time: [Specify]

Reference Rate: [Specify]

Reference Banks: [Specify]

Interest Determination Date: [Specify]

Relevant Financial Centre: [Applicable/Not applicable]

[If Bank Bill Rate Determination applies, specify]

Bank Bill Rate: [Yes/No] [Set out any variation to the Conditions]

[If Linear Interpolation applies, specify]

[18]	[If Notes are Structured Notes:]	[Condition 8 shall [not] apply]  [Specify full interest determination provisions, including Interest Commencement Date, rate or calculation basis for interest or actual amounts of interest payable, amount and dates for payment, Minimum Interest Rate/Maximum Interest Rate]
	Calculation Agent:	[Computershare Investor Services Limited][Specify]
[19]	[Amortisation Yield:]	[Specify] [In the case of Zero Coupon Notes, specify the reference price]
[20]	[If Notes are Instalment Notes:]	[Specify details of Instalments including Instalment Amount and Instalment Dates]
[21]	[If Notes are Partly Paid Notes:]	[Specify details]
[22]	[Business Day Convention (for payment of principal):]	[Specify]
[23]	Redemption Amount:	[Specify any variations to the Redemption Amount as defined in the Conditions. If nothing is specified, the Redemption Amount will correspond with the outstanding principal amount]
[24]	[Early Redemption Amount:]	[Specify]
[25]	[Early Redemption Date (Call):]	[Specify]
[26]	[Early Redemption Date (Put):]	[Specify]
27	Maturity Date:	[Specify. In the case of Instalment Notes, insert the date on which the last principal instalment is payable]
28	Record Date:	[Specify]
29	Listing:	[Specify][Not applicable]
30	Any Clearing System other than Austraclear New Zealand:	[Euroclear and Clearstream][Not applicable]
31	ISIN:	[Specify]
32	Common Code:	[Specify]
[33]	[Additional or alternative newspapers:]	[Specify any additional or alternative newspapers for the purposes of Condition 15.2]
[34]	[Other Conditions:]	[     ]
[35]	Additional selling restrictions:	[Specify]
[36]	[Recent developments:]	[     ]

**CONFIRMED**

**ASIAN DEVELOPMENT BANK**

By: .....

Date: .....

## **New Zealand and United States Federal Taxation**

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The following is a summary of the New Zealand and United States federal withholding tax treatment at the date of this Information Memorandum of payments of principal and interest on the Notes. This summary addresses the New Zealand and United States federal withholding tax treatments of Noteholders. It does not address all New Zealand and United States federal tax issues (including income tax issues) that may be relevant to Noteholders.

Prospective Noteholders (including prospective holders of a beneficial interest in a Note) should seek independent advice on the New Zealand and United States federal tax implications applicable to them.

### **New Zealand**

The following describes tax consequences under New Zealand laws currently in effect:

#### *Non-resident withholding tax*

The Issuer enjoys certain exemptions from New Zealand tax under the International Finance Agreements Act and the Income Tax Act 2007. As a result, the Issuer and the Paying Agent are not required to withhold New Zealand non-resident withholding tax from any payment of premium or interest in respect of the Notes where the beneficial owner of the Note is a non-resident of New Zealand and does not carry on business through a fixed establishment in New Zealand.

#### *Resident withholding tax*

As a result also, the Issuer is exempt from the requirement to withhold resident withholding tax (“**RWT**”) from any payment of premium or interest in respect of a Note to a New Zealand resident beneficial owner (or a non-resident beneficial owner engaged in business through a fixed establishment in New Zealand). The Registrar will not have an obligation under the Income Tax Act 2007 to withhold RWT if the person receiving the payment from the Registrar has a valid certificate of exemption from RWT and has submitted a copy to the Registrar.

#### *No gross-up*

Payments in respect of the Notes will be made without gross-up for any present or future taxes, duties, assessments or governmental charges whatsoever.

#### *Goods and Services Tax*

Neither the issue nor receipt of a Note will give rise to any goods and services tax liability in New Zealand.

#### *Stamp Duty*

New Zealand does not have a stamp duty regime.

### **United States Federal Income Taxation**

#### *IRS Circular 230 Notice:*

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE (THE “IRS”) CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES CONTAINED OR REFERRED TO HEREIN OR IN ANY RELEVANT PRICING SUPPLEMENT OR ANY DOCUMENT REFERRED TO HEREIN OR THEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE OF 1986 AS AMENDED; (B) SUCH DISCUSSION IS WRITTEN FOR USE IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE NOTES; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following is a summary of certain United States federal income tax considerations that may be relevant to a holder of a Note that is a citizen or resident of the United States or a domestic corporation or that otherwise is subject to United States federal income taxation on a net income basis in respect of the Note (a "*United States holder*"). This summary is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). Unless otherwise stated, this summary deals only with United States holders who acquire the Notes as part of the initial offering of the Notes at their issue price and who will hold Notes as capital assets. This summary does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold Notes as a position in a "straddle" or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction or persons that have a "functional currency" other than the U.S. dollar. Any special United States federal income tax considerations relevant to a particular issue of Notes, including any Indexed Notes, will be provided in the relevant Pricing Supplement.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. A partner in a partnership that acquires or holds the Notes should consult its own tax advisers.

Investors should consult their own tax advisors in determining the tax consequences to them of holding Notes, including the application to their particular situation of the United States federal income tax considerations discussed below, as well as the application of U.S. federal alternative minimum, estate and gift tax laws, U.S. state, local, foreign or other tax laws.

#### *Payments of Interest*

Payments of interest on a Note will be taxable to a United States holder as ordinary interest income at the time that such payments are accrued or are received (in accordance with the United States holder's method of tax accounting). The amount of interest income realized by a United States holder that uses the cash method of tax accounting will be the U.S. dollar value of the New Zealand dollar payment based on the exchange rate in effect on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. A United States holder that uses the accrual method of accounting for tax purposes will accrue interest income on the Note in New Zealand dollars and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the United States holder's taxable year), or, at the accrual basis United States holder's election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. A United States holder that makes such election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. A United States holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a Note if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss but generally will not be treated as an adjustment to interest income received on the Note.

#### *Purchase, Sale and Retirement of Notes*

A United States holder's tax basis in a Note generally will equal the cost of such Note to such holder, increased by any amounts includible in income by the holder as original issue discount and market discount and reduced by any amortized premium (each as described below) and any payments other than payments of qualified stated interest made on such Note. The cost of such Note to a United States holder will generally be the U.S. dollar value of the New Zealand dollar purchase price on the date of purchase. In the case of a Note that is traded on an established securities market, a cash basis United States holder (and, if it so elects, an accrual basis United States holder) will determine the U.S. dollar value of the cost of such Note by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a United States holder's tax basis in a Note in respect of original issue discount, market discount and

premium denominated in a New Zealand dollars will be determined in the manner described under “—Original Issue Discount” and “—Premium and Market Discount” below. The conversion of U.S. dollars to New Zealand dollars and the immediate use of New Zealand dollars to purchase a Note generally will not result in taxable gain or loss for a United States holder.

Upon the sale, exchange or retirement of a Note, a United States holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any amounts attributable to accrued but unpaid interest not previously included in income, which will be taxable as such) and the United States holder’s tax basis in such Note. The amount realized will generally be the U.S. dollar value of the New Zealand dollars received calculated at the exchange rate in effect on the date the Note is disposed of or retired. In the case of a Note that is traded on an established securities market, a cash basis United States holder, and if it so elects, an accrual basis United States holder will determine the U.S. dollar value of the New Zealand dollar amount realized by translating such amount at the spot rate on the settlement date of the sale. The election available to accrual basis United States holders in respect of the purchase and sale of Notes traded on an established securities market, discussed above, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to market discount and foreign currency gain or loss, gain or loss recognized by a United States holder generally will be long-term capital gain or loss if the United States holder has held the Note for more than one year at the time of disposition. Long-term capital gains recognized by an individual holder generally are subject to tax at a reduced rate, which rates currently are scheduled to increase on January 1, 2011. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by a United States holder on the sale, exchange or retirement of a Note generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such Note. This foreign currency gain or loss will not be treated as an adjustment to interest income received on the Notes.

#### *Original Issue Discount*

In general, if the issue price of a note (the first price at which a substantial amount of the notes is sold to investors) is less than its principal amount by more than a de minimis amount, the note will be considered to have original issue discount (“OID”, and such note, an “Original Issue Discount Note”). United States holders of Original Issue Discount Notes generally will be subject to the special tax accounting rules for obligations issued with OID provided by the Internal Revenue Code of 1986, as amended, and certain regulations promulgated thereunder (the “*OID Regulations*”). United States holders of such Notes should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for United States federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

In general, each United States holder of an Original Issue Discount Note, whether such holder uses the cash or the accrual method of tax accounting, will be required to include in ordinary gross income the sum of the “daily portions” of OID on the Note for all days during the taxable year that the United States holder owns the Note. The daily portions of OID on an Original Issue Discount Note are determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. Accrual periods may be any length and may vary in length over the term of an Original Issue Discount Note, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of an initial holder, the amount of OID on an Original Issue Discount Note allocable to each accrual period is determined by (a) multiplying the “adjusted issue price” (as defined below) of the Original Issue Discount Note at the beginning of the accrual period by the yield to maturity of such Original Issue Discount Note (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest (as defined below) allocable to that accrual period.

The yield to maturity of a Note is the discount rate that causes the sum of the present values of all future payments on the Note (principal and interest, if any) as of its original issue date to equal the issue price of such Note. The “*adjusted issue price*” of an Original Issue Discount Note at the

beginning of any accrual period will generally be the sum of its issue price (generally including accrued interest, if any) and the amount of OID allocable to all prior accrual periods, reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to such Note in all prior accrual periods. The term “*qualified stated interest*” generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of an issuer) at least annually during the entire term of an Original Issue Discount Note at a single fixed rate of interest or, subject to certain conditions, based on one or more interest indices. In the case of an Original Issue Discount Note that is a Floating Rate Note, both the “yield to maturity” and “qualified stated interest” will generally be determined for these purposes as though the Original Issue Discount Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the Note on its date of issue or, in the case of certain Floating Rate Notes, the rate that reflects the yield that is reasonably expected for the Note. (Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index.)

As a result of this “constant yield” method of including OID in income, the amounts includible in income by a United States holder in respect of an Original Issue Discount Note denominated in U.S. dollars generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

A United States holder generally may make an irrevocable election to include in its income its entire return on a Note (*i.e.*, the excess of all remaining payments to be received on the Note, including payments of qualified stated interest, over the amount paid by such United States holder for such Note) under the constant-yield method described above. For Notes purchased at a premium or bearing market discount in the hands of the United States holder, the United States holder making such election will also be deemed to have made the election (discussed below in “—Premium and Market Discount”) to amortize premium or to accrue market discount in income currently on a constant-yield basis.

In the case of an Original Issue Discount Note that is also a Note, a United States holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in New Zealand dollars using the constant-yield method described above, and (b) translating the amount of New Zealand dollars so derived at the average exchange rate in effect during that accrual period (or portion thereof within a United States holder’s taxable year) or, at the United States holder’s election (as described above under “—Payments of Interest”), at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. Because exchange rates may fluctuate, a United States holder of an Original Issue Discount Note that is also a Note may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar Original Issue Discount Note denominated in U.S. dollars. All payments on an Original Issue Discount Note (other than payments of qualified stated interest) will generally be viewed first as payments of previously-accrued OID (to the extent thereof), with payments attributed first to the earliest-accrued OID, and then as payments of principal. Upon the receipt of an amount attributable to OID (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the Original Issue Discount Note), a United States holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the Original Issue Discount Note, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

A subsequent United States holder of an Original Issue Discount Note that purchases the Note at a cost less than its remaining redemption amount (as defined below), or an initial United States holder that purchases an Original Issue Discount Note at a price other than the Note’s issue price, also generally will be required to include in gross income the daily portions of OID, calculated as described above. However, if the United States holder acquires the Original Issue Discount Note at a price greater than its adjusted issue price, such holder may reduce its periodic inclusions of OID income to reflect the premium paid over the adjusted issue price. The “*remaining redemption amount*” for a Note is the sum of all future payments to be made on the Note other than payments of qualified stated interest.

Floating Rate Notes generally will be treated as “variable rate debt instruments” under the OID Regulations. Accordingly, the stated interest on a Floating Rate Note generally will be treated as “qualified stated interest” and such a Note will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a Floating Rate Note does not qualify as a “variable rate debt instrument,” such Note will be subject to special rules (the “*Contingent Payment Regulations*”) that govern the tax treatment of debt obligations that provide for contingent payments (“*Contingent Debt Obligations*”). A detailed description of the tax considerations relevant to United States holders of any such Notes will be provided in the relevant Pricing Supplement.

Certain of the Notes may be subject to special redemption, repayment or interest rate reset features, as indicated in the relevant Pricing Supplement. Notes containing such features, in particular Original Issue Discount Notes, may be subject to special rules that differ from the general rules discussed above. Purchasers of Notes with such features should carefully examine the relevant Pricing Supplement and should consult their own tax advisors with respect to such Notes since the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased Notes.

#### *Premium and Market Discount*

A United States holder of a Note that purchases the Note at a cost greater than its remaining redemption amount (as defined in the third preceding paragraph) will be considered to have purchased the Note at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the Note. Such election, once made, generally applies to all bonds held or subsequently acquired by the United States holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A United States holder that elects to amortize such premium must reduce its tax basis in a Note by the amount of the premium amortized during its holding period. Original Issue Discount Notes purchased at a premium will not be subject to the OID rules described above. In the case of premium in respect of a Note, a United States holder should calculate the amortization of such premium in New Zealand dollars. Amortization deductions attributable to a period reduce interest payments in respect of that period and therefore are translated into U.S. dollars at the exchange rate used by the United States holder for such interest payments. Exchange gain or loss will be realized with respect to amortized bond premium on such a Note based on the difference between the exchange rate on the date or dates such premium is recovered through interest payments on the Note and the exchange rate on the date on which the United States holder acquired the Note. With respect to a United States holder that does not elect to amortize bond premium, the amount of bond premium will be included in the United States holder’s tax basis when the Note matures or is disposed of by the United States holder. Therefore, a United States holder that does not elect to amortize such premium and that holds the Note to maturity generally will be required to treat the premium as capital loss when the Note matures.

If a United States holder of a Note purchases the Note at a price that is lower than its remaining redemption amount, or in the case of an Original Issue Discount Note, its adjusted issue price, by at least 0.25% of its remaining redemption amount multiplied by the number of remaining whole years to maturity, the Note will be considered to have “market discount” in the hands of such United States holder. In such case, gain realized by the United States holder on the disposition of the Note generally will be treated as ordinary income to the extent of the market discount that accrued on the Note while held by such United States holder. In addition, the United States holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the Note. In general terms, market discount on a Note will be treated as accruing ratably over the term of such Note, or, at the election of the holder, under a constant yield method. Market discount on a Note will be accrued by a United States holder in New Zealand dollars. The amount includible in income by a United States holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued, generally calculated at the exchange rate in effect on the date that the Note is disposed of by the United States holder.

A United States holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of a Note as ordinary income. If a United States holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any accrued market discount on a Note that is currently includible in income will be translated into U.S. dollars at the

average exchange rate for the accrual period (or portion thereof within the United States holder's taxable year). Any such election, if made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

#### *Indexed Notes and Other Notes Providing for Contingent Payments*

The Contingent Payment Regulations, which govern the tax treatment of Contingent Debt Obligations, generally require accrual of interest income on a constant-yield basis in respect of such obligations at a yield determined at the time of their issuance, and may require adjustments to such accruals when any contingent payments are made. A detailed description of the tax considerations relevant to United States holders of any contingent debt obligations will be provided in the relevant Pricing Supplement.

#### *Non-U.S. Holders*

The IRS has ruled to the effect that interest paid to a non-resident alien individual or to a foreign corporation on securities issued by ADB is not subject to United States federal income tax, including withholding tax, except that, absent any special statutory or treaty exemption, (i) such interest, when derived by such non-resident alien individual or foreign corporation in the active conduct of a banking, financing or similar business within the United States or when received by a corporation the principal business of which is trading in stock or securities for its own account, is subject to United States federal income tax if such interest is attributable to an office or fixed place of business of such person within the United States and certain other conditions exist, and (ii) a foreign corporation which is an insurance company carrying on a United States insurance business is subject to United States federal income tax on interest on securities of ADB if such interest is attributable to its United States business.

The IRS also has ruled to the effect that (i) interest paid by ADB on its obligations constitutes income from sources without the United States and (ii) unless a death tax convention provides otherwise, debt obligations of ADB for purposes of the United States federal estate tax are deemed to be situated outside the United States and are not includible in the gross estate of a non-resident of the United States who was not a citizen of the United States. The Tax Reform Act of 1986 and subsequent legislation amended the Internal Revenue Code of 1954, under which the previous rulings were issued. ADB has been advised by its United States tax counsel that these amendments will not affect the IRS rulings described above.

The gain realized on any sale or exchange of the Notes by a holder that is not a United States holder will not be subject to United States federal income tax, including withholding tax, unless (i) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (ii) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and certain other conditions are met.

#### *Information Reporting and Backup Withholding*

The United States imposes reporting requirements, and in limited circumstances, backup withholding requirements, with respect to certain payments of principal and interest on debt obligations. Regulations issued by the IRS confirm that such reporting requirements do not apply to payments on the Notes made by ADB. Brokers, trustees, custodians and certain other middlemen will be subject to the reporting and backup withholding requirements with respect to payments received by them on, or proceeds realized on the disposition of, Notes held by certain United States holders. Foreign persons receiving payments on the Notes or disposing of Notes may be required to establish their status as such in order to avoid the filing of information returns by such middlemen, or the backup withholding of tax by such middlemen, in respect of such payments.

## Selling Restrictions

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### ***New Zealand***

The Notes must not be offered for sale or subscription to members of the public in breach of the Securities Act (N.Z.). Notes may not be offered or sold except in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered (including, without limitation, the Securities Act (N.Z.)). No offering document in respect of any Notes may be published, delivered, or distributed in or from any country or jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations. The Issuer does not intend that the Notes be offered for sale or subscription to the public in New Zealand in terms of the Securities Act (N.Z.). Accordingly, no prospectus has been or will be registered under the Securities Act (N.Z.) and no person may, directly or indirectly, subscribe for, offer, sell, transfer or deliver or distribute any Information Memorandum, information, advertisement or other offering material relating to the Notes, in breach of the Securities Act (N.Z.).

Each Dealer will be required to represent and agree that Notes may only be offered or transferred either:

- (a) to persons whose principal business is the investment of money or to persons who, in the course of and for the purposes of their business, habitually invest money within the meaning of section 3(2)(a)(ii) of the Securities Act (N.Z.); or
- (b) to persons who are each required to pay a minimum subscription price of at least N.Z.\$500,000 for the Notes (disregarding any amount lent by the offeror, the Issuer or any associated person of the offeror or the Issuer) before the allotment of those Notes.

In addition, each Dealer will be required to represent and agree that Notes may only be transferred to persons who hold a certificate of exemption from resident withholding tax in New Zealand, a copy of which has been submitted to the Registrar.

In addition, each Dealer will be required to represent and agree that it has not distributed, and will not distribute, the Information Memorandum, the relevant Pricing Supplement, any other offering memorandum or document or any advertisement in relation to any offer of the Notes in New Zealand other than:

- (a) to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money within the meaning of section 3(2)(a)(ii) of the Securities Act (N.Z.); or
- (b) in circumstances where there is no contravention of the Securities Act (N.Z.).

### ***Australia***

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (the “**Corporations Act**”)) in relation to the Programme or any Notes has been or will be lodged with the Australian Securities and Investments Commission (“**ASIC**”). Each Dealer will be required to represent and agree that, unless the relevant Pricing Supplement (or another supplement to any Information Memorandum) otherwise provides, it:

- (a) has not offered or invited, and will not offer or invite, applications for issue, sale or purchase of any Notes in Australia (including an offer or invitation that is received by a person in Australia); or
- (b) has not distributed or published, and will not distribute or publish, any Information Memorandum or any other offering material or advertisement relating to any Notes in Australia,

unless:

- (i) the aggregate consideration payable by the offeree is at least A\$500,000 (or its equivalent in an alternate currency) (disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors under Part 6D.2 of the Corporations Act;
- (ii) such action complies with all applicable laws, regulations and directives; and
- (iii) such action does not require any document to be lodged with ASIC.

In addition, each Dealer will be required to agree that it will comply with the directive issued by the Assistant Treasurer of the Commonwealth of Australia dated 23 September 1996 as contained in Banking (Exemption) Order No. 82 which requires all offers and transfers to be for a consideration of at least A\$500,000. The Banking (Exemption) Order No. 82 does not apply to transfers that occur outside Australia.

### ***United States of America***

Under the provisions of Section 11(a) of the Asian Development Bank Act, the Notes are exempted securities within the meaning of Section 3(a)(2) of the Securities Act (U.S.) and Section 3(a)(12) of the Securities Exchange Act of 1934 (U.S.), as amended.

### ***United Kingdom***

Each Dealer will be required to represent and agree that:

(a) **Financial promotion**

it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) **General compliance**

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### ***Japan***

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the “**FIEL**”), and accordingly each Dealer will be required to represent and agree that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

### ***Hong Kong***

Each Dealer will be required to represent and agree that:

- (a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes other than:

- (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or
  - (ii) in circumstances that do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) (**CO**); or
  - (iii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (**SFO**) and any rule made under the SFO; or
  - (iv) in other circumstances that do not result in the document being a “prospectus” within the meaning of the CO; and
- (b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Notes that is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes that are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under the SFO.

### **Singapore**

The Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Each Dealer will be required to represent and agree that it will not offer or sell the Notes nor make the Notes the subject of an invitation for subscription or purchase, nor will it circulate or distribute the Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to the public or any member of the public in Singapore other than:

- (a) to an institutional investor under Section 274 of the Securities and Futures Act (Cap. 289) (as amended) of Singapore (**SFA**);
- (b) to a relevant person, or any person pursuant to Section 275 (1A), and in accordance with the conditions, specified in Section 275 of the SFA; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

### **European Economic Area**

In relation to each Member State of the European Economic Area (being the countries in the European Union plus Iceland, Norway and Liechtenstein) which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer will be required to represent and agree that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**), it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, and ending on the date which is 12 months after the date of such publication; or
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; or

- (c) at any time to any legal entity which has two or more of:
  - (i) an average of at least 250 employees during the last financial year;
  - (ii) a total balance sheet of more than EUR43,000,000; and
  - (iii) an annual net turnover of more than EUR50,000,000, all as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this paragraph, the expression “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **General**

Each Dealer will be required to acknowledge that no action has been or will be taken in any jurisdiction by the Issuer, Dealers, Arrangers or any Lead Manager that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Each Dealer will be required to further acknowledge that it will comply with all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes.

Persons into whose hands this Information Memorandum or the relevant Pricing Supplement comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

## Directory

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### Issuer

#### **Asian Development Bank**

6 ADB Avenue  
Mandaluyong City  
1550 Metro Manila

#### **Philippines**

Attention: Funding Division, Treasury Department  
Telephone: +632 632 4444  
Fax: +632 632 4120

### Arrangers

#### **ANZ National Bank Limited**

Level 7, 1-9 Victoria Street  
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#### **New Zealand**

Attention: Head of Debt Capital Markets  
Telephone: +644 802 2423  
Fax: +644 496 8642

#### **Royal Bank of Canada**

Level 46, 2 Park Street  
Sydney NSW 2000

#### **Australia**

Attention: Head of Debt Capital Markets  
Telephone: +612 9033 3000  
Fax: +612 9264 2855

### Registrar

#### **Computershare Investor Services Limited**

Level 2, 159 Hurstmere Road  
Takapuna  
Auckland

#### **New Zealand**

Attention: Accounts Manager  
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Fax: +64 9 488 8788