



Terms Sheet for NZ\$125,000,000 Five Year Fixed Rate Registered Transferable Deposit Issue

Dated 7 July 2011

This Terms Sheet supplements, and forms part of, the investment statement dated 5 July 2011 prepared by Bank of New Zealand ("Investment Statement"). It sets out the additional terms and conditions applicable to the Series of RTDs referred to in this Terms Sheet, and should be read in conjunction with the Investment Statement and the Deed Poll (defined below). This Terms Sheet does not apply to any other Series of RTDs issued by Bank of New Zealand from time to time.

Unless the context otherwise requires, capitalised terms used in this Terms Sheet have the meanings given to them in the Investment Statement.

Issuer	Bank of New Zealand ("Issuer")
Issue Form	Registered Transferable Deposit (" RTD ") to be issued under a Deed Poll dated 12 February 1996 as amended and restated on 12 March 2009 (" Deed Poll ")
Instrument Type	Fixed Rate RTD
Issuer Rating	AA (Stable outlook) - S&P; Aa3 (Stable outlook) - Moody's
Status of RTDs	RTDs constitute unsecured, unsubordinated obligations of the Issuer ranking at least equally in right and priority of payment with all present and future unsecured and unsubordinated indebtedness of the Issuer (other than indebtedness preferred by operation of law)
Lead Manager, Arranger & Calculation Agent	Bank of New Zealand
Issue Amount	NZ\$125 million with the right to accept unlimited oversubscriptions at the Issuer's discretion
Opening Date	Thursday, 7 July 2011
Closing Date	Tuesday, 12 July 2011 (or such earlier date as the Issuer may determine in its discretion)
Cut-Off Time	12.00 pm
Rate Set Date	Tuesday, 12 July 2011
Issue Date	Friday, 15 July 2011
Issue Price	NZ\$1 per RTD (equal to the face value)
Maturity Amount	NZ\$1 per RTD
Tenor	5 years
Maturity Date	Friday, 15 July 2016
Issue Yield	The aggregate of the benchmark rate on the rate set date and the issue margin
Issue Margin	1.38% per annum
Benchmark Rate	The rate per annum (expressed on a percentage yield basis rounded, if necessary, to the

	nearest four decimal places with five being rounded up) which is determined by the Issuer (by reference to Reuters page "ICAPAUKIWISWAP" (or any successor page)) to be the 5 year semi-annual mid-market swap rate
Interest Rate	The Issue Yield
Interest Periods	Half yearly
Interest Payment Dates	Interest is payable in arrears in two equal payments on 15 January and 15 July of each year up to (and including) the Maturity Date, with the first interest payment date being 15 January 2012
Business Day Convention	Auckland and Wellington, Modified Following. This means interest is paid in the manner described in the section entitled "Payments (and business day convention)" below
Day Count Basis	Actual/Actual unadjusted, NZ Government Bond basis. This means interest is paid in the manner described in the section entitled "Interest payment dates" above
Payments (and business day convention)	<p>Payments of the Maturity Amount and interest on each RTD will be made to the person registered as the Holder of the RTD as at the Record Date. If the due date for payment of any amount in respect of a RTD is not a Business Day, payment will be made on the next day which is a Business Day (unless the next Business Day is in the next calendar month, in which case payment will be made on the first Business Day preceding the due day for payment), but the amount paid will not be adjusted.</p> <p>Unless the relevant RTDs are lodged for the purposes of NZClear, payments will be made either by cheque or to the bank account nominated by the Holder on the Application Form (if any) or such other bank account as the Holder may advise the Registrar in writing from time to time, provided such notice is given prior to the Record Date for the payment.</p>
Minimum Subscription	NZ\$5,000 and in multiples of NZ\$1,000 thereafter
Restriction On Transfers	RTDs may only be transferred in integral multiples of NZ\$1,000 with at least NZ\$5,000 being transferred at any one time and the transferor retaining at least NZ\$5,000 unless all of the transferor's RTDs are being transferred
No Guarantee	RTDs the subject of this Terms Sheet are not guaranteed by the Crown or any other person
Governing Law	New Zealand
Registrar	Computershare Investor Services Limited
Applications	<p>Applicants who are members of NZClear (formerly Austraclear), or who are able to have payments made on their behalf through NZClear, may settle their applications for RTDs before 12.00pm on the Issue Date through the NZClear System.</p> <p>All other applicants must pay for RTDs applied for by cheque or other method acceptable to the Issuer. Your completed Application Form together with a cheque for payment (if payment is not made through the NZClear System or by other method) should be (a) sent to the address of the Registrar set out in the Investment Statement in sufficient time so that it is received by the Register no later than the Cut-Off Time on the Closing Date, or (b) delivered to any store of the Issuer in sufficient time to enable the Issuer to forward it to the Register by no later than the Cut-Off Time on the Closing Date.</p> <p>For further information see the instructions in the Investment Statement under the heading "applications and payments".</p> <p>Early bird interest will not be paid on subscription moneys.</p>
Listing	Unlisted
Documentation	<ul style="list-style-type: none"> • Deed Poll • Investment Statement • This Terms Sheet • Application Form relating to the RTDs the subject of this Terms Sheet
Conditions	For the purposes of the Deed Poll, this Terms Sheet shall form part of the Conditions that apply to the RTDs and shall modify the Conditions of Fixed Rate RTDs set out in Schedule 3 of the Deed Poll accordingly. In the event of any inconsistency between this Terms Sheet

	and the Conditions set out in Schedule 3, this Terms Sheet shall prevail.
Selling Restrictions	<p>This Terms Sheet (together with the Investment Statement) does not constitute an offer of RTDs in any jurisdiction other than New Zealand and RTDs are only being offered to investors resident in New Zealand. RTDs may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No person may purchase, offer, sell, distribute or deliver any RTDs, or have in his or her possession, publish or distribute to any person, any offering material or other documents in connection with any RTDs, in any jurisdiction other than in compliance with all applicable laws and regulations. No action has been, or will be, taken by the Issuer which would permit any purchase, offer, sale, distribution or delivery of RTDs, or possession, publication or distribution of any offering material or other documents in connection with any RTDs, in any country or jurisdiction where action for that purpose is required (other than New Zealand).</p> <p>Unless otherwise agreed with the Issuer, any person applying for RTDs is deemed to represent that they are not in a jurisdiction which prohibits the making of an offer of this kind and are not acting for a person in such a jurisdiction.</p> <p>This Terms Sheet accompanies the Investment Statement and the Application Form, and must not be published or distributed unless accompanied by the Investment Statement and the Application Form. Applications for the RTDs the subject of this Terms Sheet can only be made on the Application Form.</p>