

TIMBERLAND BANCORP INC
Form DEF 14A
December 19, 2011

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the registrant

Filed by a party other than the registrant

Check the appropriate box:

- Preliminary proxy statement
Confidential, for use of the Commission only (as permitted by Rule
14a-6(e)(2))
- Definitive proxy statement
- Definitive additional materials
- Soliciting material under Rule 14a-12

TIMBERLAND BANCORP, INC.
(Name of registrant as specified in its charter)

(Name of person(s) filing proxy statement, if other than the registrant)

Payment of filing fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

- (1) Title of each class of securities to which transaction applies:
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- (2) Aggregate number of securities to which transactions applies:
N/A
- (3) Per unit price or other underlying value of transaction computed pursuant to
Exchange Act Rule 0-11:
N/A
- (4) Proposed maximum aggregate value of transaction:
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N/A
- (2) Form, schedule or registration statement no.:
N/A

- (3) Filing party: N/A
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December 19, 2011

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Timberland Bancorp, Inc. to be held at the Hoquiam Timberland Library, located at 420 7th Street, Hoquiam, Washington, on Tuesday, January 24, 2012 at 1:00 p.m., local time.

The Notice of Annual Meeting of Shareholders and Proxy Statement appearing on the following pages describe the formal business to be transacted at the meeting. During the meeting, we will also report on our operations. Directors and officers of Timberland Bancorp, Inc., as well as a representative of Delap LLP, our independent auditor for the fiscal year ended September 30, 2011, will be present to respond to appropriate questions of shareholders.

It is important that your shares are represented at the meeting, whether or not you attend in person and regardless of the number of shares you own. To make sure your shares are represented, we urge you to complete and mail the enclosed proxy card. If you attend the meeting, you may vote in person even if you have previously mailed a proxy card.

We look forward to seeing you at the meeting.

Sincerely,

/s/ Jon C. Parker

Jon C. Parker
Chairman of the Board

TIMBERLAND BANCORP, INC.
624 SIMPSON AVENUE
HOQUIAM, WASHINGTON 98550
(360) 533-4747

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JANUARY 24, 2012

Notice is hereby given that the annual meeting of shareholders of Timberland Bancorp, Inc. will be held at the Hoquiam Timberland Library, located at 420 7th Street, Hoquiam, Washington, on Tuesday, January 24, 2012, at 1:00 p.m., local time, for the following purposes:

Proposal 1. Election of two directors to each serve for a term of three years.

Proposal 2. Advisory approval of the compensation of our named executive officers.

Proposal 3. Ratification of the Audit Committee's selection of Delap LLP as our independent auditor for 2012.

We will also consider and act upon such other business as may properly come before the meeting, or any adjournment or postponement thereof. As of the date of this notice, we are not aware of any other business to come before the annual meeting.

The Board of Directors has fixed the close of business on December 1, 2011 as the record date for the annual meeting. This means that shareholders of record at the close of business on that date are entitled to receive notice of, and to vote at the meeting and any adjournment thereof. To ensure that your shares are represented at the meeting, please take the time to vote by signing, dating and mailing the enclosed proxy card which is solicited by the Board of Directors. The proxy will not be used if you attend and vote at the annual meeting in person. Regardless of the number of shares you own, your vote is very important. Please act today.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Dean J. Brydon

DEAN J. BRYDON
CORPORATE SECRETARY

Hoquiam, Washington
December 19, 2011

IMPORTANT: The prompt return of proxies will save us the expense of further requests for proxies in order to ensure a quorum. A pre-addressed envelope is enclosed for your convenience. No postage is required if mailed in the United States.

PROXY STATEMENT

OF
TIMBERLAND BANCORP, INC.
624 SIMPSON AVENUE
HOQUIAM, WASHINGTON 98550
(360) 533-4747

ANNUAL MEETING OF SHAREHOLDERS
JANUARY 24, 2012

The Board of Directors of Timberland Bancorp, Inc. is using this Proxy Statement to solicit proxies from our shareholders for use at the annual meeting of shareholders. We are first mailing this Proxy Statement and the enclosed form of proxy to our shareholders on or about December 19, 2011.

The information provided in this Proxy Statement relates to Timberland Bancorp, Inc. and its wholly-owned subsidiary, Timberland Bank. Timberland Bancorp, Inc. may also be referred to as "Timberland" and Timberland Bank may also be referred to as the "Bank." References to "we," "us" and "our" refer to Timberland and, as the context requires Timberland Bank.

INFORMATION ABOUT THE ANNUAL MEETING

Time and Place of the Annual Meeting

Our annual meeting will be held as follows:

Date: Tuesday, January 24, 2012

Time: 1:00 p.m., local time

Place: Hoquiam Timberland Library, 420 7th Street, Hoquiam, Washington

Matters to Be Considered at the Annual Meeting

At the meeting, you will be asked to consider and vote upon the following proposals:

Proposal 1. Election of two directors to each serve for a term of three years.

Proposal 2. Advisory approval of the compensation of our named executive officers.

Proposal 3. Ratification of the Audit Committee's selection of Delap LLP as our independent auditor for 2012.

We also will transact any other business that may properly come before the annual meeting. As of the date of this Proxy Statement, we are not aware of any other business to be presented for consideration at the annual meeting other

than the matters described in this Proxy Statement.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on January 24, 2012

Our Proxy Statement and Annual Report to Shareholders, are available at <http://www.amstock.com/ProxyServices/ViewMaterial.asp?CoNumber=06973>. The following materials are available for review:

- Proxy Statement;
-

- proxy card; and
- Annual Report to Shareholders.

Directions to attend the annual meeting, where you may vote in person, can be found online at <http://www.timberlandbank.com>.

Who is Entitled to Vote?

We have fixed the close of business on December 1, 2011 as the record date for shareholders entitled to notice of and to vote at our annual meeting. Only holders of record of Timberland's common stock on that date are entitled to notice of and to vote at the annual meeting. You are entitled to one vote for each share of Timberland common stock you own. On December 1, 2011, there were 7,045,036 shares of Timberland common stock outstanding and entitled to vote at the annual meeting.

How Do I Vote at the Annual Meeting?

Proxies are solicited to provide all shareholders of record on the voting record date an opportunity to vote on matters scheduled for the annual meeting and described in these materials. You are a shareholder of record if your shares of Timberland common stock are held in your name. If you are a beneficial owner of Timberland common stock held by a broker, bank or other nominee (i.e., in "street name"), please see the instructions in the following question.

Shares of Timberland common stock can only be voted if the shareholder is present in person or by proxy at the annual meeting. To ensure your representation at the annual meeting, we recommend you vote by proxy even if you plan to attend the annual meeting. You can always change your vote at the meeting if you are a shareholder of record.

Voting instructions are included on your proxy card. Shares of Timberland common stock represented by properly executed proxies will be voted by the individuals named on the proxy card in accordance with the shareholder's instructions. Where properly executed proxies are returned to us with no specific instruction as how to vote at the annual meeting, the persons named in the proxy will vote the shares FOR the election of each of our director nominees, FOR approval of the compensation of our named executive officers and FOR ratification of the selection of Delap LLP as our independent auditor. If any other matters are properly presented at the annual meeting for action, the persons named in the enclosed proxy and acting thereunder will have the discretion to vote on these matters in accordance with their best judgment. We do not currently expect that any other matters will be properly presented for action at the annual meeting.

You may receive more than one proxy card depending on how your shares are held. For example, you may hold some of your shares individually, some jointly with your spouse and some in trust for your children. In this case, you will receive three separate proxy cards to vote.

What if My Shares Are Held in Street Name?

If you are the beneficial owner of shares held in street name by a broker, your broker, as the record holder of the shares, is required to vote the shares in accordance with your instructions. If your common stock is held in street name, you will receive instructions from your broker that you must follow in order to have your shares voted. Your broker may allow you to deliver your voting instructions via the telephone or the Internet. Please see the instruction form that accompanies this Proxy Statement. If you do not give instructions to your broker, your broker may nevertheless vote the shares with respect to discretionary items, but will not be permitted to vote your shares with respect to non-discretionary items, pursuant to current industry practice. In the case of non-discretionary items, shares

not voted are treated as “broker non-votes.” The proposals to elect directors and approve the compensation of the named executive officers described in this Proxy Statement are considered non-discretionary items; therefore, you must provide instructions to your broker in order to have your shares voted on these proposals.

If your shares are held in street name, you will need proof of ownership to be admitted to the annual meeting. A recent brokerage statement or letter from the record holder of your shares are examples of proof of ownership. If you

want to vote your shares of common stock held in street name in person at the annual meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

How Will My Shares of Common Stock Held in the Employee Stock Ownership Plan Be Voted?

We maintain the Timberland Bank Employee Stock Ownership and 401(k) Plan (“ESOP and 401(k) Plan”) for the benefit of our employees. Each participant may instruct the trustee how to vote the shares of Timberland common stock allocated to his or her account under the ESOP portion of the plan by completing the voting instruction sheet distributed by the administrator. If a participant properly executes the voting instruction sheet, the administrator will instruct the trustee to vote the participant’s shares in accordance with the participant’s instructions. Unallocated shares of Timberland common stock held in the ESOP portion of the plan and allocated shares for which proper voting instructions are not received will be voted by the trustee in the same proportion as shares for which the trustee has received voting instructions.

How Many Shares Must Be Present to Hold the Meeting?

A quorum must be present at the meeting for any business to be conducted. The presence at the meeting, in person or by proxy, of at least a majority of the shares of Timberland common stock entitled to vote at the annual meeting as of the record date will constitute a quorum. Proxies received but marked as abstentions or broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting.

What if a Quorum Is Not Present at the Meeting?

If a quorum is not present at the scheduled time of the meeting, a majority of the shareholders present or represented by proxy may adjourn the meeting until a quorum is present. The time and place of the adjourned meeting will be announced at the time the adjournment is taken, and no other notice will be given unless the adjourned meeting is set to be held 120 days or more after the original meeting. An adjournment will have no effect on the business that may be conducted at the meeting.

Vote Required to Approve Proposal 1: Election of Directors

Directors are elected by a plurality of the votes cast, in person or by proxy, at the annual meeting by holders of Timberland common stock. Accordingly, the two nominees for election as directors who receive the highest number of votes actually cast will be elected. Pursuant to our Articles of Incorporation, shareholders are not permitted to cumulate their votes for the election of directors. Votes may be cast for or withheld from each nominee. Votes that are withheld and broker non-votes will have no effect on the outcome of the election because the nominees receiving the greatest number of votes will be elected. Our Board of Directors unanimously recommends that you vote FOR the election of each of its director nominees.

Vote Required to Approve Proposal 2: Advisory Approval of Executive Compensation

The advisory vote to approve the compensation of our named executive officers requires the affirmative vote of a majority of the outstanding shares present in person or by proxy at the annual meeting. Abstentions will have the same effect as a vote against the proposal. Broker non-votes will have no effect on the outcome of the proposal. Our Board of Directors unanimously recommends that you vote FOR approval of the compensation of our named executive officers.

Vote Required to Approve Proposal 3: Ratification of the Selection of the Independent Auditor

Ratification of the selection of Delap LLP as our independent auditor for the fiscal year ending September 30, 2012 requires the affirmative vote of a majority of the outstanding shares present in person or by proxy at the annual meeting. Abstentions will have the same effect as a vote against the proposal. Our Board of Directors unanimously recommends that you vote FOR the ratification of the selection of the independent auditor.

May I Revoke My Proxy?

You may revoke your proxy before it is voted by:

- submitting a new proxy with a later date;
- notifying the Corporate Secretary of Timberland in writing before the annual meeting that you have revoked your proxy; or
- voting in person at the annual meeting.

If you plan to attend the annual meeting and wish to vote in person, we will give you a ballot at the annual meeting. However, if your shares are held in street name, you must bring a validly executed proxy from the nominee indicating that you have the right to vote your shares.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of December 1, 2011, the voting record date, information regarding share ownership of:

- those persons or entities (or groups of affiliated person or entities) known by management to beneficially own more than five percent of Timberland's common stock other than directors and executive officers;
- each director and director nominee of Timberland;
- each executive officer of Timberland or Timberland Bank named in the Summary Compensation Table appearing under "Executive Compensation" below (known as "named executive officers"); and
- all current directors and executive officers of Timberland and Timberland Bank as a group.

Persons and groups who beneficially own in excess of five percent of Timberland's common stock are required to file with the Securities and Exchange Commission ("SEC"), and provide us a copy, reports disclosing their ownership pursuant to the Securities Exchange Act of 1934. To our knowledge, no other person or entity, other than the ones set forth below, beneficially owned more than five percent of the outstanding shares of Timberland's common stock as of the close of business on the voting record date.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. In accordance with Rule 13d-3 of the Securities Exchange Act, a person is deemed to be the beneficial owner of any shares of common stock if he or she has voting and/or investment power with respect to those shares. Therefore, the table below includes shares owned by spouses, other immediate family members in trust, shares held in retirement accounts or funds for the benefit of the named individuals, unvested shares in our Management Recognition and Development Plan, shares held

in the ESOP portion of our ESOP and 401(k) Plan, and other forms of ownership, over which shares the persons named in the table may possess voting and/or investment power. In addition, in computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of common stock subject to outstanding options that are currently exercisable or exercisable within 60 days after the voting record date are included in the number of shares beneficially owned by the person and are deemed outstanding for the purpose of calculating the person's percentage ownership. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of any other person.

As of the voting record date, there were 7,045,036 shares of Timberland common stock outstanding.

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Name	Number of Shares Beneficially Owned (1)	Percent of Shares Outstanding (%)
Beneficial Owners of More Than 5%		
Timberland Bank Employee Stock Ownership and 401(k) Plan (2) 624 Simpson Avenue Hoquiam, Washington 98550	849,968	12.1
Dimensional Fund Advisors LP 6300 Bee Cave Road Austin, Texas 78746	589,056 (3)	8.4
Royce & Associates, LLC 745 Fifth Avenue New York, New York 10151	469,200 (4)	6.7
Directors		
Andrea M. Clinton	15,716	*
Larry D. Goldberg	4,500	*
James C. Mason	20,287	*
Jon C. Parker	59,553	*
Ronald A. Robbel	54,701	*
David A. Smith	21,873	*
Michael J. Stoney	5,900	*
Named Executive Officers		
Michael R. Sand (5)	139,577	2.0
Robert A. Drugge	19,810	*
John P. Norawong	19,613	*
All Executive Officers and Directors as a Group (15 persons)	442,836	6.2

*Less than one percent of shares outstanding.

- (1) The amounts shown also include the following number of shares which the indicated individuals have the right to acquire within 60 days of the voting record date through the exercise of stock options: Mr. Robbel, 44,548 shares; and all executive officers and directors as a group, 48,548 shares.
- (2) Represents shares held in the ESOP portion of the ESOP and 401(k) Plan. As of the voting record date, 585,461 shares in the ESOP portion of the plan have been allocated to participants' accounts including 85,826 shares to executive officers which is included in their totals above.
- (3) Based solely on a Schedule 13G/A dated February 11, 2011, regarding shares owned as of December 31, 2010. According to this filing, Dimensional Fund Advisors LP, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940,

furnishes investment advice to four investment companies registered under the Investment Company Act of 1940, and serves as investment manager to certain other commingled group trusts and separate accounts (collectively, the “Funds”). In certain cases, subsidiaries of Dimensional Fund Advisors LP may act as an adviser or sub-adviser to certain Funds. In its role as investment advisor, sub-adviser and/or manager, neither Dimensional Fund Advisors LP or its subsidiaries (collectively, “Dimensional”) possess voting and/or investment power over the shares reported, and may be deemed to be the beneficial owner of the shares held by the Funds. However, the shares reported are owned by the Funds. Dimensional disclaims beneficial ownership of such securities.

- (4) Based solely on a Schedule 13G/A dated January 25, 2011, regarding shares owned as of December 31, 2010. According to this filing, various accounts managed by Royce & Associates, LLC, an investment adviser registered under Section 203 of the Investment Advisors Act of 1940, have the right to receive or the power to direct the receipt of dividends from or the proceeds from the sale of the shares reported. One account, Royce Value Trust, Inc. an investment company registered under the Investment Company Act of 1940 and managed by Royce & Associates, LLC, held all of the shares reported.
- (5) Mr. Sand is also a director of Timberland.

 PROPOSAL 1 – ELECTION OF DIRECTORS

Our Board of Directors currently consists of eight members and is divided into three classes. Approximately one-third of the directors are elected annually to serve for a three-year period or until their respective successors are elected and qualified. The table below sets forth information regarding each director of Timberland and each nominee for director. The Nominating Committee of the Board of Directors selects nominees for election as directors and has nominated for election as directors Andrea M. Clinton and Ronald A. Robbel, each to serve for a three-year term, or until their respective successors have been elected and qualified. Each of our nominees currently serves as a Timberland director, and has consented to being named in this Proxy Statement and has agreed to serve if elected. If a nominee is unable to stand for election, the Board of Directors may either reduce the number of directors to be elected or select a substitute nominee. If a substitute nominee is selected, the proxy holders will vote your shares for the substitute nominee, unless you have withheld authority. At this time, we are not aware of any reason why a nominee might be unable to serve if elected.

The Board of Directors recommends a vote “FOR” the election of Ms. Clinton and Mr. Robbel.

Name	Age as of September 30, 2011	Year First Elected or Appointed Director (1)	Term to Expire
Board Nominees			
Andrea M. Clinton	54	1996	2015 (2)
Ronald A. Robbel	70	2002	2015 (2)
Directors Continuing in Office			
Michael R. Sand	57	1993	2013
David A. Smith	56	2000	2013
Larry D. Goldberg	65	2009	2013
Jon C. Parker	62	1992	2014
James C. Mason	56	1993	2014
Michael J. Stoney	42	2010	2014

- (1) For years prior to 1998, includes prior service on the Board of Directors of Timberland Bank. Each member of our Board of Directors is also a member of the Board of Directors of the Bank.
- (2) Assuming election or re-election.

Set forth below is the principal occupation of each nominee for director and each director continuing in office, as well as a brief description of the experience, qualifications, attributes or skills of each nominee or director that led to the conclusion that the person should serve on Timberland’s Board of Directors. All nominees and directors have held their present positions for at least five years unless otherwise indicated.

Andrea M. Clinton, an interior designer, is the owner of AMC Interiors, Olympia, Washington.

Ronald A. Robbel engaged in public accounting for 38 years, primarily auditing financial institutions, and including 14 years as a partner with Ernst and Young. Since retiring in 2000, Mr. Robbel has continued to be a licensed Certified Public Accountant with annual continuing education focused on the banking industry and related subjects, including SEC matters.

Michael R. Sand has been affiliated with Timberland Bank since 1977 and has served as our President since January 23, 2003. On September 30, 2003, he was appointed as our Chief Executive Officer. Prior to his appointment as President and Chief Executive Officer, Mr. Sand had served as Executive Vice President and Secretary of Timberland Bank since 1993 and as Executive Vice President and Secretary of Timberland since its formation in 1997.

David A. Smith is a pharmacist and the owner of Harbor Drug, Inc., a retail pharmacy located in Hoquiam, Washington.

Larry D. Goldberg is a principal partner in Sherwood Associates LP. Prior to that, Mr. Goldberg spent more than 30 years as a principal partner of Goldberg Furniture Company, retiring in 2001. Mr. Goldberg currently serves as a civilian member of the Washington State Commission on Judicial Conduct.

Jon C. Parker is a member of the law firm of Parker & Winkelman P.S. (formerly Parker, Johnson & Parker P.S.), Hoquiam, Washington, which serves as general counsel to Timberland and Timberland Bank.

James C. Mason is the President and owner of the following companies: Mason Timber Inc., Mason Trucking Inc., Masco Petroleum Inc., Aloha Jet Inc., Mason Aviation, Inc., Trailer Services Inc., Shine Quarry Inc., Mason Properties LLC, Masco Maritime LLC, Grass Island LLC, Masco Oil Warehouse LLC, 110 Commerce Street LLC, 1100 Basich Blvd LLC, 954 Anderson Drive LLC, 2012 Ind Pkwy LLC, 1020 Anderson Dr. LLC, 1104 Basich Blvd LLC, 200 Myrtle LLC and Shelton Renal Care LLC, all of which are headquartered in Western Washington.

Michael J. Stoney is a licensed Certified Public Accountant and a partner in the accounting firm Easter and Stoney P.S.

The following table identifies the experience, qualifications, attributes and skills that led to the conclusion that the person should serve as a director of Timberland.

	Current or Past Owner of a Business Enterprise	CPA or Financial Expert	Attorney	Strong Community Presence or Involvement	Knowledge of Local Real Estate Markets	Current or Past CEO or President
Jon C. Parker	X		X	X	X	X
James C. Mason	X	X		X	X	X
Michael J. Stoney	X	X		X	X	
Andrea M. Clinton	X			X	X	X
Ronald A. Robbel	X	X		X		
Michael R. Sand				X	X	X
David A. Smith	X			X	X	X
Larry D. Goldberg	X	X		X	X	X

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS
AND CORPORATE GOVERNANCE MATTERS

Board of Directors

The Boards of Directors of Timberland and Timberland Bank conduct their business through board and committee meetings. Both Boards generally meet on a monthly basis, holding additional special meetings as needed. During the fiscal year ended September 30, 2011, the Board of Directors of Timberland held 12 meetings and the Board of Directors of the Bank held 12 meetings. No director of Timberland or Timberland Bank attended fewer than 75% of the total meetings of the boards and committees on which such person served during this period.

Committees and Committee Charters

The Board of Directors of Timberland has standing Audit, Nominating, and Strategic Planning and Enterprise Risk Management Committees. The Board has adopted written charters for these Committees, and copies of the Audit and Nominating Committee charters are available on our website at www.timberlandbank.com. You may also obtain copies of the Audit and Nominating Committee charters free of charge by writing to: Dean J. Brydon, Corporate

Secretary, Timberland Bancorp, Inc., 624 Simpson Avenue, Hoquiam, Washington 98550, or by calling (360) 533-4747. Because Timberland does not have its own employees, the Compensation Committee of the Timberland Bank Board of Directors serves as our compensation committee. This Committee has not adopted a written charter.

Audit Committee. The Audit Committee consists of Directors Robbel, Smith, Goldberg and Stoney. The Committee meets at least quarterly and on an as needed basis to evaluate the effectiveness of our internal controls for safeguarding assets and ensuring the integrity of the financial reporting. The Committee also appoints the independent auditor and reviews the audit report prepared by the independent auditor. The Audit Committee met eight times during the year ended September 30, 2011.

Each member of the Audit Committee is “independent” in accordance with the requirements for companies listed on Nasdaq. Directors Robbel and Stoney have been designated by the Board of Directors as the “audit committee financial experts,” as defined by the SEC. Director Robbel and Director Stoney are both licensed Certified Public Accountants.

Nominating Committee. The Nominating Committee consists of all independent directors who do not have terms expiring at the next annual meeting. The Nominating Committee meets annually and on an as needed basis, and is responsible for selecting qualified individuals to fill expiring directors’ terms and openings on the Board of Directors. Final approval of director nominees is determined by the full Board, based on the recommendations of the Nominating Committee. This Committee met once during the year ended September 30, 2011.

Only those nominations made by the Committee or properly presented by shareholders will be voted upon at the annual meeting. In its deliberations for selecting candidates for nominees as director, the Nominating Committee considers the candidate’s knowledge of the banking business and involvement in community, business and civic affairs, and also considers whether the candidate would provide for adequate representation of Timberland Bank’s market area. Any nominee for director made by the Committee must be highly qualified with regard to some or all these attributes. In searching for qualified director candidates to fill vacancies on the Board, the Committee solicits its current Board of Directors for names of potentially qualified candidates. Additionally, the Committee may request that members of the Board of Directors pursue their own business contacts for the names of potentially qualified candidates. The Committee would then consider the potential pool of director candidates, select the candidate it believes best meets the then-current needs of the Board, and conduct a thorough investigation of the proposed candidate’s background to ensure there is no past history that would cause the candidate not to be qualified to serve as one of our directors. Although the Nominating Committee charter does not specifically provide for the consideration of shareholder nominees for directors, the Committee will consider director candidates recommended by a shareholder that are submitted in accordance with our Articles of Incorporation. Because our Articles of Incorporation provide a process for shareholder nominations, the Committee did not believe it was necessary to provide for shareholder nominations of directors in its charter. If a shareholder submits a proposed nominee, the Committee would consider the proposed nominee, along with any other proposed nominees recommended by members of our Board of Directors, in the same manner in which the Committee would evaluate its nominees for director. For a description of the proper procedure for shareholder nominations, see “Shareholder Proposals” in this Proxy Statement.

As noted above, the Nominating Committee considers a number of criteria when selecting new members of the Board. Those criteria as well as professional background, industry expertise and geographic location are considered to provide for diversity on our Board of Directors. These diversity factors are considered when the Nominating Committee and Board are seeking to fill a vacancy or new seat on the Board.

Strategic Planning and Enterprise Risk Management Committee. The Strategic Planning and Enterprise Risk Management Committee consists of all of Timberland’s independent directors, who are Directors Mason, Clinton, Smith, Robbel, Stoney and Goldberg. The Committee meets on an as needed basis to assist the Board in identifying

areas of strategic direction and opportunity, and evaluating and planning enterprise risk management with the overall primary purpose of enhancing shareholder value. The Committee met twice during the year ended September 30, 2011.

Compensation Committee. The Compensation Committee of Timberland Bank administers all policies that govern executive compensation for Timberland and Timberland Bank. Because Timberland has no employees other than

Bank employees who perform services on behalf of Timberland without additional compensation, the Bank's Compensation Committee evaluates individual executive performance, compensation policies and salaries. The Committee consists of Directors Mason, Clinton, Goldberg and Stoney. The Committee meets annually and on an as needed basis and makes recommendations to the full Board of Directors regarding personnel, compensation, benefits and related matters. The Compensation Committee also meets, outside of the presence of Mr. Sand, to discuss his compensation and make its recommendation to the full Board, which then votes on Mr. Sand's compensation. Mr. Sand makes recommendations to the Compensation Committee regarding the compensation of all other executive officers. The Committee considers the recommendations of Mr. Sand and makes its recommendation to the full Board, which then votes on executive compensation. This Committee met four times during the year ended September 30, 2011.

Corporate Governance

We are committed to establishing and maintaining high standards of corporate governance. Our executive officers and Board of Directors have worked together to establish a comprehensive set of corporate governance initiatives that they believe will serve the long-term interests of our shareholders and employees. These initiatives are intended to comply with the provisions contained in the Sarbanes-Oxley Act of 2002, the rules and regulations of the SEC adopted thereunder, and Nasdaq rules. Our Board of Directors will continue to evaluate and improve our corporate governance principles and policies as necessary and as required.

Director Independence. Our common stock is listed on the Nasdaq Global Market. In accordance with Nasdaq requirements, at least a majority of our directors must be independent directors. The Board has determined that six of our eight directors are independent, as defined by Nasdaq. Directors Clinton, Goldberg, Mason, Robbel, Smith and Stoney are all independent. Only Michael R. Sand, who is our President and Chief Executive Officer, and Jon C. Parker, whose firm provides legal counsel to the Bank, are not independent.

Leadership Structure. The positions of Chairman of the Board and of President and Chief Executive Officer are held by two persons, which has been the case since September 2003. The Board believes this structure is appropriate for Timberland because it provides the Board with capable leadership and independence from management. It also allows the President and Chief Executive Officer to focus on the day-to-day business of managing Timberland, while the Chairman leads the Board.

Board Involvement in Risk Oversight. Risk management is the responsibility of management and risk oversight is the responsibility of the Board. The Board administers its risk oversight function through its Strategic Planning and Enterprise Risk Management Committee. The Committee, which is comprised of all independent directors, is responsible for identifying and assessing risks that could result in serious harm to shareholder value. These risks include strategic risk, credit risk, liquidity risk, market risk, operational risk, legal risk and reputation risk. The Committee meets as needed and works with management on developing strategies to appropriately mitigate the identified risks. The Board also manages risk through the division of responsibility within its committee structure, with each board committee being responsible for overseeing risk within its area of responsibility.

Directors keep themselves informed of the activities and condition of Timberland and of the risk environment in which it operates by regularly attending Board and assigned Board committee meetings, and by review of meeting materials, auditors' findings and recommendations, and supervisory communications. Directors stay abreast of general industry trends and any statutory and regulatory developments pertinent to Timberland and the Bank by periodic briefings by senior management, counsel, auditors or other consultants, and by more formal director education.

The Board oversees the conduct of Timberland's business and administers the risk management function by:

Selecting, evaluating, and retaining competent senior management;

-
- Establishing, with senior management, Timberland's long- and short-term business objectives, and adopting operating policies to achieve these objectives in a legal and sound manner;
- Monitoring operations to ensure that they are controlled adequately and are in compliance with laws and policies; and
- Overseeing Timberland's business performance.
-

These responsibilities are governed by a complex framework of federal and state law and regulation as well as regulatory guidelines applicable to the operation of Timberland and the Bank.

The Board ensures that all significant risk-taking activities are covered by written policies that are communicated to appropriate employees. Specific policies cover material credit, market, liquidity, operational, legal and reputation risks. The policies are formulated to further Timberland's business plan in a manner consistent with safe and sound practices. The Board ensures that all such policies are monitored by senior management to make certain that they conform with changes in laws and regulations, economic conditions, and Timberland's and the Bank's circumstances. The policies are implemented by senior management who develop and maintain procedures, including a system of internal controls, designed to foster sound practices, to comply with laws and regulations, and to protect Timberland against external crimes and internal fraud and abuse.

Management regularly provides the Board and its various committees with a significant amount of information regarding a wide variety of matters affecting Timberland. This includes senior management reports to the Board. These reports present information in a form meaningful to members of the Board, who recognize that the level of detail and frequency of individual senior management reports will vary with the nature of risk under consideration and Timberland's and the Bank's unique circumstances. Matters presented to the Board and Board committees generally include information with respect to risk. The Board and Board committees consider the risk aspects of such information and often request additional information with respect to issues that may involve risk to Timberland. The Board and Board committees also raise risk issues on their own initiative.

The Board has established a mechanism for independent third party review and testing of compliance with policies and procedures, applicable laws and regulations, and the accuracy of information provided by senior management. This is accomplished, for example, by an internal auditor reporting directly to the Audit Committee. In addition, an external audit is performed. The Audit Committee reviews the auditors' findings with senior management and monitors senior management's efforts to resolve any identified issues and recommendations. The Audit Committee provides regular reports of its activities to the Board.

The Board also reviews reports of inspection and examination or other supervisory activity, and any other material correspondence received from Timberland's regulators. Findings and recommendations, if any, are carefully reviewed, and progress in addressing such matters is routinely monitored.

Code of Ethics. The Board of Directors has adopted codes of ethics for each of our (1) principal executive officers and senior financial officers, (2) directors and (3) officers and other employees. The codes of ethics require individuals to maintain the highest standards of professional conduct. Our Code of Ethics for Principal Executive Officers and Senior Financial Officers was filed with the SEC as Exhibit 14 to our Annual Report on Form 10-K for the fiscal year ended September 30, 2003 and is available on our website at www.timberlandbank.com.

Shareholder Communication with the Board of Directors. The Board of Directors maintains a process for shareholders to communicate with the Board. Shareholders wishing to communicate with the Board of Directors may do so by mailing a letter marked "Confidential" to the Board of Directors, Timberland Bancorp, Inc., 624 Simpson Avenue, Hoquiam, Washington 98550. Any communication must state the number of shares beneficially owned by the shareholder making the communication.

Annual Meeting Attendance by Directors. We do not have a policy regarding Board member attendance at annual meetings of shareholders. All members of the Board of Directors attended the 2011 annual meeting of shareholders.

Related Party Transactions. We have followed a policy of granting loans to our employees, officers and directors, which fully complies with all applicable federal regulations. Loans to our directors and executive officers are made in

the ordinary course of business and on the same terms and conditions as those of comparable transactions with non-insider employees prevailing at the time, unless the loan or extension of credit is made under a benefit program generally available to all other employees and does not give preference to any insider over any other employee. Under

Timberland Bank's current employee and director loan benefit program, all employees and directors are entitled to the following preferred terms:

- Adjustable rate mortgage for personal residence: interest rate is 1.5% above Timberland Bank's cost of funds (subject to a floor of 5.25% for loans originated after August 1, 2006); no loan fee is charged.
- Fixed rate mortgage for personal residence: interest rate is set at the current Federal Home Loan Mortgage Corporation par rate; no loan fee is charged.
- Consumer loans: normal interest rates apply; no loan fee is charged.
- Personal computer purchases: interest rate is currently 3.0%; no loan fee is charged.
-

The following directors and executive officers had loans in excess of \$120,000 outstanding under the loan benefit program:

Name	Type of Loan	Amount Involved in the Transaction (\$)(1)	Amount Outstanding as of September 30, 2011 (\$)	Principal Paid During the Year Ended September 30, 2011 (\$)	Interest Paid During the Year Ended September 30, 2011 (\$)	Interest Rate (%)
David A. Smith	First Mortgage	401,843	391,124	10,719	16,935	4.25
Robert A. Drugge	First Mortgage	317,349	312,023	5,326	16,534	5.25
Kathie M. Bailey	First Mortgage	136,299	130,946	5,353	5,695	4.25
	Home Equity Line of Credit	49,870	47,378	2,492	2,894	6.00

(1) Consists of the largest aggregate amount of principal outstanding during the year ended September 30, 2011.

Loans to directors and executive officers are made in accordance with the same underwriting guidelines for non-insider customers and do not involve more than the normal risk of collectibility, or present other unfavorable features. Loans to directors and executive officers are approved by the Board of Directors, with the director involved excluded from the vote. Loans and available lines of credit to all directors and executive officers and their associates totaled approximately \$2.67 million at September 30, 2011, which was 3.10% of our equity at that date. All loans to directors and executive officers were performing in accordance with their terms at September 30, 2011.

Director Parker is a member of the law firm of Parker & Winkelman P.S. (formerly Parker, Johnson & Parker, P.S.), which serves as general counsel to Timberland Bank and Timberland. We paid legal fees of \$176,000 to Parker & Winkelman P.S. for services it rendered during the fiscal year ended September 30, 2011, all of which constitutes Director Parker's interest.

DIRECTORS' COMPENSATION

The following table shows the compensation paid to our non-employee directors for the fiscal year ended September 30, 2011. Compensation for Michael R. Sand, who is our President and Chief Executive Officer, is included in the section below entitled "Executive Compensation."

Name	Fees Earned or Paid in Cash (\$)
Andrea M. Clinton	24,900
Larry D. Goldberg	29,200
James C. Mason	27,200
Jon C. Parker	24,100
Ronald A. Robbel	28,900
David A. Smith	28,900
Michael J. Stoney	29,200

For the year ended September 30, 2011, each of the non-employee directors received a retainer of \$1,500 per month, \$500 for each regular Board meeting attended, \$500 for each Audit Committee meeting attended and \$300 for certain other committee meetings attended. In addition, each non-employee director may receive a discretionary stock-based award based on attendance criteria. Although each non-employee director met the attendance criteria for the year ended September 30, 2011, no award was granted.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table shows information regarding compensation earned during the fiscal years ended September 30, 2011 and 2010 by our named executive officers: (1) Michael R. Sand, our principal executive officer; and (2) our two other most highly compensated officers who earned in excess of \$100,000, who are Robert A. Drugge and John P. Norawong. We do not have any non-equity incentive plans or defined benefit plans, nor do we permit deferral of compensation on a basis that is not tax-qualified. The named executive officers did not receive any bonuses or equity awards in the years reported.

Name and Principal Position	Year	Salary (\$)	All Other Compensation (\$)(1)	Total (\$)
Michael R. Sand	2011	210,000	13,218	223,218
President and Chief Executive Officer of Timberland and Timberland Bank	2010	210,000	14,109	224,109
Robert A. Drugge	2011	165,000	8,201	173,201
Executive Vice President and Business Banking Manager of Timberland Bank	2010	165,000	9,467	174,467
John P. Norawong	2011	165,000	8,201	173,201
Executive Vice President and Community Banking Division Manager of Timberland Bank	2010	165,000	7,905	172,905

(1) Please see the table below for more information on the other compensation paid to our named executive officers in the year ended September 30, 2011.

All Other Compensation. The following table sets forth details of "All Other Compensation," as presented above in the Summary Compensation Table for the year ended September 30, 2011.

Name	401(k) Plan Contribution (\$)	ESOP Contribution (\$)	Life Insurance Premiums (\$)	Membership Dues (\$)	Personal Use of Company Vehicle (\$)	Total (\$)
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Michael R. Sand	6,300	3,382	600	2,466	470	13,218
Robert A. Drugge	4,950	2,657	594	--	--	8,201
John P. Norawong	4,950	2,657	594	--	--	8,201

Impact of American Recovery and Reinvestment Act of 2009 on Executive Compensation. Effective December 23, 2008, Timberland completed the sale to the U.S. Department of the Treasury of 16,641 shares of its Fixed Rate Cumulative Perpetual Preferred Stock, Series A, with a related warrant to purchase 370,889 shares of Timberland's common stock. The issuance was the result of the Treasury's approval of Timberland's application to participate in the Treasury's Capital Purchase Program, which was established by Treasury pursuant to the authority granted by the Emergency Economic Stabilization Act of 2008 (the "EESA"). Timberland was required to make certain changes to its executive compensation arrangements as necessary to comply with the provisions of the EESA. Effective February 17, 2009, President Obama signed into law the American Recovery and Reinvestment Act of 2009 ("ARRA"). The ARRA

amends the provisions of the EESA that are applicable to Troubled Asset Relief Program (“TARP”) recipients, such as Timberland. Accordingly, Timberland is now subject to additional limitations on executive compensation, including a provision for recovery of bonus, retention awards, or incentive compensation paid based on earnings, revenue, gains or other criteria later found to be materially inaccurate, a prohibition on making golden parachute payments, a prohibition on paying or accruing any bonus, retention award or incentive compensation (except for certain grants of long-term restricted stock), and providing tax gross-ups. These restrictions and prohibitions apply to various Timberland officers, as discussed in greater detail in the section entitled, “Potential Payments Upon Termination.”

Outstanding Equity Awards

The following information with respect to outstanding stock awards as of September 30, 2011 is presented for the named executive officers. The named executive officers did not have any equity incentive plan awards or option awards outstanding as of September 30, 2011.

Name	Grant Date	Stock Awards (1) Number of Shares or Units of Stock that Have Not Vested (#)	Market Value of Shares or Units of Stock that Have Not Vested (\$)
Michael R. Sand	10/23/07	400	1,616
	10/01/08	600	2,424
Robert A. Drugge	06/26/07	1,200	4,848
	10/23/07	400	1,616
	06/24/08	1,200	4,848
	10/01/08	1,200	4,848
John P. Norawong	06/26/07	1,200	4,848
	10/23/07	400	1,616
	06/24/08	1,200	4,848
	10/01/08	1,200	4,848

(1) Stock awards vest ratably over the five-year period from the grant date, with the first 20% vesting one year after the grant date.

Potential Payments Upon Termination

Our equity plans provide for accelerated vesting of awards in connection with a change in control, or upon death or disability. The following table shows, as of September 30, 2011, the value of potential payments and benefits following a termination of employment under a variety of scenarios. However, as a result of Timberland’s participation in the Treasury’s Capital Purchase Program, it is currently prohibited from making a golden parachute payment to a senior executive officer or any of the next five most highly compensated employees. For purposes of this restriction, a golden parachute payment means any payment for the departure from a TARP recipient for any reason, or any payment due to a change in control of the TARP recipient, except for payments for services performed or benefits accrued. Excluded from the restriction are payments made in the event of an employee’s death or disability. Accordingly, except for payments for services performed or benefits accrued, our named executive officers are not currently eligible to receive any payments upon termination without just cause or in connection with a change

in control pursuant to their employment agreements but they, or their beneficiaries, remain eligible to receive payments upon a termination due to death or disability. The named executive officers are also ineligible to receive the benefit of accelerated vesting of equity awards upon a change in control, as this also constitutes a golden parachute payment. The prohibition against golden parachute payments will be effective for as long as the 16,641 shares of Timberland's Series A Preferred Stock sold to the Treasury remain outstanding.

	Involuntary Termination Following Change in Control (\$)	Death (\$)	Disability (\$)
Michael R. Sand Equity Plans	4,040 (1)	4,040	4,040
Robert A. Drugge Equity Plans	16,160 (1)	16,160	16,160
John P. Norawong Equity Plans	16,160 (1)	16,160	16,160

(1) Payment is prohibited as a result of Timberland's participation in the Treasury's Capital Purchase Program.

Our Management Recognition and Development Plan, 1999 Stock Option Plan and 2003 Stock Option Plan provide for accelerated vesting of awards in certain circumstances. If a change in control occurs prior to the vesting of an award, the vesting date will be accelerated to the effective date of the change in control. As discussed above, acceleration of vesting in connection with a change in control is currently prohibited as a result of Timberland's participation in the Treasury's Capital Purchase Program. However, if an award recipient dies or becomes disabled prior to vesting of his awards, the vesting date will be accelerated upon the occurrence of such event.

PROPOSAL 2 – ADVISORY VOTE ON EXECUTIVE COMPENSATION

On February 17, 2009, President Obama signed the ARRA (American Recovery and Reinvestment Act of 2009) into law. For financial institutions that have received or will receive financial assistance under TARP or related programs, such as Timberland, the ARRA significantly rewrites the original executive compensation and corporate governance provisions of Section 111 of the EESA. Notably, the ARRA requires that TARP recipients permit shareholders to vote to approve executive compensation. This proposal, commonly known as a “say on pay” proposal gives shareholders the opportunity to endorse or not endorse the compensation of our named executive officers. The proposal will be presented at the annual meeting in the form of the following resolution:

RESOLVED, that the shareholders approve the compensation of Timberland Bancorp, Inc.'s named executive officers as disclosed in the compensation tables and related material in the Proxy Statement for the 2012 annual meeting of shareholders.

As provided under the ARRA, this vote will not be binding on our Board of Directors and may not be construed as overruling a decision by the Board. The Compensation Committee and the Board may, however, take into account the outcome of the vote when considering future executive compensation arrangements.

Our executive compensation policies are designed to establish an appropriate relationship between executive pay and the annual and long-term performance of Timberland and Timberland Bank, to reflect the attainment of short- and long-term financial performance goals, to enhance our ability to attract and retain qualified executive officers, and to align to the greatest extent possible the interests of management and shareholders. Our Board of Directors believes

that our compensation policies and procedures achieve these objectives. The Board of Directors unanimously recommends that you vote “FOR” approval of the compensation of our named executive officers.

AUDIT COMMITTEE REPORT

The Audit Committee reports as follows with respect to Timberland’s audited financial statements for the fiscal year ended September 30, 2011:

- The Audit Committee has reviewed and discussed the 2011 audited financial statements with management;
- The Audit Committee has discussed with the independent auditor, Delap LLP, the matters required to be discussed by Statement on Auditing Standards (“SAS”) No. 61, Communication with Audit Committees, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T;
- The Audit Committee has received written disclosures and the letter from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor’s communications with the Audit Committee concerning independence, and has discussed with the independent auditor the independent auditor’s independence; and
- The Audit Committee has, based on its review and discussions with management of the 2011 audited financial statements and discussions with the independent auditor, recommended to the Board of Directors that Timberland’s audited financial statements for the year ended September 30, 2011 be included in its Annual Report on Form 10-K.

The foregoing report is provided by the following directors, who constitute the Audit Committee:

Audit Committee: Ronald A. Robbel, Chairman
David A. Smith
Larry D. Goldberg
Michael J. Stoney

This report shall not be deemed to be incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, and shall not otherwise be deemed filed under such acts.

PROPOSAL 3 – RATIFICATION OF SELECTION OF INDEPENDENT AUDITOR

The Audit Committee operates under a written charter adopted by the Board of Directors. In fulfilling its oversight responsibility of reviewing the services performed by Timberland’s independent auditor, the Committee carefully reviews the policies and procedures for the engagement of the independent auditor. The Audit Committee also discussed with Delap LLP the overall scope and plans for the audit, and the results of its audit. The Committee also reviewed and discussed with Delap LLP the fees paid, as described below.

The Audit Committee of the Board of Directors has selected Delap LLP as our independent auditor for the year ending September 30, 2012 and that selection is being submitted to shareholders for ratification. Although ratification is not required by our Bylaws or otherwise, the Board is submitting the selection of Delap LLP to our shareholders for ratification as a matter of good corporate practice. If the selection is not ratified, the Audit Committee will consider whether it is appropriate to select another registered public accounting firm. Even if the selection is ratified, the Audit Committee in its discretion may select a different registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of Timberland and our shareholders. Delap LLP served as our independent auditor for the year ended September 30, 2011 and a representative of the firm will be present at the annual meeting to respond to appropriate questions and will have an opportunity to make a statement if he or she so desires.

The Board of Directors unanimously recommends that you vote “FOR” the ratification of the appointment of Delap LLP as our independent auditor.

The following table sets forth the aggregate fees billed to Timberland and Timberland Bank by Delap LLP for professional services rendered for the fiscal years ended September 30, 2011 and 2010.

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	Year Ended September 30,	
	2011	2010
Audit Fees (1)	\$220,844	\$217,112
Audit-Related Fees (2)	500	1,850
Tax Fees (3)	13,030	387
All Other Fees	--	--

- (1) Includes fees for the annual audit and quarterly reviews of the consolidated financial statements.
- (2) Consists of fees related to consultations on various accounting matters.
- (3) Consists of fees for the preparation of income tax returns and tax advice.

The Audit Committee pre-approves all audit and permissible non-audit services to be provided by the independent auditor and the estimated fees for these services in connection with its annual review of its charter. Pre-approval may be granted by action of the full Audit Committee or by delegated authority to one or more members of the Audit Committee. If this authority is delegated, all approved non-audit services will be presented to the Audit Committee at its next meeting. In considering non-audit services, the Audit Committee or its delegate will consider various factors, including but not limited to, whether it would be beneficial to have the service provided by the independent auditor and whether the service could compromise the independence of the independent auditor. All of the services provided by Delap LLP described above were approved by the Audit Committee.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act requires our directors and executive officers, and persons who own more than 10% of Timberland's common stock to report their initial ownership of the common stock and any subsequent changes in that ownership to the SEC. Directors, executive officers and greater than 10% shareholders are required by regulation to furnish us with copies of all Section 16(a) forms they file. The SEC has established filing deadlines for these reports and we are required to disclose in this Proxy Statement any late filings or failures to file. Based solely on our review of the copies of such forms we have received and written representations provided to us by the above referenced persons, we believe that, during the fiscal year ended September 30, 2011, all filing requirements applicable to our reporting officers, directors and greater than 10% shareholders were properly and timely complied with.

MISCELLANEOUS

The Board of Directors is not aware of any business to come before the annual meeting other than those matters described in this Proxy Statement. However, if any other matters should properly come before the meeting, it is intended that proxies in the accompanying form will be voted in respect thereof in accordance with the judgment of the person or persons voting the proxies.

We will pay the cost of soliciting proxies. In addition to this mailing, our directors, officers and employees may also solicit proxies personally, electronically or by telephone without additional compensation. We will also reimburse brokers and other nominees for their expenses in sending these materials to you and obtaining your voting instructions.

Our annual report to shareholders, including financial statements, will be mailed on or about December 19, 2011 to all shareholders of record as of the close of business on the record date. Any shareholder who has not received a copy of the annual report may obtain a copy by writing to the Corporate Secretary, Timberland Bancorp, Inc., 624 Simpson Avenue, Hoquiam, Washington 98550. The annual report is not to be treated as part of the proxy solicitation material or as having been incorporated herein by reference. In addition, a copy our Annual Report on Form 10-K for the fiscal year ended September 30, 2011 is available to each record and beneficial owner of Timberland's common stock without charge upon written request to the Corporate Secretary at the address given above.

SHAREHOLDER PROPOSALS

Proposals of shareholders intended to be presented at next year's annual of shareholders must be received at the executive office at 624 Simpson Avenue, Hoquiam, Washington 98550, no later than August 21, 2012. Any such proposals shall be subject to the requirements of the proxy rules adopted under the Securities Exchange Act, and as with any shareholder proposal (regardless of whether included in our proxy materials), our Articles of Incorporation and Bylaws.

Our Articles of Incorporation provide that in order for a shareholder to make nominations for the election of directors or proposals for business to be brought before a meeting, a shareholder must deliver notice of such nominations and/or proposals to the Corporate Secretary not less than 30 nor more than 60 days prior to the date of the meeting; provided that if less than 31 days' notice of the meeting is given to shareholders, such written notice must be delivered not later than the close of the tenth day following the day on which notice of the meeting was mailed to shareholders. We anticipate that, in order to be timely, shareholder nominations or proposals intended to be made at the annual meeting must be made by December 24, 2011. As specified in the Articles of Incorporation, the notice with respect to nominations for election of directors must set forth certain information regarding each nominee for election as a director, including the person's name, age, business address and number of shares of common stock held, a written consent to being named in the Proxy Statement as a nominee and to serving as a director, if elected, and certain other information regarding the shareholder giving such notice. The notice with respect to business proposals to be brought before the annual meeting must state the shareholder's name, address and number of shares of common stock held, a brief discussion of the business to be brought before the annual meeting, the reasons for conducting such business at the meeting, and any interest of the shareholder in the proposal.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Dean J. Brydon

DEAN J. BRYDON
CORPORATE SECRETARY

Hoquiam, Washington
December 19, 2011

REVOCABLE PROXY
TIMBERLAND BANCORP, INC.

ANNUAL MEETING OF SHAREHOLDERS
January 24, 2012

The undersigned hereby appoints the official Proxy Committee of the Board of Directors of Timberland Bancorp, Inc. (“Timberland”) with full powers of substitution, as attorneys and proxies for the undersigned, to vote all shares of common stock of Timberland which the undersigned is entitled to vote at the annual meeting of shareholders, to be held at the Hoquiam Timberland Library, located at 420 7th Street, Hoquiam, Washington, on Tuesday, January 24, 2012, at 1:00 p.m., local time, and at any and all adjournments thereof, as indicated.

	FOR	WITHHELD
1. The election as director of the nominees listed below (except as marked to the contrary below).	[]	[]
Andrea M. Clinton Ronald A. Robbel		

INSTRUCTIONS: To withhold your vote for any individual nominee, write the nominee’s name on the line below.

	FOR	AGAINST	ABSTAIN
2. Advisory approval of the compensation of Timberland Bancorp, Inc.’s named executive officers.	[]	[]	[]
3. The ratification of the Audit Committee’s selection of Delap LLP as the independent auditor for the year ending September 30, 2012.	[]	[]	[]
4. In their discretion, upon such other matters as may properly come before the meeting.			

The Board of Directors recommends a vote “FOR” the listed propositions.

This proxy will be voted as directed, but if no instructions are specified, this proxy will be voted for the proposition stated. If any other business is presented at the annual meeting, this proxy will be voted by those named in this proxy in their best judgment. At the present time, the Board of Directors knows of no other business to be presented at the meeting.

THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS

Should the undersigned be present and elect to vote at the annual meeting or at any adjournment thereof and after notification to the Corporate Secretary of Timberland at the meeting of the shareholder's decision to terminate this proxy, then the power of said attorneys and proxies shall be deemed terminated and of no further force and effect.

The undersigned acknowledges receipt from Timberland prior to the execution of this proxy of the Notice of Annual Meeting of Shareholders, a Proxy Statement for the annual meeting of shareholders, and the 2011 Annual Report to Shareholders.

Dated: _____

PRINT NAME OF SHAREHOLDER

PRINT NAME OF SHAREHOLDER

SIGNATURE OF SHAREHOLDER

SIGNATURE OF SHAREHOLDER

Please sign exactly as your name appears on this proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Please complete, date, sign and mail this proxy promptly in the enclosed postage-paid envelope.

es New Roman" style="font-size:10.0pt;">6.3

Payments Subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8 (Taxation). No commission or expenses shall be charged to the Registered Holders in respect of such payments.

6.4 Appointment of Agents

The Registrar and (if appointed) the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Registered Holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Registrar or (if appointed) the Calculation Agent, provided that the Issuer shall at all times maintain (i) a Registrar, (ii) one or more Calculation Agent(s) where the Conditions so require, and (iii) such other agents as may be required by the rules of any stock exchange, listing authority and/or quotation system on which the Securities may be admitted to listing, trading and/or quotation. Notice of any change to the specified office of the Registrar or the Calculation Agent shall promptly be given to the Registered Holders in accordance with Condition 14 (Notices).

7 **TRANSFER**

7.1 Transfer

(i) Unless Securities are lodged in the Austraclear System, and subject to Condition 7.2, all applications to transfer Securities must be made by lodging with the Registrar a properly completed transfer and acceptance form in the form approved by the Issuer and the Registrar. Any Certificate relating to the Securities to be transferred must also be

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surrendered to the Registrar. Transfer and acceptance forms are available from any Registry Office. Each Registry Office will provide prompt marking and transfer services. Each transfer form must be 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 Security, and be signed by both the transferor and the transferee. The transfer takes effect upon the transferee's name being entered on the Register.

(ii) Securities lodged in the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

7.2 Limit on Transfer

(i) Securities may only be transferred within, to or from Australia in the denominations specified in the Pricing Supplement and if the consideration payable at the time of transfer is a minimum amount of A\$500,000 (in either case, disregarding moneys lent by the transferor or its associates) or the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 and Part 7 of the Corporations Act.

(ii) Securities may only be transferred between persons in a jurisdiction or jurisdictions other than Australia if the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place and the transfer of the Securities otherwise does not require disclosure to investors in accordance with the laws of the jurisdiction in which the transfer takes place.

7.3 Partial Transfers

Where a transferor executes a transfer of less than all Securities registered in its name, and the identity of the specific Securities to be transferred are not identified, the Registrar may register the transfer in respect of such of the Securities registered in the name of the transferor as the Registrar thinks fit, provided the total Nominal Amount of the Securities registered as having been transferred equals the total Nominal Amount of the Securities expressed to be transferred in the transfer.

7.4 Closed Period

A transfer of a Security shall not be effective unless and until entered on the Register. The Register will be closed for the purpose of determining entitlements to payments of interest and repayments of any Nominal Amount at 5:00 pm local Registry Office time on the Record Date prior to the relevant Interest Payment Date, the relevant Maturity Date and any relevant redemption date. Therefore, transfers must be received by the Registrar at the relevant Registry Office prior to that time.

7.5 Stamp Duty

The Registered Holder is responsible for any stamp duties or other similar taxes which are payable in any jurisdiction in connection with any transfer, assignment or other dealing with the Securities.

7.6 Transmission

The Registrar must register a transfer of a Security to or by a person who is entitled to make or receive the transfer in consequence of:

- (i) death, bankruptcy, liquidation or winding up of a Registered Holder; or
- (ii) the making of a vesting order by a court or other body with power to make the order,

on receiving the evidence of entitlement that the Registrar or the Issuer requires.

7.7 Austraclear Services Limited as Registrar

If Austraclear Services Limited is the Registrar and Securities are lodged in the Austraclear System, despite any other provision of those Conditions, these Securities are not transferable on the Register, and the Issuer may not, and must procure that the Registrar does not, register any transfer of those Securities issued by it and no member of the Austraclear System has the right to request any registration of any transfer of the relevant Securities, except:

- (i) for the purposes of any repurchase, redemption or cancellation (whether on or before the Maturity Date of the relevant Security) of the relevant Security, a transfer of the relevant Security from Austraclear to the Issuer may be entered in the Register; and
- (ii) if Austraclear exercises or purports to exercise any power it may have under the Austraclear Regulations from time to time for the Austraclear System or these Conditions, to require the relevant Security to be transferred on the Register to a member of the Austraclear System, the relevant Security may be transferred on the Register from Austraclear to the member of the Austraclear System.

In any of these cases, the relevant Security will cease to be held in the Austraclear System.

8. TAXATION

Subject as provided below, all payments of principal and interest in respect of the Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Commonwealth of Australia or by any authority therein or thereof having power to tax (together **Taxes**), unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts to the Registered Holders as shall result in receipt by those Registered Holders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Security:

- (i) in respect of which the Registered Holder thereof is liable to such Taxes, duties, assessments or governmental charges in respect of such Security by reason of its having some connection with the Commonwealth of Australia, other than the mere holding of such Security or the receipt of the relevant payment in respect thereof; or
- (ii) in respect of which the Registered Holder thereof is an Offshore Associate of the Issuer (acting other than in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act); or
- (iii) in respect of which the Taxes have been imposed or levied as a result of the Registered Holder of such Security being party to or participating in a scheme to avoid such Taxes, being a scheme which the Issuer was neither a party to nor participated in; or
- (iv) to, or to a third party on behalf of, an Australian resident Registered Holder or a non-resident Registered Holder who is engaged in carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if that person has not supplied an appropriate tax file number, Australian business number or other exemption details.

References in these Conditions to (i) **principal** shall be deemed to include any premium payable in respect of the Securities, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 (Redemption, Purchase and Options), or any amendment or supplement to it, (ii) **interest** shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 (Interest and other Calculations), or any amendment or supplement to it and (iii) **principal** and/or **interest**

shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or substitution for it under the Deed Poll. Any additional amounts due in respect of the Subordinated Notes will be subordinated in right of payment as described in Condition 3.3 (Status Subordinated Notes), Condition 4.10 (Condition of Payment Subordinated Notes) and Condition 11 (Subordination).

If the Issuer is or becomes subject at any time to any taxing jurisdiction other than or in addition to the Commonwealth of Australia, references in Condition 5.2 and Condition 8 shall be read and construed as including references to such other taxing jurisdiction(s).

9. PRESCRIPTION

Claims against the Issuer for payment in respect of the Securities shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. EVENTS OF DEFAULT

10.1 Medium Term Notes

If any one of the following events (**Events of Default**) occurs and is continuing, the Registered Holder of any Medium Term Note of any Series may give written notice to the Registrar at its Registry Office that such Medium Term Note is immediately repayable, whereupon it shall immediately become due and repayable at its Early Redemption Amount together with accrued interest to the date of payment unless, prior to the date that such written notice is received by the Registrar, the Issuer shall have cured or otherwise made good all Events of Default in respect of the Medium Term Notes of such Series:

(i) default is made in the payment of any principal or Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Instalment Amount or Amortised Face Amount (in the case of a Zero Coupon Security) (whether becoming due upon redemption or otherwise) or interest when due, in respect of any Medium Term Note of such Series, and such default continues for a period of seven days; or

(ii) the Issuer fails to perform or observe any of its obligations under any Medium Term Note of such Series other than those specified in paragraph (i) above and in such case (except where such failure is incapable of remedy) such failure continues for a period of 30 days next following the service by any Registered Holder of any Medium Term Note of such Series on the Issuer of written notice requiring the same to be remedied; or

(iii) the maturity of any indebtedness for borrowed money of the Issuer amounting in aggregate to U.S.\$10,000,000 principal amount (not being moneys borrowed in the ordinary course of banking business) shall have been accelerated by or on behalf of the holder of such indebtedness in accordance with the terms thereof or any agreement relating thereto or any such indebtedness shall not have been paid when due on maturity and such default shall not have been cured within the grace period, if any, originally applicable thereto or default shall be made by the Issuer in honouring when called upon any guarantee or indemnity given by the Issuer in respect of any such indebtedness of others and such default shall not have been cured within the grace period, if any, originally applicable thereto; and such acceleration or default, as the case may be, is not being contested in good faith by the Issuer and is not cured or otherwise made good within seven days after the date upon which written notice of such default shall have been given to the Issuer by or on behalf of the Registered Holder of any Medium Term Note of such Series, provided that the failure by the Issuer duly to make payment under any leveraged lease facility or similar financial transaction in consequence of the relevant lessee failing to place the Issuer in funds shall not of itself constitute a breach of this paragraph (iii). For this purpose **leveraged lease facility** means financial arrangements involving ownership of assets by a lessor, lessor partnership or other entity (an **owner**) which is leased or made available to the

lessee or user, the acquisition of which shall have been made with the assistance of a loan or loans on security which will include the property or funds accruing to the owner in respect of such property under the terms of the lease or agreement by which the assets are made available to the lessee or user or on security which includes both such property and such funds; or

(iv) otherwise than for the purpose of an amalgamation or reconstruction or merger within the meaning of these words under the laws of the Commonwealth of Australia, a resolution is passed that the Issuer be wound up or dissolved; or

(v) the Issuer stops payment (within the meaning of Australian or any other applicable bankruptcy law) of its obligations; or

(vi) an encumbrancer takes possession of or a receiver is appointed of the whole or a substantial part of the undertaking and assets of the Issuer and any such event is continuing for 45 days after its occurrence and would materially prejudice the performance by the Issuer of its obligations under the Medium Term Notes of such Series or a distress or execution is levied or enforced upon or sued out against the whole or a substantial part of the undertaking and assets of the Issuer which would materially prejudice the performance of the Issuer of its obligations under the Medium Term Notes of such Series and is not discharged within 60 days thereof; or

(vii) proceedings shall have been initiated against the Issuer under any applicable bankruptcy, reorganisation or other similar law and such proceedings shall not have been discharged or stayed within a period of 60 days; or

(viii) the Issuer shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, insolvency, composition or other similar law (otherwise than for the purpose of amalgamation, reconstruction or merger (within the meaning of those words under the laws of the Commonwealth of Australia)) and such proceedings would materially prejudice the performance by the Issuer of its obligations under the Medium Term Notes of such Series.

10.2 Subordinated Notes

The following are Events of Default with respect to Subordinated Notes:

(i) (a) the making of an order by a court of the State of Victoria, Commonwealth of Australia or a court with appellate jurisdiction from such court which is not successfully appealed or permanently stayed within 60 days of the entry of such order; or

(b) the valid adoption by the Issuer's shareholders of an effective resolution,

in each case for the winding up of the Issuer (other than under or in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency); and

(ii) Subject to Condition 4.10:

(a) default in the payment of interest on any Subordinated Note when due, continued for 30 days; or

(b) default in the payment of principal of, or any premium on, any Subordinated Note when due.

Upon the occurrence of an Event of Default specified in paragraph (i) above, subject to the subordination provisions, the principal amount of, and all accrued and unpaid interest on, the Subordinated Notes will automatically become due and payable.

If an Event of Default contemplated by paragraph (ii) above with respect to any Subordinated Notes occurs and is continuing, a Subordinated Noteholder may only, in order to enforce the obligations of the Issuer under such Subordinated Notes:

(A) notwithstanding the provisions of paragraph (B) below, institute proceedings in the State of Victoria, Commonwealth of Australia (but not elsewhere) for the winding up of the Issuer (all subject to, and in accordance with, the terms of Condition 11 (*Subordination*)); or

(B) institute proceedings for recovery of the money then due, provided that the Issuer will not, by virtue of the institution of any such proceedings (other than proceedings for the winding up of the Issuer) be obliged to pay any sums representing principal or interest in respect of the Subordinated Notes sooner than the same would otherwise have been payable by it and provided that the Issuer is Solvent at the time of, and will be Solvent immediately after, any such payment.

No remedy against the Issuer other than those referred to in this Condition 10.2, shall be available to the Subordinated Noteholders, whether for the recovery of amounts owing in respect of the Subordinated Notes or in respect of any breach by the issuer of any of its other obligations under or in respect of the Subordinated Notes.

10.3 Notification

If an Event of Default occurs under Conditions 10.1 or 10.2 above, the Issuer will promptly after becoming aware of it notify the Registrar of the occurrence of the Event of Default specifying details of it and use its reasonable endeavours to procure that the Registrar promptly notifies the Registered Holders of the occurrence of the Event of Default by registered post to the address of the Registered Holders recorded in the Register.

11. SUBORDINATION

In the event of the winding up of the Issuer constituting an Event of Default with respect to the Subordinated Notes, there shall be payable with respect to the Subordinated Notes, subject to the subordination provisions discussed above (see Condition 3.3 (Status Subordinated Notes) and Condition 4.10 (Condition of Payment Subordinated Notes), an amount equal to the principal amount of the Subordinated Notes then outstanding, together with all accrued and unpaid interest thereon to the repayment date.

As a result of the subordination provisions, no amount will be payable in the winding up of the Issuer in Australia in respect of the Subordinated Notes until all claims of Unsubordinated Creditors admitted in the winding up have been satisfied in full. By subscription for, or transfer of, Subordinated Notes to a Subordinated Noteholder, that Subordinated Noteholder will be taken to have agreed that no amount in respect of the Subordinated Notes will be repaid until all the claims of the Unsubordinated Creditors admitted in the winding up have been satisfied accordingly. Accordingly, if proceedings with respect to the winding up of the Issuer in Australia were to occur, the Subordinated Noteholders could recover less relative to the holders of deposit liabilities, the holders of Medium Term Notes and the holders of prior ranking subordinated liabilities of the Issuer. For the avoidance of doubt, the Subordinated Notes do not constitute deposit liabilities of the Issuer.

If in any such winding up, the amount payable with respect to the Subordinated Notes and any claims ranking equally with the Subordinated Notes cannot be paid in full, the Subordinated Notes and other claims ranking equally with the Subordinated Notes will share relatively in any distribution of the Issuer's assets in a winding up in proportion to the respective amounts to which they are entitled.

In addition, because the Issuer is a holding company as well as an operating company, the rights of the Issuer, its creditors and of the Subordinated Noteholders to participate in the assets of any of the Issuer's subsidiaries upon the liquidation of such subsidiary will be subject

to the prior claims of the subsidiary's creditors, except to the extent that the Issuer itself may be a creditor with recognised claims against that subsidiary.

12. MEETING OF REGISTERED HOLDERS, MODIFICATIONS AND WAIVER

12.1 Meetings of Registered Holders

Meetings of Registered Holders may be convened in accordance with the Meeting Provisions contained in Schedule 2 to the Deed Poll. Any such meeting may consider any matters affecting the interests of Registered Holders, including, without limitation, the variation of the terms of the Securities by the Issuer and the granting of approvals, consents and waivers, and the declaration of an Event of Default.

12.2 Modification of the Deed Poll

The Deed Poll may be amended by the Issuer, without the consent of any Registered Holder for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein which does not, in the reasonable opinion of the Issuer, adversely affect the interests of the Registered Holders. All other amendments to the Deed Poll must be passed at a duly convened meeting of Registered Holders by an Extraordinary Resolution. The Issuer will notify the Registrar of any amendments made pursuant to this Condition and will use its reasonable endeavours to procure that the Registrar notifies the Registered Holders of the amendment by post to the address of the Registered Holders recorded in the Register.

13. FURTHER ISSUES OF SECURITIES

The Issuer may from time to time without the consent of the Registered Holders create and issue further securities either having the same terms and conditions as the Securities in all respects (or in all respects except for the Issue Date or first payment of interest on them) and so that such further issue of securities shall be consolidated and form a single Series with the outstanding Securities of any Series or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single Series with the Securities.

14. NOTICES

14.1 To Registered Holders

All notices by the Issuer to Registered Holders will be valid if posted by ordinary mail to the relevant Registered Holder at its address appearing on the Register (or in the case of joint Registered Holders to the first named).

Any such notice shall be deemed to have been given on the third Business Day after posting if posted to an address in Australia and on the seventh Business Day if posted to an address outside of Australia.

14.2 To the Issuer and Registrar

All notices by a Registered Holder to the Issuer and Registrar will be valid if posted by ordinary mail to the Issuer and the Registrar at their addresses specified above. Unless a later time is specified in it, a notice takes effect from the time it is received by the Issuer or Registrar except that if it is received after 5.00pm in the place of receipt or not on a Business Day, it is to be taken to be received at 9.00am on the next succeeding Business Day in that place.

15. GOVERNING LAW

The Securities are governed by the laws in force in the State of Victoria and the Commonwealth of Australia.

USE OF PROCEEDS

The net proceeds from the issue of any Notes or Transferable Certificates of Deposit will be used by the Issuer for its general corporate purposes.

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SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in each relevant subscription agreement (each a **Subscription Agreement**) entered into between the Issuer and the relevant Dealers, the Securities will be offered from time to time by the Issuer to the Dealers. However, the Issuer has reserved the right to sell Securities directly on its own behalf to other intermediaries and purchasers procured by it.

The Issuer agrees to indemnify the Dealer(s) against certain liabilities in connection with the offer and sale of the Securities. Each Subscription Agreement entitles the relevant Dealers to terminate any agreement that they may make to subscribe for Securities in certain circumstances prior to payment for such Securities being made to the Issuer. In the event of any inconsistency between the provisions of the relevant Subscription Agreement and the Information Memorandum or the Conditions then the provisions of the relevant Subscription Agreement shall apply.

The Issuer may pay each relevant Dealer a commission as agreed between the Issuer and that Dealer in respect of a Tranche of Securities, which commission may be deducted from the net proceeds payable to the Issuer on the closing of that Series. The Issuer may agree to reimburse the relevant Dealers for certain of their activities in connection with the issue of a Tranche of Securities.

Australia

No prospectus or other disclosure document in relation to the Programme or the Securities has been lodged with the Australian Securities and Investments Commission (**ASIC**) or the Australian Securities Exchange. Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that, unless the relevant Pricing Supplement otherwise provides, it:

- (i) has not made or invited, and will not make or invite, an offer of the Securities for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (ii) has not distributed or published, and will not distribute or publish, the Information Memorandum or any other offering material or advertisement relating to the Securities in Australia,

unless:

- (a) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 and Part 7 of the Corporations Act; and
- (b) such action complies with all applicable laws and regulations.

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it will not sell any Securities issued by the Issuer in circumstances where employees of the Dealer aware of, or involved in, the sale know, or have reasonable grounds to suspect, that the Security or an interest in or right in respect of the Security, was being or would later be, acquired either directly or indirectly by an Offshore Associate of the Issuer acting other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Securities or a clearing house, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act.

Offshore Associate means an associate (as defined in section 128F of the Income Tax Assessment Act 1936 (Cth) of Australia and any successor legislation) of the Issuer that is either a non-resident of the Commonwealth of Australia which does not acquire the Securities in carrying on a business at or through a permanent establishment in Australia or, alternatively, a resident of Australia that acquires the Securities in carrying on business at or through a permanent establishment outside of Australia.

Hong Kong

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that:

(i) it has not offered or sold and will not offer or sell the Securities in the Hong Kong Special Administrative Region of the Peoples Republic of China (**Hong Kong**), by any document, except (i) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) 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, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

The Securities have not been and will not be registered under the Securities and Exchange Law of Japan (the *Securities and Exchange Law*). Accordingly, each of the Dealers represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not directly or indirectly, offer or sell any Securities 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 under circumstances which will result in compliance with the Securities and Exchange Law 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.

New Zealand

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered and will not directly or indirectly offer, sell or deliver any Security, and it will not distribute any offering memorandum or advertisement in relation to any offer of Securities in New Zealand, unless the minimum subscription price payable for Securities is at least NZ\$500,000 (disregarding any amount lent by the offeror, the Issuer or any associated person of the offeror or the Issuer) and the minimum holding of Securities is at least NZ\$500,000, or that offer, sale or delivery is in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand.

United Kingdom

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Securities in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

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

United States of America

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the *Securities Act*) and may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, U.S. persons. Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it has offered and sold, and will offer and sell, Securities as part of its distribution or otherwise at any time only outside the United States and its possessions to non-U.S. persons in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that neither it, nor any of its affiliates nor any person acting on its behalf has engaged or will engage in any directed selling efforts with respect to the Securities, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act. Each Dealer also agrees and each further Dealer appointed under the Programme will be required to agree that, at or prior to confirmation of sale of Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it a confirmation or notice to substantially the following effect:

The Securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the *Securities Act*) and may not be offered or sold within the United States or its possessions or to, or for the account or benefit of, U.S. persons as part of their distribution or otherwise at any time. Terms used above have the meanings given to them in Regulation S under the Securities Act.

Terms used in this sub-section headed United States of America have the meaning given to them by Regulation S under the Securities Act.

Each issuance of index-, commodity- or currency-linked Securities may be subject to such additional U.S. selling restrictions as the relevant Dealer may agree with the Issuer as a term of the issuance, and purchase or, as the case may be, subscription of such Securities. Each Dealer agrees and each further Dealer appointed under the Programme will be required agree that it shall offer, sell and deliver such Securities only in compliance with such additional U.S. selling restrictions.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Securities 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 Securities to the public in that Relevant Member State:

(i) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Securities 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;

(ii) 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;

(iii) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR

43,000,000 and (3) an annual turnover of more than EUR 50,000,000, all as shown in its last annual or consolidated accounts; or

(iv) 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 provision, the expression **offer of Securities to the public** in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, 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

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the Securities to which it relates or in a supplement to this Information Memorandum.

No action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of the Information Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer agrees and each further Dealer appointed under the Programme will be required to agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes the Information Memorandum, any other offering material or any Pricing Supplement in each case at its expense and none of the Issuer nor any other Dealer shall have responsibility thereafter.

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

The form of Pricing Supplement that will be issued in respect of each Tranche of Securities, subject only to the possible deletion of non-applicable provisions, is set out below:

PRICING SUPPLEMENT

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
(Australian Business Number 11 005 357 522)
(Incorporated with limited liability in Australia)

Australian Dollar

Debt Issuance Programme

Series No: []

Tranche No: []

[Brief Description and Aggregate Nominal Amount of the Medium Term Notes/Subordinated Notes/Transferable Certificates of Deposit]

Issue Price: [] per cent.

[Name(s) of Dealers(s)]

The date of this Pricing Supplement is []

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This document constitutes the Pricing Supplement relating to the issue of Securities described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 26 February 2007. This Pricing Supplement contain the final terms of the Securities and must be read in conjunction with the Information Memorandum, as supplemented as at the Issue Date.

The following alternative language applies if the first Tranche of an issue of Securities which is being increased was issued under an Information Memorandum with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Information Memorandum dated [*original date*]. This Pricing Supplement contains the final terms of the Securities and must be read in conjunction with the Information Memorandum dated 26 February 2007 [and the supplemental Information Memorandum dated []] (the **Information Memorandum**), save in respect of the Conditions which are extracted from the Information Memorandum dated [*original date*] and are attached hereto.]

Include whichever of the following apply or specify items as Not Applicable or N/A . Note that the numbering should remain as set out below, even if Not Applicable is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.

- | | | |
|----------|--|--|
| 1 | Issuer: | Australia and New Zealand Banking Group Limited |
| 2 | (i) Series Number: | [] |
| | (ii) Tranche Number: | [] |
| | <i>(if fungible with an existing Series, include details of that Series, including the date on which the Securities become fungible)</i> | |
| 3 | Specified Currency: | Australian Dollars |
| 4 | Aggregate Nominal Amount: | |
| | (i) Tranche: | [] |
| | (ii) Series: | [] |
| 5 | (i) Issue Price: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [<i>insert date</i>] (<i>in te case of fungible Securities only, if applicable</i>)] |
| | (ii) Net proceeds: | [] |
| 6 | Specified Denomination(s): | [] |
| 7 | (i) Issue Date: | [] |
| | (ii) Interest Commencement Date: | [Issue Date/Other (<i>specify</i>)] |
| 8 | Maturity Date: | [] [<i>specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year</i>] |
| 9 | Interest Basis: | [[] per cent. Fixed Rate] |
| | | [[<i>specify reference rate</i>] +/- • per cent. Floating Rate] |

[Zero Coupon]

[Index Linked Interest]

[Other (*specify*)]

(Further particulars specified below)

10 Redemption/Payment Basis:

[Redemption at Par]

[Index Linked Redemption]

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[Dual Currency]

[Instalment]

[Other (*specify*)]

- 11** Change of Interest or Redemption/Payment Basis: [Not Applicable/ [] (*Specify details of any provision for convertibility of Securities into another interest or redemption/payment basis*)] [(Further particulars specified below)]
- 12** Put/Call Options: [Not Applicable]
[Investor Put Option]
[Issuer Call Option]
[(Further particulars specified below)]
- 13** Status of the Securities: [Transferable Certificates of Deposit] [Medium Term Notes] [Subordinated Notes]
- 14** Listing: [Australian Securities Exchange/(*specify*)/None]
- 15** Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16** Fixed Rate Security Provisions [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [] per cent. Per annum [payable [annually/semi-annually/quarterly/monthly] in arrears]
- (ii) Interest Payment Date(s): [] in each year [commencing on [] up to and including the Maturity Date]
- (iii) Fixed Coupon Amount[(s)]: [[] per [] in Specified Denomination/Not Applicable]
- (iv) Broken Amount(s): [Not Applicable/ [] (*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date for which it is payable*)]
- (v) Business day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day

Convention/other *(give details)*]

(vi) Day Count Fraction: [Actual/Actual (ICMA)] [30/360] [RBA Bond Basis] [Other *(specify)*]

(vii) Other terms relating to the method of calculating interest for Fixed Rate Securities: [Not Applicable/[] *(give details)*]

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Floating Rate Security Provisions [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

(i) (a) Interest Period(s): [[] *(Specify either a period or periods or a specific date or dates)*/Not Applicable *(if no different to Condition 1.1)*]

(b) Interest Payment Dates: [[]/Not Applicable]

(c) Interest Period Date if not an Interest Payment Date: [[]/Not Applicable]

(ii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]

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- (iii) Manner in which the Rate(s) of Interest is/are to [Screen Rate Determination/other (*give details*)] be determined:
- (iv) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s): []
- (v) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: []
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
 - Relevant Time: []
 - Relevant Financial Centre: []
 - Reference Banks: []
- (vi) Margin(s): [+/-] [] per cent. per annum
- (vii) Minimum Rate of Interest: [[] per cent. per annum/Not Applicable]
- (viii) Maximum Rate of Interest: [[] per cent. per annum/Not Applicable]
- (ix) Rate Multiplier [[]/Not Applicable]
- (x) Day Count Fraction: [Actual/360][Actual/365][Actual/365 (fixed)][other (*specify*)]
- (xi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Securities, if different from those set out in the Conditions: [(specify) (*Also, review and confirm additional defined terms in Condition 5 (Interest and Other Calculations): Interest Accrual Period etc*)]
- 18** Zero Coupon Security Provisions [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Amortisation Yield: [[] per cent. per annum/Not applicable]
- (ii) Day Count Fraction: []
- [(iii)] [Any other relevant provisions and/or other formula/basis for determining the amount payable or the Amortised Face Amount (*if other than as specified in Condition 4.3*):] []
- 19** Index-Linked Interest Security Provisions

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Rate(s) of interest: []
- (iii) Provisions for determining the Rate of Interest where calculation by reference to Index and/or Formula: []
- (iv) Interest Determination Date(s): []
- (v) Provisions for determining the Rate of Interest where calculation by reference to Index and/or Formula is impossible or []

impracticable or otherwise disrupted:

- (vi) (a) Interest Period(s): [](Specify either a period or periods or a specific date or dates)/Not Applicable (if no different to Condition 1.1)]
- (b) Interest Payment Dates: []/Not Applicable]
- (c) Interest Period Date if not an Interest Payment Date: []/Not Applicable]
- (vii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (viii) Minimum Rate of Interest: [] per cent. per annum/Not Applicable]
- (ix) Maximum Rate of Interest: [] per cent. per annum/Not Applicable]
- (x) Day Count Fraction: []
- (xi) [Margin/Rate Multiplier]: [+/-] [] per cent. per annum

PROVISIONS RELATING TO REDEMPTION

- 21 Call Option [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Option Exercise Date(s) (if other than set out in the Conditions): []
- (ii) Optional Redemption Date(s): []
- (iii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per Security of [] Specified Denomination/Redemption at Par/Other (specify)]
- (iv) If redeemable in part: []/Not Applicable]
- (a) Minimum Redemption Amount: []/Not Applicable]
- (b) Maximum Redemption Amount: []/Not Applicable]
- 22 Put Option [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)

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- (i) Option Exercise Date(s) (if other than set out in the Conditions): []
- (ii) Optional Redemption Date(s): []
- (iii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Security of [] Specified Denomination/Redemption at Par/Other (specify)]

23 Final Redemption Amount: [[] per Security of [] Specified Denomination/Par/other/Index-Linked Redemption/ See Appendix for method of calculation (Specify)]

24 Early Redemption Amount: [[] per Security of [] Specified Denomination/Par/other/Index-Linked Redemption/ See Appendix for method of calculation (Specify)]

Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default and/or the method of calculating the same (if required or if different from that set out in the Conditions)

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GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

25	Form of Securities:	Registered
26	Additional Financial Centre(s) <i>(for the purposes of the Business Day definition)</i> or other special provisions relating to Interest Payment Dates:	[Not Applicable/give details.]
27	Public Offer Test compliant	[Yes/No/Not Applicable]
28	Details relating to Instalment Notes, including Instalment Amount(s) and Instalment Date(s):	[Not Applicable/give details]
29	Consolidation provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
30	Governing law:	State of Victoria and Commonwealth of Australia
31	Other terms or special conditions:	[Not Applicable/give details]

DISTRIBUTION

32	If syndicated, names of Lead Managers and the Dealers:	[Not Applicable/give names]
33	If non-syndicated, name of Dealer:	[Not Applicable/give names]
34	Additional selling restrictions:	[Not Applicable/give details]

OPERATIONAL INFORMATION

35	ISIN:	[Not Applicable/insert number]
36	Common Code	[Not Applicable/insert number]
37	Any clearing system(s) other than Austraclear and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)]

[LISTING APPLICATION]

This Pricing Supplement comprises the details required to list the Securities described herein pursuant to the Australian Dollar Debt Issuance programme as from [insert date of listing of the Securities]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:
[Duly Authorised Signatory/Attorney]

ISSUER

Australia and New Zealand Banking Group Limited

Level 14, 530 Collins Street

Melbourne

Victoria 3000

Attention: Head of Group Funding and Liquidity

Telephone: (03) 9273 1467

Facsimile: (03) 9273 1687

REGISTRAR

Austraclear Services Limited

Level 4, 20 Bridge Street

Sydney

NSW 2000

Attention: Manager, Business Development

Telephone: (02) 8298 8476

Facsimile: (02) 9256 0438

ARRANGER and DEALER

Australia and New Zealand Banking Group Limited
trading as ANZ Investment Bank

Level 2, 20 Martin Place

Sydney

New South Wales 2000

Attention: Director Syndicate, ANZ Investment Bank

Telephone: (02) 9227 1080

Facsimile: (02) 9227 1113

LEGAL ADVISER

Allens Arthur Robinson

Level 27

530 Collins Street

Melbourne

Victoria 3000

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The form of Pricing Supplement that will be issued in respect of each Tranche of Securities, subject only to the possible deletion of non-applicable provisions, is set out below:

PRICING SUPPLEMENT

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
(Australian Business Number 11 005 357 522)
(Incorporated with limited liability in Australia)

Australian Dollar
Debt Issuance Programme

Series No: 42
Tranche No: 1

A\$350,000,000 6.50% per annum Fixed Rate Subordinated Notes due 05 March 2017
Issue Price: 99.779 per cent.

Australia and New Zealand Banking Group Limited ABN 11 005 357 522
HSBC Bank Australia Limited ABN 48 006 434 162
Royal Bank of Canada ABN 86 076 940 880
The Toronto Dominion Bank ABN 74 082 818 175

The date of this Pricing Supplement is 02 March 2007

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This document constitutes the Pricing Supplement relating to the issue of Securities described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 26 February 2007. This Pricing Supplement contains the final terms of the Securities and must be read in conjunction with the Information Memorandum, as supplemented as at the Issue Date.

Include whichever of the following apply or specify items as Not Applicable or N/A . Note that the numbering should remain as set out below, even if Not Applicable is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.

1	Issuer:	Australia and New Zealand Banking Group Limited
2	(i) Series Number:	42
	(ii) Tranche Number:	1
	(if fungible with an existing Series, include details of that Series, including the date on which the Securities become fungible)	Not Applicable
3	Specified Currency:	Australian Dollars
4	Aggregate Nominal Amount:	A\$350,000,000
	(i) Tranche:	42
	(ii) Series:	1
5	(i) Issue Price:	99.779 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	A\$349,226,500
6	Specified Denomination(s):	A\$1,000
7	(i) Issue Date:	05 March 2007
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	05 March 2017
9	Interest Basis:	6.50 per cent per annum.
10	Redemption/Payment Basis:	Redemption at Par
11	Change of Interest or Redemption/Payment Basis:	From and including 05 March 2012, the Securities will attract a Floating Rate of interest (Further particulars specified below)
12	Put/Call Options:	Issuer Call: The Securities may be redeemed at the option of the Issuer in whole or in part at par on any Interest Payment Date falling on or after 05 March 2012 in accordance with Conditions 5.4 and 5.8 (Further particulars specified below)
13	Status of the Securities:	Subordinated Notes
14	Listing:	Australian Securities Exchange
15	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Security Provisions	Applicable
	(i) Rate[(s)] of Interest:	6.50 per cent per annum payable semi-annually in arrears
	(ii) Interest Payment Date(s):	05 March and 05 September in each year commencing on 05 September 2007 up to and including the Maturity Date
	(iii) Fixed Coupon Amount[(s)]:	A\$32.50 per A\$1,000 in Nominal Amount on each Interest Payment Date up to and including 05 March 2012
	(iv) Broken Amount(s):	Not Applicable
	(v) Business day Convention:	Following Business Day Convention
	(vi) Day Count Fraction:	RBA Bond Basis
	(vii) Other terms relating to the method of calculating interest for Fixed Rate Securities:	Not Applicable
17	Floating Rate Security Provisions	Applicable
	(i) (a) Interest Period(s):	3 months during the period commencing on, and including, 05 March 2012 and ending on, but excluding, the Maturity Date
	(b) Interest Payment Dates:	05 March, 05 June, 05 September and 05 December of each year commencing on 05 June 2012 up to and including the Maturity Date
	(c) Interest Period Date if not an Interest Payment Date:	Not Applicable
	(ii) Business Day Convention:	Modified Following Business Day Convention
	(iii) Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination
	(iv) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s):	ANZ Investment Bank
	(v) Screen Rate Determination:	Applicable
	Reference Rate:	3 month BBSW
	Interest Determination Date(s):	The first day of each Interest Period
	Relevant Screen Page:	Reuters screen page BBSW

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(vi)	Margin(s):	From, and including, 05 March 2012 to the Maturity Date: +0.74 per cent per annum
(vii)	Minimum Rate of Interest:	Not Applicable
(viii)	Maximum Rate of Interest:	Not Applicable

(ix)	Rate Multiplier	Not Applicable
(x)	Day Count Fraction:	Actual/365
(xi)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Securities, if different from those set out in the Conditions:	Not Applicable

18 Zero Coupon Security Provisions Not Applicable

19 Index-Linked Interest Security Provisions Not Applicable

PROVISIONS RELATING TO REDEMPTION

20	Call Option	Applicable
(i)	Option Exercise Date(s) (<i>if other than set out in the Conditions</i>):	Not Applicable
(ii)	Optional Redemption Date(s):	Any Interest Payment Date falling on or after 05 March 2012
(iii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	The Securities may be redeemed at the option of the Issuer, in whole or in part, in accordance with Conditions 5.4 and 5.8
(iv)	If redeemable in part:	Applicable
(a)	Minimum Redemption Amount:	Not Applicable
(b)	Maximum Redemption Amount:	Not Applicable

21	Put Option	Not Applicable
22	Final Redemption Amount:	Outstanding Nominal Amount
23	Early Redemption Amount:	Outstanding Nominal Amount
	Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default and/or the method of calculating the same (if required or if different from that set out in the Conditions)	

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

24	Form of Securities:	Registered
25	Additional Financial Centre(s) (<i>for the purposes of the Business Day definition</i>) or other special provisions relating to Interest Payment Dates:	Not Applicable
26	Public Offer Test compliant	Yes
27	Details relating to Instalment Notes, including Instalment Amount(s) and Instalment Date(s):	Not Applicable
28	Consolidation provisions:	Not Applicable
29	Governing law:	State of Victoria and Commonwealth of Australia
30	Other terms or special conditions:	Not Applicable

DISTRIBUTION

31	If syndicated, names of Lead Managers and the Dealers:	ANZ Investment Bank (Lead Manager and Dealer) HSBC Bank Australia Limited Royal Bank of Canada The Toronto-Dominion Bank (Dealers)
32	If non-syndicated, name of Dealer:	Not Applicable
33	Additional selling restrictions:	Not Applicable

OPERATIONAL INFORMATION

34	ISIN:	AU0000ANZHS8
35	Common Code	TBA
36	Any clearing system(s) other than Austraclear and the relevant identification number(s):	Clearstream Euroclear

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the Securities described herein pursuant to the Australian Dollar Debt Issuance programme as from 05 March 2007.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:
Duly Authorised Signatory/Attorney

DATED 26 February 2007

AMENDED AND RESTATED DEED POLL

by

**AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED**
Australian Business Number 11 005 357 522
(Incorporated with limited liability in Australia)

**AUSTRALIAN DOLLAR
DEBT ISSUANCE PROGRAMME**

AMENDED AND RESTATED DEED POLL

THIS AMENDED AND RESTATED DEED POLL is made on 26 February 2007 by **AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED** A.B.N. 11 005 357 522 (the *Issuer*) in favour of Registered Holders from time to time.

RECITALS

- A. The Issuer wishes to amend and restate the Deed Poll originally made on 20 June 2001 and amended and restated on 11 April 2003 and 23 April 2004 (the *Original Deed Poll*).
- B. Under an Information Memorandum dated 26 February 2007 (the *Information Memorandum*) relating to the Australian Dollar Debt Issuance Programme (the *Programme*), the Issuer proposes to issue Notes and to issue Transferable Certificates of Deposit in respect of Transferable Deposits accepted by it from investors (together with the Notes, the *Securities*) from time to time.
- C. The Issuer agrees to enter into this Deed in order to enable the Registered Holders from time to time of such Securities to obtain the benefit of the terms on which those Notes and Transferable Certificates of Deposit are issued as set out in the Conditions of the Securities and the relevant Pricing Supplement.

NOW THIS DEED WITNESSES as follows:

1. INTERPRETATION

- 1.1 *Conditions* means the Conditions of the Securities contained in Schedule 1 to this Deed, as amended by the relevant Pricing Supplement for any Tranche of Securities.
- 1.2 *Meeting Provisions* means the provisions contained in Schedule 2 to this Deed.
- 1.3 *Security Terms* means, in relation to any Security, the Conditions and the relevant Pricing Supplement.
- 1.4 Unless the context otherwise requires, terms defined in the Conditions and the relevant Pricing Supplement have the same meanings in this Deed.
- 1.5 Condition 1.2 (except (i)) of the Conditions applies to this Deed as if incorporated in this Deed and as if all references to these Conditions are references to this Deed .

2. REGISTERED HOLDERS TO HAVE BENEFIT OF THE SECURITY TERMS

- 2.1 The obligations of the Issuer under the Securities are constituted by and specified in this Deed.
- 2.2 Subject to the Security Terms, the Issuer unconditionally and irrevocably agrees for the benefit of each Registered Holder that such Registered Holder shall, until it has disposed of all Securities held by it, be entitled to the benefit of the terms contained in the Security Terms in respect of the Securities held by it.

2.3 Each Registered Holder who acquires any Securities in accordance with the Security Terms otherwise than by issue or acceptance (as applicable) by the Issuer shall acquire all rights and benefits to which that Registered Holder would have been entitled under the Security Terms with respect to that Security if that Registered Holder had held that Security from its Issue Date.

2.4 Each Registered Holder and any person claiming through or under a Registered Holder is bound by this Deed and is deemed to have notice of this Deed (including the Meeting Provisions), the Conditions, the Information Memorandum, the relevant Pricing Supplement and the Registry Services Agreement.

2.5 This Deed amends and restates the Original Deed Poll and applies to the exclusion of the Original Deed Poll in respect of all Securities issued after the date of this Deed, except as follows:

(a) Securities issued subsequent to 20 June 2001 but prior to 11 April 2003 (the **First Deed Poll Securities**), and Securities issued subsequent to 11 April 2003 but which are or may be consolidated to form a single Series with any outstanding First Deed Poll Securities in accordance with the Conditions, shall have the benefit (where appropriate) of the Deed Poll dated 20 June 2001.

(b) Securities issued subsequent to 11 April 2003 but prior to 23 April 2004 (the **Second Deed Poll Securities**), and Securities issued subsequent to 23 April 2004 but which are or may be consolidated to form a single Series with any outstanding Second Deed Poll Securities in accordance with the Conditions, shall have the benefit (where appropriate) of the Deed Poll dated 20 June 2001 as amended and restated on 11 April 2003.

(c) Securities issued subsequent to 23 April 2004 but prior to 26 February 2007 (the **Third Deed Poll Securities**), and Securities issued subsequent to 26 February 2007 but which are or may be consolidated to form a single Series with any outstanding Third Deed Poll Securities in accordance with the Conditions, shall have the benefit (where appropriate) of the Deed Poll dated 20 June 2001 as amended and restated on 11 April 2003 and 23 April 2004.

3. DEED DEPOSITED WITH REGISTRAR

3.1 This Deed shall be delivered to and held by the Registrar while any Security remains outstanding and for so long after as any claim made against the Issuer by any Registered Holder in relation to the Securities, the Security Terms or this Deed shall not have been finally adjudicated, settled or discharged.

3.2 Each Registered Holder is taken to have irrevocably instructed the Issuer that this Deed is to be held by the Registrar and appointed and authorised the Registrar to hold this Deed at its office in Melbourne on its behalf.

4. ILLEGALITY

The illegality, invalidity or unenforceability of any provision of this Deed under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision of this Deed.

5. GOVERNING LAW

This Deed is governed by the laws of Victoria and the Commonwealth of Australia.

6. ATTORNEYS

Each attorney executing this Deed states that he or she has no notice of revocation of his or her power of attorney.

IN WITNESS the Issuer has duly executed and delivered this deed poll in Melbourne.

SIGNED SEALED AND DELIVERED for and on behalf of **AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED** ABN 11 005 357 522 under Power of Attorney dated 18 November 2002 by Rick Moscati who certifies that he is a Senior Executive in the presence of:

Witness Signature

Attorney Signature

Print Name

Print Name

Appendix 3B

New issue announcement

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

**New issue announcement,
application for quotation of additional securities
and agreement**

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Australia and New Zealand Banking Group Limited

ABN

11 005 357 522

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | Subordinated Notes |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | Floating Rate A\$350,000,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | See the Information Memorandum of ANZ dated 26 February 2007 in respect of ANZ's AUD Domestic Debt Issue Program and the pricing supplement dated 2 March 2007 for the securities. |

+ See chapter 19 for defined terms.

1

4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? New class of securities

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

5 Issue price or consideration Floating Rate - Issue price for the securities is 100% of the aggregate principal amount of the securities. The securities will pay a coupon of 3 month BBSW plus 0.24% pa until the call date of 5 March 2012. Thereafter, if not called, the securities will pay a coupon of 3 Month BBSW plus 0.74% pa until maturity of 5 March 2017.

Purpose of the issue General corporate purposes

6 (If issued as consideration for the acquisition of assets, clearly identify those assets)

7 Dates of entering +securities into uncertificated holdings or despatch of certificates 5 March 2007

+ See chapter 19 for defined terms.

	Number	+Class	
8	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	1,844,506,114 10,000,000	Ordinary fully paid 2003 ANZ Stapled Exchangeable Preferred Securities
	Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	AUD600m Floating Rate TCD due October 2007 AUD500m 5.80% TCD due October 2007 AUD1195m 5.00% TCD due May 2008 AUD600m Floating Rate TCD due May 2008 AUD400m Floating Rate TCD due March 2009 AUD1025m 6.00% TCD due March 2009 AUD750m 6.00% TCD due March 2010 AUD1050m Floating Rate TCD due March 2010 AUD450m 6.00% TCD due March 2011 AUD700m Floating Rate TCD due March 2011 AUD600m 6.50% TCD due November 2011 AUD650m Floating Rate TCD due November 2011 AUD350m 6.50% Subordinated Notes due May 2014 AUD380m Floating Rate Subordinated Notes due May 2014 AUD300m 6.00% Subordinated Notes due August 2015 AUD400m Floating Rate Subordinated Notes due August 2015 AUD300m 6.25% Subordinated Notes due May 2016 AUD300m Floating Rate Subordinated Notes due May 2016 AUD350m 6.50% Subordinated Notes due March 2017 AUD350m Floating Rate Subordinated Notes due March 2017	

+ See chapter 19 for defined terms.

		Number	+Class
9	Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)	26,723,753	Options on issue
		350,000	2003 Redeemable Preference Shares
		750,000	2003 Redeemable Preference Shares (Series 2)
		500,000	December 2004 Euro Preference Shares
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable	

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?		
12	Is the issue renounceable or non-renounceable?		
13	Ratio in which the +securities will be offered		
14	+Class of +securities to which the offer relates		
15	+Record date to determine entitlements		
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?		
17	Policy for deciding entitlements in relation to fractions		
18	Names of countries in which the entity has +security holders who will not be sent new issue documents		
	Note: Security holders must be told how their entitlements are to be dealt with.		
	Cross reference: rule 7.7.		

+ See chapter 19 for defined terms.

- 19 Closing date for receipt of acceptances or renunciations
- 20 Names of any underwriters

- 21 Amount of any underwriting fee or commission
- 22 Names of any brokers to the issue

- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)

- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?

+ See chapter 19 for defined terms.

32 How do +security holders dispose of their entitlements (except by sale through a broker)?

33 +Despatch date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities

(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37 A copy of any trust deed for the additional +securities See Amended and Restated Deed Poll dated 26 February 2007

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

- 41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

- | | Number | +Class |
|----|--|--------|
| 42 | Number and +class of all +securities quoted on ASX (including the securities in clause 38) | |

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

• Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

• If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: 5 March 2007

Company Secretary

Print name:

John Priestley

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+ See chapter 19 for defined terms.

INFORMATION MEMORANDUM

AUSTRALIA AND NEW ZEALAND

BANKING GROUP LIMITED

Australian Business Number 11 005 357 522

(Incorporated with limited liability in Australia)

AUSTRALIAN DOLLAR

DEBT ISSUANCE PROGRAMME

for the Issue of Medium Term Notes, Subordinated Notes and Transferable Certificates of Deposit

Arranged by

ANZ INVESTMENT BANK

a division of Australia and New Zealand

Banking Group Limited

The date of this Information Memorandum is 26 February 2007

IMPORTANT NOTICE

*Australia and New Zealand Banking Group Limited (the **Issuer**) having made all reasonable enquiries confirms that to the best of its knowledge this Information Memorandum (the **Information Memorandum**) contains or incorporates all of the information relating to the Issuer and its subsidiaries (together the **Group**) which is material in the context of the subscription for and offering, sale and issuance of Medium Term Notes and Subordinated Notes (together with the Medium Term Notes, the **Notes**) and/or the making and acceptance of transferable deposits (the **Transferable Deposits**) and the offering, sale and issuance of Transferable Certificates of Deposit representing the relevant Transferable Deposits (the **Transferable Certificates of Deposit**) (together with the Notes, the **Securities**), the information contained in or incorporated by reference into this Information Memorandum is in every material respect true and accurate and not misleading, any opinions and intentions expressed in this Information Memorandum are honestly held or made, have been reached after considering all relevant circumstances and are based on reasonable assumptions, there are no other facts the omission of which would, in the context of the subscription for and offering, sale and issuance of Securities, make any statement in this Information Memorandum misleading in any material respect and all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements. The Issuer accepts responsibility accordingly.*

*No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum in connection with the Issuer, the Group, the issue or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers or the Arranger (each as defined below in the Summary of Programme). Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Group since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer or the Group since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with this Australian Dollar Debt Issuance Programme (the **Programme**) is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

The distribution of this Information Memorandum and the issuance, offering or sale of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum or interests in or rights in respect of the Securities come are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restrictions.

No action has been taken by the Issuer, the Arranger or the Dealers which would permit a public offering of any Securities or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required.

*The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**). Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on acceptance, offers, issues and sales of the Securities and on distribution of this Information Memorandum, see *Subscription and Sale* .*

Neither this Information Memorandum nor any Pricing Supplement constitutes an offer of, or an invitation by or on behalf of any of the Issuer, the Dealers or the Arranger to make or accept any Transferable Deposit or to subscribe for, purchase or acquire any Securities and should not be considered as a recommendation by the Issuer, the Arranger, the relevant Dealers or any of them that any recipient of this Information Memorandum or any Pricing Supplement should subscribe for or purchase any Securities. Each recipient of this Information Memorandum or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and the Group.

The Dealers and the Arranger have not separately verified the information contained in this Information Memorandum. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Information Memorandum. Neither this Information Memorandum nor any document or information incorporated by reference herein is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Dealers or the Arranger that any recipient of this Information Memorandum or any document or information incorporated by reference herein should make any Transferable Deposit or purchase or acquire any Securities. Each potential depositor or investor in or purchaser of Securities should determine for itself the financial condition and affairs of the Issuer and the relevance of the information contained in this Information Memorandum or the documents and information incorporated by reference or any other financial statements and its purchase or acquisition of Securities or making of Transferable Deposits should be (and will be deemed as having been) based upon any such investigation as is necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Information Memorandum nor to advise any investor or potential investor in the Securities of any information coming to the attention of any of the Dealers or the Arranger.

No advice is given in respect of the taxation treatment of potential depositors, investors or purchasers in connection with investment in any Securities and each depositor, investor or purchaser is advised to consult its own professional adviser.

Each Dealer, its subsidiaries, directors and employees may receive fees, brokerage and commissions and may act as principal in dealing in any Securities.

Under the Programme, the Issuer may from time to time issue Securities subject as set out herein. A summary of the terms and conditions of the Programme and the Securities appears below. The applicable terms of any Security will be agreed between the Issuer and the relevant Dealer prior to the issuance of the Securities and will be set out in the Conditions of the Securities incorporated by reference into the Securities, as modified and supplemented by the relevant Pricing Supplement (as defined below) in respect of such Securities.

In this Information Memorandum all references to the issue or issuance of Securities are to:

- (i) the issue of Transferable Certificates of Deposit by the Issuer in respect of Transferable Deposits made by investors and accepted by the Issuer; or*
- (ii) the issue of Notes by the Issuer; or*
- (iii) both as the context requires.*

Unless otherwise defined in this Information Memorandum, words and expressions defined or used in the Conditions of the Securities below, as amended by any relevant Pricing Supplement in respect of a Series of Securities, or in that Pricing Supplement (as applicable), shall have the meanings given in this Information Memorandum.

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DOCUMENTS INCORPORATED BY REFERENCE

This Information Memorandum should be read and construed in conjunction with each Pricing Supplement relating to any Securities, the most recently published audited annual consolidated financial statements (including the auditor's report thereon and notes thereto) of the Issuer and any subsequent unaudited semi-annual consolidated financial statements (including the auditor's report thereon and notes thereto) of the Issuer from time to time and any amendment or supplement to this Information Memorandum, which shall be deemed to be incorporated in, and to form part of, this Information Memorandum. Any statement or information contained in this Information Memorandum or in any document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained herein or in a document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

References to **Information Memorandum** are to this Information Memorandum and to any other document incorporated by reference collectively and to any of them individually, in each case as modified or superseded.

Copies of all documents incorporated by reference into this Information Memorandum may be obtained from the Issuer and are available for inspection at the Issuer's offices at Level 14, 530 Collins Street, Melbourne.

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SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Information Memorandum and, in relation to the terms and conditions of any particular Tranche of Securities, the relevant Pricing Supplement. Words and expressions defined or used in Conditions of the Securities below or any Pricing Supplement in respect of any Series of Securities (as applicable) shall have the same meanings in this summary. This summary must be read as an introduction to this Information Memorandum and any decision to invest in the Securities should be based on a consideration of the Information Memorandum as a whole, including the information and documents incorporated by reference..

- Issuer:** Australia and New Zealand Banking Group Limited.
- Description:** An Australian Dollar denominated Debt Issuance Programme allowing for the issuance of Transferable Certificates of Deposit, Medium Term Notes (**Medium Term Notes**) or Subordinated Medium Term Notes (**Subordinated Notes**).
- Programme Size:** Unlimited
- Arranger:** ANZ Investment Bank
- Dealers:** Australian and New Zealand Banking Group Limited
- Additional Dealers may be appointed, from time to time, by the Issuer for any Tranche of Securities.
- Direct Issues by Issuer:** The Issuer may also issue Securities directly to purchasers or investors (as applicable) procured by it. Such purchasers will be required to confirm and acknowledge to the Issuer in writing that the issue of the Securities resulted from the Securities being offered for issue as a result of negotiations being initiated publicly in electronic form (eg Reuters or Bloomberg), or in another form that was used by financial markets for dealing in debentures.
- Method of Issue or Acceptance of Securities:** Securities will be issued on a syndicated or a non-syndicated basis. Securities may be issued by the Issuer in one or more Series having one or more Issue Dates and on terms otherwise identical (or identical other than in respect of the first payment of interest and related matters described below), with the Securities of each Series being intended to be interchangeable with all other Securities of those Series. Each Series of Securities may be issued in Tranches on the same or different Issue Dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the Issue Date, Issue Price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Information Memorandum (a **Pricing Supplement**).
- Issue Price:** Notes may be issued at their principal amount or at a discount or premium to their principal amount.
- Transferable Certificates of Deposit may be issued at their principal amount or at a discount or premium to their principal

amount (where the principal amount is equal to the amount of the relevant Transferable Deposit accepted by the Issuer).

Form of Securities Securities will be issued in registered form. Securities will be constituted by a Deed Poll dated 20 June 2001 as amended and restated on 11 April 2003, 23 April 2004 and 26 February 2007 and as further amended and/or restated and/or supplemented from time to time given by the Issuer for the benefit of the Registered Holders of those Securities from time to time and will take the form of entries on a Register maintained by the Registrar. A copy of the Deed Poll may be inspected during normal business hours at the offices of the Issuer or the Registrar or such other place or places as may be determined from time to time and notified to the Registered Holders.

The terms and conditions of the Securities are contained in Schedule 1 to the Deed Poll and are modified and supplemented by the relevant Pricing Supplement.

Title: Entry of the name of the person in the Register in respect of a Security constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the Registered Holder of the Securities.

No certificates or other evidence of title will be issued to Registered Holders unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation. Securities that are held in the Austraclear System will be registered in the name of Austraclear Limited and title to the Securities will be determined in accordance with the Austraclear Regulations.

Payments: Payments will be made on the payment dates specified in the Pricing Supplement to the persons whose names are entered in the Register as at 5.00pm local Registry Office time on the relevant Record Date which is the 7th day before a payment date.

Payments in respect of Securities lodged within the Austraclear System will be made by crediting the amount due to the account of the Registered Holder in accordance with the Austraclear Regulations. If Securities are not lodged in the Austraclear System, payments will be made to the account of the Registered Holder noted on the Register. If no account is notified then payments will be made by cheque mailed on the Business Day immediately preceding the relevant Interest Payment Date or on the Maturity Date (as applicable) to the Registered Holder at its address appearing on the Register as at 5.00pm local Registry Office time on the relevant Record Date.

Maturities: Any maturity, subject to compliance with legal and regulatory requirements. The Maturity Date applicable to each Tranche of Securities will be specified in the relevant Pricing Supplement.

Denominations: Securities will be issued in such denominations as may be specified as the Specified Denominations in the relevant Pricing Supplement subject to compliance with all applicable

legal and/or regulatory and/or central bank requirements.

Securities may only be issued in Australia if the aggregate consideration payable by the investor or purchaser (in the case of a Transferable Certificate of Deposit by way of a deposit with the Issuer) is at least A\$500,000 (disregarding moneys lent by the Issuer or its associates) or if the Securities are otherwise issued in a manner that does not require disclosure to investors in accordance with Part 6D.2 and Part 7 of the Corporations Act.

Securities may only be issued by the Issuer in a jurisdiction or jurisdictions other than Australia if the issue is in compliance with the laws of the jurisdiction in which the issue is made and the Securities are otherwise issued in a manner that does not require disclosure to investors under the laws of that jurisdiction or those jurisdictions.

Transfer of Securities

Securities may only be transferred in accordance with the Conditions.

Transfers of Securities held in the Austraclear System or any other clearing system specified in the relevant Pricing Supplement will be made in accordance with the Austraclear Regulations or the rules and regulations of the relevant clearing system (as appropriate).

In all other cases, applications for the transfer of Securities must be made by lodgement of a duly completed (if applicable) stamped transfer and acceptance form with the Registrar. Transfer and acceptance forms can be obtained from the Registrar. The transfer takes effect upon the transferee's name being entered on the Register.

Securities are only transferable within, to or from Australia in the denominations specified in the relevant Pricing Supplement and Securities may only be transferred within, to or from Australia if the aggregate consideration payable by the transferee at the time of transfer is at least A\$500,000 (disregarding moneys lent by the transferor or its associates) or the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 and Part 7 of the Corporations Act.

Securities may only be transferred between persons in a jurisdiction or jurisdictions other than Australia if the transfer is in compliance with the laws of the jurisdiction in which transfer takes place and the Securities are otherwise transferred in a manner that does not require disclosure to investors under the laws of that jurisdiction or jurisdictions.

Fixed Rate Securities:

Fixed Rate Securities will bear a fixed rate of interest payable in arrear on the Interest Payment Date or Dates in each year as specified in the relevant Pricing Supplement.

Floating Rate Securities:

Floating Rate Securities will bear interest set separately for each Series at a rate determined by reference to a rate appearing on an agreed screen page of a commercial quotation service or on such other basis as may be specified

in the relevant Pricing Supplement, as adjusted by any applicable Margin. Interest Periods and Interest Payment Dates will be specified in the relevant Pricing Supplement.

- Index Linked Securities:** Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of, respectively, Index Linked Redemption Securities and Index Linked Interest Securities will be calculated by reference to such stock or commodity or other index, currency exchange rate and/or formula as the Issuer and the relevant Dealer or other investor may agree (as specified in the relevant Pricing Supplement).
- Zero Coupon Securities:** Zero Coupon Securities may be issued at their Nominal Amount or at a discount to it and will not bear interest.
- Interest Periods and Interest Rates:** The length of the Interest Periods for the Securities and the applicable Rate of Interest or its method of calculation may differ from time to time or be constant for any Series. Securities may have a Maximum Rate of Interest, a Minimum Rate of Interest or both. The use of Interest Accrual Periods permits the Security to bear interest at different rates in the same Interest Period. All such information will be set out in the relevant Pricing Supplement.
- Other Securities:** The Issuer may from time to time issue Securities in a form not contemplated by Conditions of the Securities herein. Terms applicable to any other type of Security that the Issuer may agree to issue and any relevant Dealer(s) or other investor may agree to purchase under the Programme will be set out in the relevant Pricing Supplement.
- Structured Security Risks:** The following paragraph does not describe all the risks of an investment in the Securities. Prospective depositors, investors or purchasers should consult their own financial and legal advisers about the risks associated with an investment in a particular Tranche of Securities and the suitability of investing in the Securities in light of their particular circumstances.
- An investment in Securities, the premium and/or the interest on or principal of which is determined by reference to one or more currencies, commodities, interest rates or other indices or formulae, either directly or indirectly, may entail significant risks not associated with similar investments in a conventional debt security, including the risks that the resulting interest rate and/or premium may be less than that payable on a conventional debt security at the same time and/or that an investor could lose all or a substantial portion of the principal of its Securities.
- Neither the current nor the historical value of the relevant currencies, commodities, interest rates or other indices or formulae should be taken as an indication of future performance of such currencies, commodities, interest rates or other indices or formulae during the term of any Security.
- Optional Redemption:** The Pricing Supplement issued in respect of each Tranche of Securities will state whether such Securities may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer or the Registered Holders,

and if so the terms applicable to such redemption.

Redemption by Instalments: The Pricing Supplement in respect of each Series of Securities that are redeemable in two or more instalments will set out the Instalment Amounts in which and Instalment Dates on which the Securities may be redeemed.

Redemption for tax reasons: In certain circumstances following notice by the Issuer, all of the Securities of a Series may be redeemed following any changes in tax law which give rise to an obligation of the Issuer to make any withholding or deduction (as provided in Condition 5.2 (Redemption for Taxation Reasons)).

Status of Notes: The Issuer may elect to issue Notes that represent either unsubordinated debt or subordinated debt obligations, as specified in the relevant Pricing Supplement.

Medium Term Notes

Medium Term Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking *pari passu* among themselves and (save for certain debts, including those in respect of the Issuer's deposit liabilities in Australia, required to be preferred by law) with all present and future unsubordinated and unsecured obligations of the Issuer, all as more fully set out in Condition 3 (Status).

Subordinated Notes

Subordinated Notes will constitute direct and unsecured subordinated obligations of the Issuer and, unless otherwise specified in the applicable Pricing Supplement, rank *pari passu* among themselves and, unless otherwise specified in the applicable Pricing Supplement, rank at least *pari passu* with all other unsecured subordinated obligations incurred or assumed by the Issuer other than those mandatorily preferred by law. The claims of Subordinated Noteholders will, in the event of the winding up of the Issuer, be subordinated in right of payment to all Unsubordinated Creditors as more fully set out in Condition 3.3 (Status Subordinated Notes), Condition 4.10 (Condition of Payment Subordinated Notes) and Condition 11 (Subordination). In respect of Subordinated Notes, prior to the winding-up of the Issuer, the obligation of the Issuer to make payments (including of any principal, premium, additional amounts and interest) on the Subordinated Notes will be conditional on the Issuer being Solvent at the time of, and immediately after, such payment by the Issuer. Any such failure to pay will not be considered an Event of Default for the purposes of the Subordinated Notes.

The Notes do not constitute deposit liabilities of the Issuer.

Status of Transferable Certificates of Deposit: The Issuer is an authorised deposit-taking institution (an *ADI*) as that term is defined under the Banking Act 1959 of the Commonwealth of Australia (the *Banking Act*). Transferable Certificates of Deposit will constitute deposit liabilities in Australia of the Issuer for the purpose of section 13A of the Banking Act. That section provides that in the

event of an ADI becoming unable to meet its obligations or suspending payment, the assets of the ADI in Australia shall be available to meet the ADI's deposit liabilities in Australia in priority to all other liabilities of the ADI.

- Cross Default:** The terms and conditions of the Medium Term Notes will contain a cross default clause in respect of indebtedness for borrowed money (excluding moneys borrowed in the ordinary course of banking business) having an aggregate principal amount of at least US\$10,000,000 of the Issuer as more fully set out in Condition 10 (Events of Default). The terms and conditions of the Subordinated Notes and the Transferable Certificates of Deposit will contain no cross default.
- Austraclear:** Unless otherwise specified in the relevant Pricing Supplement, application will be made to Austraclear Limited ABN 94 002 060 773 for approval for each Tranche of Securities to be traded on the settlement system operated by Austraclear Limited (in accordance with the Regulations and Operating Manual of Austraclear Limited).
- Registrar:** Austraclear Services Limited ABN 28 003 284 419
- Tax File Number:** The Issuer will deduct tax from payments of interest on the Securities at the highest marginal tax rate plus the highest Medicare levy if an Australian resident investor or a non-resident investor carrying on business in Australia at or through a permanent establishment of the non-resident in Australia has not supplied an appropriate tax file number, Australian Business Number or exemption details.
- Withholding Tax:** All payments of principal and interest in respect of the Securities will be made free and clear of all Australian withholding taxes, subject to exceptions, all as described in Condition 8 (Taxation).
- Public Offer Test:** The Issuer proposes to issue Securities and to make payments of interest in a manner which will satisfy the requirements of section 128F of the Income Tax Assessment Act 1936 (Cth) of Australia. The public offer test status of a Tranche of Securities will be specified in the relevant Pricing Supplement.
- Stamp Duty:** Any stamp duty incurred at the time of the issue of the Securities will be for the account of the Issuer. Any stamp duty payable on the transfer of the Securities will be for the account of the investors.
- Investors are advised to seek independent advice regarding any stamp duty or other taxes imposed by another jurisdiction upon the transfer of, or interests in, Securities in any jurisdiction outside Australia.
- Governing Law:** State of Victoria and Commonwealth of Australia.
- Listing:** Application may be made for one or more Tranches of Securities issued under the Programme to be listed on the Australian Securities Exchange or admitted to listing, trading and/or quotation on such other exchange, listing authority or quotation system specified in the relevant Pricing Supplement

if agreed between the Issuer and the relevant Dealers and specified in the Pricing Supplement. Securities which are listed on the Australian Securities Exchange will not be transferred through or registered on the Clearing House Electronic Subregister System (CHES) and will not be CHES approved securities. In the event that an interface between the Register maintained by the Registrar and CHES is established the documents relating to the Programme may be amended to facilitate settlement on CHES and so the Securities will become CHES approved securities.

Securities may also be unlisted.

Selling Restrictions:

Australia, New Zealand, United Kingdom, United States, Japan, Hong Kong and the European Economic Area and such other restrictions as may be required in connection with a particular issue of Securities and as more fully set out in Subscription and Sale .

The Issuer is Category 2 for the purpose of Regulation S under the Securities Act.

Calculation Agent:

A Calculation Agent may be named in the Pricing Supplement in respect of each Tranche of Securities. In certain circumstances, the Issuer may terminate the appointment of the Calculation Agent and appoint additional calculation agents or appoint a leading bank or investment banking firm involved in the interbank market that is most closely connected with the calculation to act as a Calculation Agent. A Calculation Agent may not resign its duties without a successor having been appointed.

CONDITIONS OF THE SECURITIES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Securities of each Series.

Words and expressions defined in the Deed Poll or used in the Pricing Supplement shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Deed Poll and the Pricing Supplement, the Pricing Supplement will prevail.

The Securities are constituted by a Deed Poll dated 20 June 2001 as amended and restated on 11 April 2003, 23 April 2004 and 26 February 2007 and as further amended and/or supplemented and/or restated as at the Issue Date of the Securities (the **Deed Poll**) executed by Australia and New Zealand Banking Group Limited (the **Issuer**) and issued with the benefit of the Registry Services Agreement. Copies of the Registry Services Agreement, the Deed Poll and the relevant Pricing Supplement are available to the relevant Registered Holders for inspection at the following offices of the Issuer and Registrar respectively:

Issuer: Australia and New Zealand Banking Group Limited, Level 14, 530 Collins Street, Melbourne, Victoria 3000

Registrar: Austraclear Services Limited, Level 4, 20 Bridge Street, Sydney, NSW 2000

The Registered Holders of the Securities and any person claiming through or under a Registered Holder are entitled to the benefit of, are bound by and are deemed to have notice of all of the provisions contained in the Deed Poll (including the relevant Pricing Supplement), the Information Memorandum and the Registry Services Agreement.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

Aggregate Nominal Amount means, in relation to a Tranche of Securities, the amount specified in the Pricing Supplement or in relation to any Certificate the aggregate Nominal Amount of the Securities to which that Certificate relates.

Amortisation Yield has the meaning given in Condition 5.3(ii) unless otherwise specified in the Pricing Supplement.

Amortised Face Amount has the meaning given to it in Condition 5.3(ii) unless otherwise specified in the Pricing Supplement.

Austraclear means Austraclear Limited ABN 94 002 060 773.

Austraclear Regulations means the regulations known as the Regulations and Operating Manual established by Austraclear (as amended from time to time) to govern the use of the Austraclear System.

Austraclear System means the system operated by Austraclear for holding Securities and the electronic recording and settling of transactions in those Securities between members of that system.

Australian Dollars and A\$ means the lawful currency for the time being of the Commonwealth of Australia.

Australian Securities Exchange means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange operated by it (as the context requires).

Business Day means a day (other than a Saturday or Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments in Sydney and in such other places as are specified as **Additional Financial Centres** in the 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 Business Day Conventions, where specified in the relevant Pricing Supplement in relation to any date applicable to any Security, have the following meanings:

- (i) **Floating Rate Business Day Convention** means that the date is postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment;
- (ii) **Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day;
- (iii) **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; and
- (iv) **Preceding Business Day Convention** means that the date is brought forward to the first preceding day that is a Business Day.

Where no Business Day Convention is specified in a relevant Pricing Supplement, it shall be deemed to be the Modified Following Business Day Convention.

Calculation Agent means, in respect of a Tranche of Securities, the person specified as the Calculation Agent in the relevant Pricing Supplement. The Calculation Agent must be the same for all Securities in a Series.

Certificate means a certificate confirming registered ownership of a Security.

CHESS means the Clearing House Electronic Subregister System operated by the Australian Securities Exchange.

Condition means the correspondingly numbered condition in these terms and conditions.

Corporations Act means the Corporations Act 2001 (Cth) of Australia.

Day Count Fraction means, in relation to the calculation of an amount of interest on any Security for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Accrual Period, the **Calculation Period**):

- (i) if **Actual/360** is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (ii) if **Actual/365** or **Actual/Actual** is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A)

the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

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- (iii) if **Actual/365 (fixed)** is specified in the Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iv) if **Actual/Actual (ICMA)** is specified in the Pricing Supplement:
 - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of:
 - (A) the number of days in such Determination Period; and
 - (B) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (A) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (B) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

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

- (v) if **30/360** is specified in the Pricing Supplement, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months); and
- (vi) if **RBA Bond Basis** is specified in the Pricing Supplement, one divided by the number of Interest Payment Dates in a year.

Early Redemption Amount means the amount which may be payable in respect of a Security which is, in relation to a Security other than a Zero Coupon Security, its Nominal Amount or, in relation to a Zero Coupon Security, as specified in Condition 5.3, unless otherwise specified as such in (or calculated or determined in accordance with the provisions of) the relevant Pricing Supplement.

Event of Default in respect of Medium Term Notes, has the meaning given to it in Condition 10.1 and, in respect of Subordinated Notes, has the meaning given in Condition 10.2.

Extraordinary Resolution has the meaning given to it in the Meeting Provisions.

Final Redemption Amount means the amount payable in respect of a Security which is its Nominal Amount unless otherwise specified as such in (or calculated in accordance with the provisions of) the relevant Pricing Supplement.

Fixed Rate Security means a Security that bears interest at a fixed rate specified in the relevant Pricing Supplement.

Floating Rate Security means a Security that bears interest at a floating rate specified in the relevant Pricing Supplement.

GST has the meaning given to it in Section 195-1 of the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Index means the index applying to a Security, as specified in the relevant Pricing Supplement.

Index Linked Interest Security means a Security that bears interest at a rate calculated by reference to an Index.

Index Linked Redemption Security means a Security the Early or Final Redemption Amount in respect of which is calculated by reference to an Index.

Index Linked Securities means an Index Linked Interest Security or an Index Linked Redemption Security.

Interest Amount means the amount of interest payable in respect of a Security, and in the case of Fixed Rate Securities, also means the Fixed Coupon Amount or Broken Amount, as the case may be, so specified in the relevant Pricing Supplement;

Interest Accrual Period means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date during the relevant Interest Period, except that the last Interest Accrual Period ends on (and excludes) the Maturity Date or the date of any earlier redemption of a Security in accordance with the Conditions.

Interest Commencement Date means the Issue Date in respect of Securities or such other date as may be specified in the Pricing Supplement.

Interest Determination Date means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the Pricing Supplement or, if none is so specified the first day of such Interest Accrual Period.

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 not a Business Day, in accordance with the applicable Business Day Convention.

Interest Period means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date, except that the final Interest Period ends on (but excludes) the Maturity Date or any other period specified in the Pricing Supplement.

Interest Period Date means each Interest Payment Date unless otherwise specified in the Pricing Supplement.

Issue Date means the date of issue of the Securities as specified in or determined in accordance with the relevant Pricing Supplement (and in the case of Transferable Certificates of Deposit will be the same date as the date of acceptance of the relevant Transferable Deposit by the Issuer).

Issue Price means the issue price for Securities specified in, calculated in or determined in accordance with the provisions of the Pricing Supplement.

Issuer means Australia and New Zealand Banking Group Limited ABN 11 005 357 522.

Maturity Date means the maturity date specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement and as recorded in the Register.

Maximum Rate of Interest means the maximum interest rate (if any) specified in, or calculated or determined in accordance with the provisions of the relevant Pricing Supplement.

Medium Term Note means an unsubordinated Note as more fully described in Condition 3.2.

Meeting Provisions means the provisions for the convening of meetings of, and passing of resolutions by, Registered Holders set out in Schedule 2 of the Deed Poll.

Minimum Rate of Interest means the minimum interest rate (if any) specified in, or calculated or determined in accordance with the provisions of the relevant Pricing Supplement.

Nominal Amount means the notional nominal amount of each Security which will, unless indicated otherwise, be the same amount as the **Specified Denomination** of each Security so specified in the relevant Pricing Supplement.

Note means either an unsubordinated or a subordinated medium term note being a debt obligation of the Issuer owing to a Registered Holder, the details of which are identified in the Register, and, in these Conditions, references to Notes are references to Notes of the relevant Series.

Noteholder means the Registered Holder of a Note.

Offshore Associate means an associate (as defined in section 128F of the Income Tax Assessment Act 1936 (Cth) of Australia) of the Issuer that is either a non-resident of the Commonwealth of Australia which does not acquire the Securities in carrying on a business at or through a permanent establishment in Australia or, alternatively, a resident of Australia that acquires the Securities in carrying on business at or through a permanent establishment outside of Australia.

outstanding means in relation to the Securities of any Series, all the Securities issued other than (a) those that have been redeemed in accordance with the Conditions, (b) those which have become void or in respect of which claims have become prescribed, and (c) those which have been purchased and cancelled as provided for in the Conditions.

Pricing Supplement means the pricing supplement document prepared in relation to the Securities of the relevant Tranche.

Programme means the Australian Dollar Debt Issuance Programme of the Issuer providing for the issue of Notes and Transferable Certificates of Deposit by the Issuer.

Rate of Interest means the rate of interest payable from time to time in respect of a particular Security and that is either specified or calculated in accordance with the provisions set out in the Pricing Supplement.

Record Date means, in the case of payments of interest or principal, the date seven days prior to the relevant payment date.

Reference Banks means the institutions specified as such in the Pricing Supplement or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Reference Rate specified in the Pricing Supplement

Reference Rate means the rate, if any, specified in the relevant Pricing Supplement.

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Register means the register of Registered Holders maintained by the Registrar in accordance with the Registry Services Agreement or such other relevant agreement between the Registrar and the Issuer.

Registered Holder means in relation to any Security, a person whose name is for the time being recorded in the Register to signify ownership of the Security. If the Security is owned jointly by more than one person, a Registered Holder includes a person whose name appears in the Register as a joint owner.

Registrar means Austraclear Services Limited ABN 28 003 284 419 or such other person appointed and notified by the Issuer.

Registry Office means the following office of the Registrar: Level 4, 20 Bridge Street, Sydney, NSW 2000 or such other place notified by the Issuer or the Registrar.

Registry Services Agreement means the Registry Services Agreement dated 20 June 2001 as amended from time to time, between the Registrar and the Issuer.

Relevant Date in respect of any Security means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Registered Holders that such payment will be made, provided that payment is in fact made.

Relevant Financial Centre means, with respect to any Floating Rate Security to be determined in accordance with Screen Rate Determination on an Interest Determination Date the financial centre specified as such in the Pricing Supplement or, if none is so specified, the financial centre with which the relevant Reference Rate is most closely connected.

Relevant Time means, with respect to any Interest Determination Date, the relevant time specified in the Pricing Supplement.

Screen Rate Determination has the meaning specified in the Pricing Supplement and in Condition 4.2(ii).

Security means a Transferable Certificate of Deposit, Medium Term Note or Subordinated Note.

Series means a Tranche of Securities together with any further Tranche or Tranches of Securities which are:

- (i) expressed to be consolidated and form a single Series; and
- (ii) identical in all respects (including as to listing) except for the respective Issue Dates, Interest Commencement Dates, Issue Prices or amounts of the first payment of interest.

Solvent means at any time in respect of the Issuer:

- (i) it is able to pay all its debts as and when they become due and payable; and
- (ii) its assets exceed its liabilities.

Subordinated Note means a subordinated Note as more fully described in Condition 3.3.

Subordinated Noteholder means the Registered Holder of a Subordinated Note.

Tranche means Securities that are identical in all respects (including as to listing).

Transferable Certificate of Deposit means a transferable certificate of deposit, issued in respect of a Transferable Deposit, owing to a Registered Holder, the details of which are

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recorded in the Register, and, in these Conditions, references to Transferable Certificates of Deposit are references to Transferable Certificates of Deposit of the relevant Series.

Transferable Deposit means a transferable deposit made by an investor and accepted by the Issuer, being a deposit liability in Australia of the Issuer.

Unsubordinated Creditors has the meaning contained in Condition 3.3.

Zero Coupon Security means a Transferable Certificate of Deposit or Note that does not bear interest.

1.2 Interpretations

In these Conditions unless the contrary intention appears:

- (i) a reference to Conditions is a reference to these Conditions as supplemented, modified or altered by the relevant Pricing Supplement;
- (ii) 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;
- (iii) the singular includes the plural and vice versa;
- (iv) the word **person** incorporates a firm, body corporate, an unincorporated association or an authority;
- (v) a reference to a person incorporates references to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (vi) a reference to any thing (including, without limitation, 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, to any two or more of them collectively and to each of them individually;
- (vii) unless otherwise specified to the contrary, any reference to a particular time is a reference to Sydney time;
- (viii) headings are inserted for convenience and do not affect the interpretation of these Conditions; and
- (ix) all references to the issue or issuance of Securities are to:
 - (a) the issue of Transferable Certificates of Deposit by the Issuer in respect of Transferable Deposits made by investors and accepted by the Issuer; or
 - (b) the issue of Notes by the Issuer; or
 - (c) both as the context requires.

2 FORM, DENOMINATION AND TITLE

2.1 Constitution

The Securities are registered debt obligations of the Issuer constituted by and owing under the Deed Poll. The obligations of the Issuer in respect of these Conditions and the relevant Pricing Supplement extend to each individual Security and, following on from that, the Registered Holder

of each Security without the Registered Holder having to join forces with any other Registered Holder or any predecessor in title of that Registered Holder of a Security.

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2.2 Title

Entry of the name of the person purchasing a Security, or the transferee of a Security on the Register at the relevant time will constitute the passing of title of that Security and will be conclusive evidence of that person's entitlements to receive interest and repayment of principal in the manner provided for in these Conditions (subject to rectification for fraud or error). A Security registered in the name of more than one person is held by those persons as joint tenants (unless requested otherwise and in a form satisfactory to the Issuer). Securities will be registered by name only without reference to any trusteeship. Neither the Issuer nor the Registrar is, except as required by law, obliged to take notice of any other claim to a Security.

2.3 Independent Obligations

Each entry in the Register constitutes the separate and individual title of the Registered Holder to the indebtedness of the Issuer to that relevant Registered Holder.

2.4 Location of Register

The Register will be established and maintained by the Registrar at its Registry Office unless otherwise specified in the relevant Pricing Supplement.

2.5 Denomination

(i) Securities are issued in the Specified Denominations specified in the Pricing Supplement. Securities may only be sold in Australia if the aggregate consideration payable to the Issuer by the purchaser (in the case of a Transferable Certificate of Deposit by way of a deposit with the Issuer) is at least A\$500,000 (disregarding moneys lent by the relevant Issuer or its associates) or if the Securities are otherwise sold in a manner which does not require disclosure to investors in accordance with Part 6D.2 and Part 7 of the Corporations Act.

(ii) Securities may only be issued by the Issuer in a jurisdiction or jurisdictions other than Australia if the issue is in compliance with the laws of the jurisdiction in which the issue or sale is made and the Securities are otherwise issued or sold in a manner that does not require disclosure to investors under the laws of that jurisdiction or those jurisdictions.

2.6 Austraclear

If Securities are lodged in the Austraclear System, the Registrar will enter Austraclear in the Register as the Registered Holder of those Securities. While those Securities remain in the Austraclear System, all dealings (including transfers and payments) in relation to those Securities within the Austraclear System will be governed by the regulations for the Austraclear System and need not comply with these Conditions to the extent of any inconsistency.

2.7 Certificates

No certificate or other evidence of title will be issued by or on behalf of the Issuer to evidence title to a Security unless the Issuer determines that such certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

2.8 Acknowledgment

Where Austraclear is recorded in the Register as the Registered Holder, each person in whose Security Record (as defined in the Austraclear Regulations) that Security is recorded is deemed to acknowledge in favour of the Registrar and Austraclear that:

(i) the Registrar's decision to act as the Registrar of the Security does not constitute a recommendation or endorsement by the Registrar or Austraclear in relation to the Security but only indicates that such Security is considered by the Registrar to be

compatible with the performance by it of its obligations as Registrar under its agreement with the Issuer to act as Registrar of the Security; and

- (ii) the Registered Holder does not rely on any fact, matter or circumstance contrary to Condition 2.8(i).

2.9 Australian Securities Exchange Listing

Securities which are listed on the Australian Securities Exchange will not be transferred through or registered on CHESSE and will not be CHESSE approved securities. In the event that an interface between the Register maintained by the Registrar and CHESSE is established the Conditions and any other Programme documents may be amended to facilitate settlement on CHESSE and so that the Securities will become CHESSE approved securities.

3. STATUS

The Securities may be Transferable Certificates of Deposit, Medium Term Notes or Subordinated Notes as specified in the applicable Pricing Supplement.

3.1 Transferable Certificates of Deposit

The Transferable Certificates of Deposit constitute deposit liabilities in Australia of the Issuer for the purpose of Section 13A of the Banking Act 1959 of the Commonwealth of Australia, which provides that in the event of the Issuer becoming unable to meet its obligations or suspending payment, the assets of the Issuer in Australia shall be available to meet the Issuer's deposit liabilities in Australia in priority to all other liabilities of the Issuer.

3.2 Medium Term Notes

The Medium Term Notes constitute direct, unconditional and unsecured obligations of the Issuer and (save for certain debts, including those in respect of the Issuer's deposit liabilities in Australia, required to be preferred by law) rank *pari passu* among themselves and equally with all other present and future unsecured obligations (other than subordinated obligations) of the Issuer, all as described in Condition 10 (Events of Default).

The Medium Term Notes rank senior to the Issuer's subordinated obligations, including the Subordinated Notes.

3.3 Subordinated Notes

The Subordinated Notes constitute direct and unsecured subordinated obligations of the Issuer and, unless otherwise specified in the applicable Pricing Supplement, rank *pari passu* among themselves and, unless specified in the applicable Pricing Supplement, rank at *least pari passu* with all other unsecured subordinated obligations incurred or assumed by the Issuer other than those mandatorily preferred by law. In the event of the winding up of the Issuer (see Condition 11 (Subordination)) and prior to the commencement of the winding-up of the Issuer (see Condition 4.10) the principal amount of, any premium or interest on, and any other payments, including additional amounts, in respect of the Subordinated Notes will be subordinated in right of payment to the claims of all Unsubordinated Creditors but will rank prior to the claims of the holders of any subordinated obligations which rank or are expressed to rank junior to the claims of the Subordinated Creditors.

Unsubordinated Creditors means all creditors of the Issuer (including all depositors of the Issuer) other than:

- (i) Subordinated Noteholders;
- (ii) creditors whose claims against the Issuer rank *pari passu* with the claims of Subordinated Noteholders, which creditors shall be deemed to include all creditors,

present and future, to whom the Issuer is indebted where the terms of such indebtedness:

- (a) provide that such indebtedness would become due and payable on a specified or determinable date or at the end of a specified or determinable period and that in the event of the winding up of the Issuer the claims of those creditors against the Issuer will be, or are expressed to be, subordinated in right of payment to the claims of all Unsubordinated Creditors of the Issuer; and
- (b) do not provide that in the event of the winding up of the Issuer the claims of those creditors against the Issuer will rank, or are expressed to rank, ahead of or junior to the claims of any other Unsubordinated Creditors of the Issuer to whom the Issuer is indebted; and
- (iii) creditors whose claims against the Issuer rank, or are expressed to rank, junior to the claims of the Subordinated Noteholders.

The Subordinated Noteholders have no contractual right to set off any sum at any time due and payable to them by the Issuer under or in relation to the Subordinated Notes against amounts owing by the Subordinated Noteholders to the Issuer.

The Subordinated Notes do not limit the amount of liabilities ranking senior to the Subordinated Notes that may be hereafter incurred or assumed by the Issuer.

4. INTEREST AND OTHER CALCULATIONS

4.1 Interest on Fixed Rate Securities

Each Fixed Rate Security bears interest on its outstanding Nominal Amount from, and including, the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. If a Fixed Coupon Amount or a Broken Amount is specified in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified in the applicable Pricing Supplement.

4.2 Interest on Floating Rate Securities and Index Linked Interest Securities

(i) *Interest Payment Dates:* Each Floating Rate Security and Index Linked Interest Security bears interest on its outstanding Nominal Amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either specified in the Pricing Supplement as the Interest Payment Dates or, if no Interest Payment Date(s) are specified, Interest Payment Date shall mean each date which falls the number of months or other period shown in the Pricing Supplement as the Interest Period after the preceding Interest Payment Date or, the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Rate of Interest for Floating Rate Securities:* The Rate of Interest in respect of Floating Rate Securities for each Interest Accrual Period shall be determined in the manner specified in the Pricing Supplement and the provisions below relating to Screen Rate Determination shall apply (as amended by the Pricing Supplement).

Screen Rate/Reference Bank Determination for Floating Rate Securities

(x) If Screen Rate Determination is specified in the Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate

of Interest for each Interest Accrual Period shall be (as determined by the Calculation Agent):

- (I) the offered quotation; or
- (II) the arithmetic mean of the offered quotations,

for the Reference Rate in each case appearing on the Relevant Screen Page at the Relevant Time on the Interest Determination Date;

(y) if paragraph (x)(I) above applies and no Reference Rate appears on the Relevant Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) applies and fewer than two offered quotations appear on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the offered quotations that each of the Reference Banks is quoting (or such of them, being at least two, as are so quoting) to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting the Reference Rate, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Reference Rate) that at least two out of five leading banks selected by the Calculation Agent (after consultation with the Issuer) in the Relevant Financial Centre, are quoting at or about the Relevant Time for a period equivalent to the relative Interest Accrual Period to leading banks carrying on business in the Relevant Financial Centre; except that, if fewer than two of such banks are so quoting to such leading banks, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(iii) *Rate of Interest for Index Linked Interest Securities:* The Rate of Interest in respect of Index Linked Interest Securities for each Interest Accrual Period shall be determined in the manner specified in the relevant Pricing Supplement and interest will accrue by reference to an Index or formula as specified in the relevant Pricing Supplement.

4.3 Zero Coupon Securities

Where a Security, the Interest Basis of which is specified in the Pricing Supplement to be Zero Coupon, is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Security, unless otherwise specified in the Pricing Supplement. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Security shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield.

4.4 Accrual of Interest

Interest shall cease to accrue on each Security on the due date for redemption unless payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) on the outstanding Nominal Amount of the Security at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date.

4.5 Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding

(i) If any Margin or Rate Multiplier is specified in the Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with 5.2 above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph;

(ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Early, Final or Optional Redemption Amount is specified in the Pricing Supplement, then any Rate of Interest, Instalment Amount or Early, Final or Optional Redemption Amount shall be subject to such maximum or minimum, as the case may be;

(iii) Subject to the requirements of applicable law, for the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven decimal places (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest cent (with one half cent being rounded up).

4.6 Calculations

The amount of interest payable in respect of any Security for any Interest Accrual Period shall be calculated by multiplying the product of the Rate of Interest and the outstanding Nominal Amount of such Security by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in the Pricing Supplement in respect of such period, in which case the amount of interest payable in respect of such Security for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

4.7 Determination and Publication of Rate of Interest, Interest Amounts, Early, Final or Optional Redemption Amounts and Instalment Amounts

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Securities for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Instalment Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Instalment Amount or Optional Redemption Amount to be notified to the Issuer, the Registrar (which will then notify the Registered Holders of the calculation as required by the Issuer to the address of the Registered Holders recorded in the Register), any other Calculation Agent appointed in respect of the Securities that is to make a further calculation upon receipt of such information and, if the Securities are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (y) the commencement of the relevant Interest Accrual Period, if determined prior to such time in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (z) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Accrual Period is subject to adjustment pursuant to the application of a Business Day Convention, the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements

made by way of adjustment) without notice in the event of an extension or shortening of the Interest Accrual Period. If the Securities become due and payable under Condition 10 (Events of Default), the accrued interest and the Rate of Interest payable in respect of the Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

4.8 Calculation Agent and Reference Banks

The Issuer shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Pricing Supplement and for so long as any Security is outstanding. If any Reference Bank (acting through its relevant offices) is unable or unwilling to continue to act as a Reference Bank, then the Issuer shall appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Securities, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount or to comply with any other requirement, the Issuer shall appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

4.9 Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent, the Registrar and all Registered Holders, and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer or the Registered Holders, shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.10 Conditions of Payment Subordinated Notes

Prior to the commencement of the winding-up of the Issuer (other than under or in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency):

(i) the obligations of the Issuer to make payments of principal of, any premium or interest on, and any other payments, including additional amounts, in respect of the Subordinated Notes will be conditional on the Issuer being Solvent at the time of payment by the Issuer; and

(ii) no payment of principal of, any premium or interest on, and any other payments, including additional amounts, in respect of the Subordinated Notes shall be made unless the Issuer is Solvent immediately after making the payment,

and if, pursuant to this Condition, the Issuer fails to make any payment of principal of, or premium or interest on, or any other payment, including additional amounts, in respect of any Subordinated Note when due, such failure will not constitute an Event of Default for the purposes of Condition 10.2(ii).

A certificate signed by the Issuer, two authorized signatories or an auditor of the Issuer or, if the Issuer is being wound up, its liquidator as to whether the Issuer is Solvent at any time is (in the

absence of willful default, bad faith or manifest error) conclusive evidence of the information contained in the certificate and will be binding on the Subordinated Noteholders. In the absence of any such certificate, the Subordinated Noteholders are entitled to assume (unless the contrary is proved) that the Issuer is Solvent at the time of, and will be Solvent immediately after, any payment on or in respect of the Subordinated Notes.

5. REDEMPTION, PURCHASE AND OPTIONS

5.1 Redemption by Instalments and Final Redemption

(i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5 or unless the relevant Instalment Date (being one of the dates so specified in the Pricing Supplement) is extended pursuant to the Conditions or any provision of the relevant Pricing Supplement, each Security that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the Pricing Supplement. The outstanding Nominal Amount of each such Security shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the Nominal Amount of such Security, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to the Conditions or any provision of the relevant Pricing Supplement, each Security shall be finally redeemed on the Maturity Date specified in the Pricing Supplement at its Final Redemption Amount or, in the case of a Security falling within paragraph (i) above, its final Instalment Amount.

5.2 Redemption for taxation reasons

If, as a result of any change in or amendment to the laws or regulations of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of any Security (as specified in the Pricing Supplement), the Issuer has or will become obliged to pay any additional amounts as provided in Condition 8 (Taxation), the Issuer may at its option, at any time (if the Security is neither a Floating Rate Security nor an Index Linked Interest Security) or on any Interest Payment Date (in the case of Floating Rate Securities or Index Linked Interest Securities) on giving not more than 60 nor less than 30 days' notice to the Registered Holders of the relevant Series (which notice shall be irrevocable) redeem all, but not some only, of the Securities of the relevant Series at their Early Redemption Amount together with interest accrued to the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Securities then due. Prior to the publication of any notice of redemption pursuant to this Condition 5.2, the Issuer shall deliver to the Registrar a certificate signed by two persons each of whom is either a Director, a Senior Executive or an authorised representative (or equivalent status) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

5.3 Early Redemption of Zero Coupon Securities

(i) The Early Redemption Amount payable in respect of any Zero Coupon Security that does not bear interest prior to the Maturity Date, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Security pursuant to Condition 5.2, 5.4 or 5.5 or upon it becoming due and payable as provided in Condition 10 (Events of Default), shall be the Amortised Face Amount (calculated as provided below) of such Security unless otherwise specified in the Pricing Supplement.

(ii) Subject to the provisions of sub-paragraph (iii) below, the **Amortised Face Amount** of any such Security shall be the scheduled Final Redemption Amount of such Security on the Maturity Date discounted to the date of its early redemption at a rate per annum (expressed as a percentage) equal to the **Amortisation Yield** (which, if none is set out in the Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the Issue Price of the Securities if such Securities were discounted back from the Maturity Date to the relevant Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction set out in the Pricing Supplement.

(iii) If the Early Redemption Amount payable in respect of any such Security upon its redemption pursuant to Condition 5.2, 5.4 or 5.5 or upon it becoming due and payable as provided in Condition 10 (Events of Default), is not paid when due, the Early Redemption Amount due and payable in respect of such Security shall be the Amortised Face Amount of such Security as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Security becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (after, as well as before, judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Security on the Maturity Date together with any interest that may accrue in accordance with Condition 4.4.

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction.

5.4 Redemption at the Option of the Issuer and Exercise of the Issuer's Options

If a Call Option is specified in the Pricing Supplement, the Issuer may, on giving not less than 15 or more than 30 days' irrevocable notice (subject to such other notice period as may be specified in the Pricing Supplement under 'Option Exercise Date') to the Registered Holders redeem or exercise any Issuer's option (in accordance with the Pricing Supplement) in relation to all or, if so provided, some of the Securities on any Optional Redemption Date. Any such redemption of Securities shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption. Any such redemption or exercise of the Issuer's option shall just relate to Securities of a Nominal Amount at least equal to the Minimum Redemption Amount to be redeemed specified in the Pricing Supplement and no greater than the Maximum Redemption Amount to be redeemed specified in the Pricing Supplement.

All Securities in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option, the notice to Registered Holders shall also contain details of the Nominal Amount of Securities to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as may be fair and reasonable in the circumstances, having regard to prevailing market practices and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

5.5 Redemption at the Option of Registered Holders and Exercise of Registered Holders' Options

If a Put Option is specified in the Pricing Supplement, the Issuer shall, at the option of the Registered Holder of such Security, upon the Registered Holder of such Security giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified in the Pricing Supplement under 'Option Exercise Date'), redeem such Security on the Optional Redemption Date(s) so provided at its Optional Redemption Amount together with interest accrued to the date fixed for redemption. No such notice may be withdrawn without the

prior consent of the Issuer or if, prior to the due date for its redemption or the exercise of the option, the relevant Security becomes immediately due and payable.

To exercise such option or any other Registered Holder's option that may be set out in the Pricing Supplement, the Registered Holder must complete, sign and deliver to the Registrar within the notice period, a redemption notice (in the form obtainable from the Registrar) together with any Certificate held by the Registered Holder relating to the Securities to be transferred and such evidence as the Registrar may require to establish the rights of that Registered Holder to the relevant Securities.

5.6 Purchases

The Issuer is taken to represent as at the date of issue of each Security, that it does not know or have any reasonable grounds to suspect that that Security or any interest in or right in respect of that Security is being or will later be, acquired either directly or indirectly by an Offshore Associate of the Issuer acting other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Securities or a clearing house, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act.

The Issuer and any of its subsidiaries may, to the extent permitted by applicable laws and regulations, at any time purchase Securities in the open market or otherwise at any price. Securities purchased by the Issuer or any of its subsidiaries may be surrendered by the purchaser through the Issuer to the Registrar for cancellation or, in the case of Notes, may at the option of the Issuer or the relevant subsidiary be held or resold. In the event that Securities are purchased by the Issuer but not cancelled the Issuer will relinquish any voting rights in respect of these purchased Securities.

5.7 Cancellation

All Securities redeemed by the Issuer or surrendered by the purchaser through the Issuer for cancellation shall be surrendered for cancellation by the Issuer or purchaser notifying the Registrar and surrendering to the Registrar any Certificates held by the Registered Holder relating to the Securities to be cancelled by the Registrar and if so surrendered, the Securities will be cancelled forthwith. Any Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Securities shall be discharged.

5.8 Consent of Australian Prudential Regulatory Authority

Notwithstanding anything to the contrary in this Condition 5, unless otherwise specified or determined by the Australian Prudential Regulatory Authority (APRA), the Issuer may not redeem any Subordinated Notes under Conditions 5.2, 5.3, 5.4 or 5.5 above or prior to the Maturity Date under Condition 5.1 above or purchase any Subordinated Notes under Condition 5.6 above without the prior written approval of APRA. In addition, unless otherwise specified or determined by APRA, the prior written approval of APRA is required to modify the terms of any Series of Subordinated Notes.

6. PAYMENTS

6.1 Payments by the Issuer

(i) Payments in respect of interest or principal on any Security made by the Issuer to Registered Holders will be made in accordance with details recorded with the Registrar by 5:00 pm local Registry Office time on the relevant Record Date.

(ii) When a Security is recorded in the Register as being held jointly, payment of interest or principal (as the case may be) by the Issuer will be made to the Registered Holders in their joint names unless requested otherwise (and in a form satisfactory to the Issuer) by 5:00 pm local Registry Office time on the relevant Record Date.

6.2 Method of Payment

Payments in respect of each Security will be made:

- (i) where the Securities are lodged in the Austraclear System, by crediting on the relevant Interest Payment Date or Maturity Date (determined in accordance with the Business Day Convention specified in the relevant Pricing Supplement) the amount then due to the account of the relevant Registered Holder in accordance with the Austraclear Regulations; or
- (ii) if the relevant Securities have not been lodged or are removed from the Austraclear System, by crediting on the relevant Interest Payment Date, in the case of payments of interest, or the Maturity Date, in the case of payments of principal, the amount then due to a bank account in Australia previously notified by the Registered Holder to the Registrar. Each Interest Payment Date and Maturity Date shall be determined in accordance with the Business Day Convention specified in the relevant Pricing Supplement. If the Registered Holder has not notified the Registrar of such an account by 5.00pm local Registry Office time on the relevant Record Date or upon application by the Registered Holder to the Registrar no later than 5.00pm local Registry Office time on the relevant Record Date, payments in respect of the relevant Security will be made by cheque mailed on the Business Day immediately preceding the relevant Interest Payment Date in the case of payments of interest or on the Maturity Date, in the case of payments of principal, at the Registered Holder's risk to the Registered Holder (or to the first named of joint Registered Holders) of such Security at the address appearing in the Register as at 5.00pm local Registry Office time on the relevant Record Date. Cheques to be despatched to the nominated address of a Registered Holder will in such case be deemed to have been received by the Registered Holder on the relevant Interest Payment Date, in the case of payments of interest, or the Maturity Date, in the case of payments of principal, and no further amount will be payable by the Issuer in respect of the relevant Security as a result of payment not being received by the Registered Holder on the due date.

No payment of interest will be mailed to an address in the United States or transferred to an account maintained by the Registered Holder in the United States.

6.3 Payments Subject to Fiscal Laws

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8 (Taxation). No commission or expenses shall be charged to the Registered Holders in respect of such payments.

6.4 Appointment of Agents

The Registrar and (if appointed) the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Registered Holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Registrar or (if appointed) the Calculation Agent, provided that the Issuer shall at all times maintain (i) a Registrar, (ii) one or more Calculation Agent(s) where the Conditions so require, and (iii) such other agents as may be required by the rules of any stock exchange, listing authority and/or quotation system on which the Securities may be admitted to listing, trading and/or quotation. Notice of any change to the specified office of the Registrar or the Calculation Agent shall promptly be given to the Registered Holders in accordance with Condition 14 (Notices).

7 TRANSFER

7.1 Transfer

- (i) Unless Securities are lodged in the Austraclear System, and subject to Condition 7.2, all applications to transfer Securities must be made by lodging with the Registrar a properly completed transfer and acceptance form in the form approved by the Issuer and the Registrar. Any Certificate relating to the Securities to be transferred must also be

surrendered to the Registrar. Transfer and acceptance forms are available from any Registry Office. Each Registry Office will provide prompt marking and transfer services. Each transfer form must be 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 Security, and be signed by both the transferor and the transferee. The transfer takes effect upon the transferee's name being entered on the Register.

(ii) Securities lodged in the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

7.2 Limit on Transfer

(i) Securities may only be transferred within, to or from Australia in the denominations specified in the Pricing Supplement and if the consideration payable at the time of transfer is a minimum amount of A\$500,000 (in either case, disregarding moneys lent by the transferor or its associates) or the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 and Part 7 of the Corporations Act.

(ii) Securities may only be transferred between persons in a jurisdiction or jurisdictions other than Australia if the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place and the transfer of the Securities otherwise does not require disclosure to investors in accordance with the laws of the jurisdiction in which the transfer takes place.

7.3 Partial Transfers

Where a transferor executes a transfer of less than all Securities registered in its name, and the identity of the specific Securities to be transferred are not identified, the Registrar may register the transfer in respect of such of the Securities registered in the name of the transferor as the Registrar thinks fit, provided the total Nominal Amount of the Securities registered as having been transferred equals the total Nominal Amount of the Securities expressed to be transferred in the transfer.

7.4 Closed Period

A transfer of a Security shall not be effective unless and until entered on the Register. The Register will be closed for the purpose of determining entitlements to payments of interest and repayments of any Nominal Amount at 5:00 pm local Registry Office time on the Record Date prior to the relevant Interest Payment Date, the relevant Maturity Date and any relevant redemption date. Therefore, transfers must be received by the Registrar at the relevant Registry Office prior to that time.

7.5 Stamp Duty

The Registered Holder is responsible for any stamp duties or other similar taxes which are payable in any jurisdiction in connection with any transfer, assignment or other dealing with the Securities.

7.6 Transmission

The Registrar must register a transfer of a Security to or by a person who is entitled to make or receive the transfer in consequence of:

- (i) death, bankruptcy, liquidation or winding up of a Registered Holder; or
- (ii) the making of a vesting order by a court or other body with power to make the order,

on receiving the evidence of entitlement that the Registrar or the Issuer requires.

7.7 Austraclear Services Limited as Registrar

If Austraclear Services Limited is the Registrar and Securities are lodged in the Austraclear System, despite any other provision of those Conditions, these Securities are not transferable on the Register, and the Issuer may not, and must procure that the Registrar does not, register any transfer of those Securities issued by it and no member of the Austraclear System has the right to request any registration of any transfer of the relevant Securities, except:

- (i) for the purposes of any repurchase, redemption or cancellation (whether on or before the Maturity Date of the relevant Security) of the relevant Security, a transfer of the relevant Security from Austraclear to the Issuer may be entered in the Register; and
- (ii) if Austraclear exercises or purports to exercise any power it may have under the Austraclear Regulations from time to time for the Austraclear System or these Conditions, to require the relevant Security to be transferred on the Register to a member of the Austraclear System, the relevant Security may be transferred on the Register from Austraclear to the member of the Austraclear System.

In any of these cases, the relevant Security will cease to be held in the Austraclear System.

8. TAXATION

Subject as provided below, all payments of principal and interest in respect of the Securities shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Commonwealth of Australia or by any authority therein or thereof having power to tax (together **Taxes**), unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts to the Registered Holders as shall result in receipt by those Registered Holders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Security:

- (i) in respect of which the Registered Holder thereof is liable to such Taxes, duties, assessments or governmental charges in respect of such Security by reason of its having some connection with the Commonwealth of Australia, other than the mere holding of such Security or the receipt of the relevant payment in respect thereof; or
- (ii) in respect of which the Registered Holder thereof is an Offshore Associate of the Issuer (acting other than in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act); or
- (iii) in respect of which the Taxes have been imposed or levied as a result of the Registered Holder of such Security being party to or participating in a scheme to avoid such Taxes, being a scheme which the Issuer was neither a party to nor participated in; or
- (iv) to, or to a third party on behalf of, an Australian resident Registered Holder or a non-resident Registered Holder who is engaged in carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if that person has not supplied an appropriate tax file number, Australian business number or other exemption details.

References in these Conditions to (i) **principal** shall be deemed to include any premium payable in respect of the Securities, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 (Redemption, Purchase and Options), or any amendment or supplement to it, (ii) **interest** shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 (Interest and other Calculations), or any amendment or supplement to it and (iii) **principal** and/or **interest**

shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or substitution for it under the Deed Poll. Any additional amounts due in respect of the Subordinated Notes will be subordinated in right of payment as described in Condition 3.3 (Status Subordinated Notes), Condition 4.10 (Condition of Payment Subordinated Notes) and Condition 11 (Subordination).

If the Issuer is or becomes subject at any time to any taxing jurisdiction other than or in addition to the Commonwealth of Australia, references in Condition 5.2 and Condition 8 shall be read and construed as including references to such other taxing jurisdiction(s).

9. PRESCRIPTION

Claims against the Issuer for payment in respect of the Securities shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10. EVENTS OF DEFAULT

10.1 Medium Term Notes

If any one of the following events (**Events of Default**) occurs and is continuing, the Registered Holder of any Medium Term Note of any Series may give written notice to the Registrar at its Registry Office that such Medium Term Note is immediately repayable, whereupon it shall immediately become due and repayable at its Early Redemption Amount together with accrued interest to the date of payment unless, prior to the date that such written notice is received by the Registrar, the Issuer shall have cured or otherwise made good all Events of Default in respect of the Medium Term Notes of such Series:

(i) default is made in the payment of any principal or Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount, Instalment Amount or Amortised Face Amount (in the case of a Zero Coupon Security) (whether becoming due upon redemption or otherwise) or interest when due, in respect of any Medium Term Note of such Series, and such default continues for a period of seven days; or

(ii) the Issuer fails to perform or observe any of its obligations under any Medium Term Note of such Series other than those specified in paragraph (i) above and in such case (except where such failure is incapable of remedy) such failure continues for a period of 30 days next following the service by any Registered Holder of any Medium Term Note of such Series on the Issuer of written notice requiring the same to be remedied; or

(iii) the maturity of any indebtedness for borrowed money of the Issuer amounting in aggregate to U.S.\$10,000,000 principal amount (not being moneys borrowed in the ordinary course of banking business) shall have been accelerated by or on behalf of the holder of such indebtedness in accordance with the terms thereof or any agreement relating thereto or any such indebtedness shall not have been paid when due on maturity and such default shall not have been cured within the grace period, if any, originally applicable thereto or default shall be made by the Issuer in honouring when called upon any guarantee or indemnity given by the Issuer in respect of any such indebtedness of others and such default shall not have been cured within the grace period, if any, originally applicable thereto; and such acceleration or default, as the case may be, is not being contested in good faith by the Issuer and is not cured or otherwise made good within seven days after the date upon which written notice of such default shall have been given to the Issuer by or on behalf of the Registered Holder of any Medium Term Note of such Series, provided that the failure by the Issuer duly to make payment under any leveraged lease facility or similar financial transaction in consequence of the relevant lessee failing to place the Issuer in funds shall not of itself constitute a breach of this paragraph (iii). For this purpose **leveraged lease facility** means financial arrangements involving ownership of assets by a lessor, lessor partnership or other entity (an **owner**) which is leased or made available to the

lessee or user, the acquisition of which shall have been made with the assistance of a loan or loans on security which will include the property or funds accruing to the owner in respect of such property under the terms of the lease or agreement by which the assets are made available to the lessee or user or on security which includes both such property and such funds; or

(iv) otherwise than for the purpose of an amalgamation or reconstruction or merger within the meaning of these words under the laws of the Commonwealth of Australia, a resolution is passed that the Issuer be wound up or dissolved; or

(v) the Issuer stops payment (within the meaning of Australian or any other applicable bankruptcy law) of its obligations; or

(vi) an encumbrancer takes possession of or a receiver is appointed of the whole or a substantial part of the undertaking and assets of the Issuer and any such event is continuing for 45 days after its occurrence and would materially prejudice the performance by the Issuer of its obligations under the Medium Term Notes of such Series or a distress or execution is levied or enforced upon or sued out against the whole or a substantial part of the undertaking and assets of the Issuer which would materially prejudice the performance of the Issuer of its obligations under the Medium Term Notes of such Series and is not discharged within 60 days thereof; or

(vii) proceedings shall have been initiated against the Issuer under any applicable bankruptcy, reorganisation or other similar law and such proceedings shall not have been discharged or stayed within a period of 60 days; or

(viii) the Issuer shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, insolvency, composition or other similar law (otherwise than for the purpose of amalgamation, reconstruction or merger (within the meaning of those words under the laws of the Commonwealth of Australia)) and such proceedings would materially prejudice the performance by the Issuer of its obligations under the Medium Term Notes of such Series.

10.2 Subordinated Notes

The following are Events of Default with respect to Subordinated Notes:

(i) (a) the making of an order by a court of the State of Victoria, Commonwealth of Australia or a court with appellate jurisdiction from such court which is not successfully appealed or permanently stayed within 60 days of the entry of such order; or

(b) the valid adoption by the Issuer's shareholders of an effective resolution,

in each case for the winding up of the Issuer (other than under or in connection with a scheme of amalgamation or reconstruction not involving bankruptcy or insolvency); and

(ii) Subject to Condition 4.10:

(a) default in the payment of interest on any Subordinated Note when due, continued for 30 days; or

(b) default in the payment of principal of, or any premium on, any Subordinated Note when due.

Upon the occurrence of an Event of Default specified in paragraph (i) above, subject to the subordination provisions, the principal amount of, and all accrued and unpaid interest on, the Subordinated Notes will automatically become due and payable.

If an Event of Default contemplated by paragraph (ii) above with respect to any Subordinated Notes occurs and is continuing, a Subordinated Noteholder may only, in order to enforce the obligations of the Issuer under such Subordinated Notes:

(A) notwithstanding the provisions of paragraph (B) below, institute proceedings in the State of Victoria, Commonwealth of Australia (but not elsewhere) for the winding up of the Issuer (all subject to, and in accordance with, the terms of Condition 11 (*Subordination*)); or

(B) institute proceedings for recovery of the money then due, provided that the Issuer will not, by virtue of the institution of any such proceedings (other than proceedings for the winding up of the Issuer) be obliged to pay any sums representing principal or interest in respect of the Subordinated Notes sooner than the same would otherwise have been payable by it and provided that the Issuer is Solvent at the time of, and will be Solvent immediately after, any such payment.

No remedy against the Issuer other than those referred to in this Condition 10.2, shall be available to the Subordinated Noteholders, whether for the recovery of amounts owing in respect of the Subordinated Notes or in respect of any breach by the issuer of any of its other obligations under or in respect of the Subordinated Notes.

10.3 Notification

If an Event of Default occurs under Conditions 10.1 or 10.2 above, the Issuer will promptly after becoming aware of it notify the Registrar of the occurrence of the Event of Default specifying details of it and use its reasonable endeavours to procure that the Registrar promptly notifies the Registered Holders of the occurrence of the Event of Default by registered post to the address of the Registered Holders recorded in the Register.

11. SUBORDINATION

In the event of the winding up of the Issuer constituting an Event of Default with respect to the Subordinated Notes, there shall be payable with respect to the Subordinated Notes, subject to the subordination provisions discussed above (see Condition 3.3 (Status Subordinated Notes) and Condition 4.10 (Condition of Payment Subordinated Notes), an amount equal to the principal amount of the Subordinated Notes then outstanding, together with all accrued and unpaid interest thereon to the repayment date.

As a result of the subordination provisions, no amount will be payable in the winding up of the Issuer in Australia in respect of the Subordinated Notes until all claims of Unsubordinated Creditors admitted in the winding up have been satisfied in full. By subscription for, or transfer of, Subordinated Notes to a Subordinated Noteholder, that Subordinated Noteholder will be taken to have agreed that no amount in respect of the Subordinated Notes will be repaid until all the claims of the Unsubordinated Creditors admitted in the winding up have been satisfied accordingly. Accordingly, if proceedings with respect to the winding up of the Issuer in Australia were to occur, the Subordinated Noteholders could recover less relative to the holders of deposit liabilities, the holders of Medium Term Notes and the holders of prior ranking subordinated liabilities of the Issuer. For the avoidance of doubt, the Subordinated Notes do not constitute deposit liabilities of the Issuer.

If in any such winding up, the amount payable with respect to the Subordinated Notes and any claims ranking equally with the Subordinated Notes cannot be paid in full, the Subordinated Notes and other claims ranking equally with the Subordinated Notes will share relatively in any distribution of the Issuer's assets in a winding up in proportion to the respective amounts to which they are entitled.

In addition, because the Issuer is a holding company as well as an operating company, the rights of the Issuer, its creditors and of the Subordinated Noteholders to participate in the assets of any of the Issuer's subsidiaries upon the liquidation of such subsidiary will be subject

to the prior claims of the subsidiary's creditors, except to the extent that the Issuer itself may be a creditor with recognised claims against that subsidiary.

12. MEETING OF REGISTERED HOLDERS, MODIFICATIONS AND WAIVER

12.1 Meetings of Registered Holders

Meetings of Registered Holders may be convened in accordance with the Meeting Provisions contained in Schedule 2 to the Deed Poll. Any such meeting may consider any matters affecting the interests of Registered Holders, including, without limitation, the variation of the terms of the Securities by the Issuer and the granting of approvals, consents and waivers, and the declaration of an Event of Default.

12.2 Modification of the Deed Poll

The Deed Poll may be amended by the Issuer, without the consent of any Registered Holder for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein which does not, in the reasonable opinion of the Issuer, adversely affect the interests of the Registered Holders. All other amendments to the Deed Poll must be passed at a duly convened meeting of Registered Holders by an Extraordinary Resolution. The Issuer will notify the Registrar of any amendments made pursuant to this Condition and will use its reasonable endeavours to procure that the Registrar notifies the Registered Holders of the amendment by post to the address of the Registered Holders recorded in the Register.

13. FURTHER ISSUES OF SECURITIES

The Issuer may from time to time without the consent of the Registered Holders create and issue further securities either having the same terms and conditions as the Securities in all respects (or in all respects except for the Issue Date or first payment of interest on them) and so that such further issue of securities shall be consolidated and form a single Series with the outstanding Securities of any Series or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single Series with the Securities.

14. NOTICES

14.1 To Registered Holders

All notices by the Issuer to Registered Holders will be valid if posted by ordinary mail to the relevant Registered Holder at its address appearing on the Register (or in the case of joint Registered Holders to the first named).

Any such notice shall be deemed to have been given on the third Business Day after posting if posted to an address in Australia and on the seventh Business Day if posted to an address outside of Australia.

14.2 To the Issuer and Registrar

All notices by a Registered Holder to the Issuer and Registrar will be valid if posted by ordinary mail to the Issuer and the Registrar at their addresses specified above. Unless a later time is specified in it, a notice takes effect from the time it is received by the Issuer or Registrar except that if it is received after 5.00pm in the place of receipt or not on a Business Day, it is to be taken to be received at 9.00am on the next succeeding Business Day in that place.

15. GOVERNING LAW

The Securities are governed by the laws in force in the State of Victoria and the Commonwealth of Australia.

USE OF PROCEEDS

The net proceeds from the issue of any Notes or Transferable Certificates of Deposit will be used by the Issuer for its general corporate purposes.

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SUBSCRIPTION AND SALE

Subject to the terms and on the conditions contained in each relevant subscription agreement (each a **Subscription Agreement**) entered into between the Issuer and the relevant Dealers, the Securities will be offered from time to time by the Issuer to the Dealers. However, the Issuer has reserved the right to sell Securities directly on its own behalf to other intermediaries and purchasers procured by it.

The Issuer agrees to indemnify the Dealer(s) against certain liabilities in connection with the offer and sale of the Securities. Each Subscription Agreement entitles the relevant Dealers to terminate any agreement that they may make to subscribe for Securities in certain circumstances prior to payment for such Securities being made to the Issuer. In the event of any inconsistency between the provisions of the relevant Subscription Agreement and the Information Memorandum or the Conditions then the provisions of the relevant Subscription Agreement shall apply.

The Issuer may pay each relevant Dealer a commission as agreed between the Issuer and that Dealer in respect of a Tranche of Securities, which commission may be deducted from the net proceeds payable to the Issuer on the closing of that Series. The Issuer may agree to reimburse the relevant Dealers for certain of their activities in connection with the issue of a Tranche of Securities.

Australia

No prospectus or other disclosure document in relation to the Programme or the Securities has been lodged with the Australian Securities and Investments Commission (**ASIC**) or the Australian Securities Exchange. Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that, unless the relevant Pricing Supplement otherwise provides, it:

- (i) has not made or invited, and will not make or invite, an offer of the Securities for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (ii) has not distributed or published, and will not distribute or publish, the Information Memorandum or any other offering material or advertisement relating to the Securities in Australia,

unless:

- (a) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 and Part 7 of the Corporations Act; and
- (b) such action complies with all applicable laws and regulations.

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it will not sell any Securities issued by the Issuer in circumstances where employees of the Dealer aware of, or involved in, the sale know, or have reasonable grounds to suspect, that the Security or an interest in or right in respect of the Security, was being or would later be, acquired either directly or indirectly by an Offshore Associate of the Issuer acting other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Securities or a clearing house, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act.

Offshore Associate means an associate (as defined in section 128F of the Income Tax Assessment Act 1936 (Cth) of Australia and any successor legislation) of the Issuer that is either a non-resident of the Commonwealth of Australia which does not acquire the Securities in carrying on a business at or through a permanent establishment in Australia or, alternatively, a resident of Australia that acquires the Securities in carrying on business at or through a permanent establishment outside of Australia.

Hong Kong

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that:

(i) it has not offered or sold and will not offer or sell the Securities in the Hong Kong Special Administrative Region of the Peoples Republic of China (**Hong Kong**), by any document, except (i) to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a prospectus as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) 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, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Japan

The Securities have not been and will not be registered under the Securities and Exchange Law of Japan (the *Securities and Exchange Law*). Accordingly, each of the Dealers represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it has not, directly or indirectly, offered or sold and will not directly or indirectly, offer or sell any Securities 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 under circumstances which will result in compliance with the Securities and Exchange Law 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.

New Zealand

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered and will not directly or indirectly offer, sell or deliver any Security, and it will not distribute any offering memorandum or advertisement in relation to any offer of Securities in New Zealand, unless the minimum subscription price payable for Securities is at least NZ\$500,000 (disregarding any amount lent by the offeror, the Issuer or any associated person of the offeror or the Issuer) and the minimum holding of Securities is at least NZ\$500,000, or that offer, sale or delivery is in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand.

United Kingdom

Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Securities in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

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

United States of America

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the *Securities Act*) and may not be offered, sold or delivered within the United States or its possessions or to, or for the account or benefit of, U.S. persons. Each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that it has offered and sold, and will offer and sell, Securities as part of its distribution or otherwise at any time only outside the United States and its possessions to non-U.S. persons in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, each Dealer represents and agrees and each further Dealer appointed under the Programme will be required to represent and agree that neither it, nor any of its affiliates nor any person acting on its behalf has engaged or will engage in any directed selling efforts with respect to the Securities, and that it and they have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act. Each Dealer also agrees and each further Dealer appointed under the Programme will be required to agree that, at or prior to confirmation of sale of Securities, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it a confirmation or notice to substantially the following effect:

The Securities covered hereby have not been registered under the United States Securities Act of 1933, as amended (the *Securities Act*) and may not be offered or sold within the United States or its possessions or to, or for the account or benefit of, U.S. persons as part of their distribution or otherwise at any time. Terms used above have the meanings given to them in Regulation S under the Securities Act.

Terms used in this sub-section headed **United States of America** have the meaning given to them by Regulation S under the Securities Act.

Each issuance of index-, commodity- or currency-linked Securities may be subject to such additional U.S. selling restrictions as the relevant Dealer may agree with the Issuer as a term of the issuance, and purchase or, as the case may be, subscription of such Securities. Each Dealer agrees and each further Dealer appointed under the Programme will be required agree that it shall offer, sell and deliver such Securities only in compliance with such additional U.S. selling restrictions.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented, warranted and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Securities 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 Securities to the public in that Relevant Member State:

(i) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Securities 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;

(ii) 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;

(iii) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR

43,000,000 and (3) an annual turnover of more than EUR 50,000,000, all as shown in its last annual or consolidated accounts; or

(iv) 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 provision, the expression **offer of Securities to the public** in relation to any Securities 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 Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, 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

These selling restrictions may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the Securities to which it relates or in a supplement to this Information Memorandum.

No action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of the Information Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer agrees and each further Dealer appointed under the Programme will be required to agree that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or has in its possession or distributes the Information Memorandum, any other offering material or any Pricing Supplement in each case at its expense and none of the Issuer nor any other Dealer shall have responsibility thereafter.

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

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The form of Pricing Supplement that will be issued in respect of each Tranche of Securities, subject only to the possible deletion of non-applicable provisions, is set out below:

PRICING SUPPLEMENT

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
(Australian Business Number 11 005 357 522)
(Incorporated with limited liability in Australia)

Australian Dollar

Debt Issuance Programme

Series No: []

Tranche No: []

[Brief Description and Aggregate Nominal Amount of the Medium Term Notes/Subordinated Notes/Transferable Certificates of Deposit]

Issue Price: [] per cent.

[Name(s) of Dealers(s)]

The date of this Pricing Supplement is []

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This document constitutes the Pricing Supplement relating to the issue of Securities described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 26 February 2007. This Pricing Supplement contain the final terms of the Securities and must be read in conjunction with the Information Memorandum, as supplemented as at the Issue Date.

The following alternative language applies if the first Tranche of an issue of Securities which is being increased was issued under an Information Memorandum with an earlier date.

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Information Memorandum dated [*original date*]. This Pricing Supplement contains the final terms of the Securities and must be read in conjunction with the Information Memorandum dated 26 February 2007 [and the supplemental Information Memorandum dated []] (the **Information Memorandum**), save in respect of the Conditions which are extracted from the Information Memorandum dated [*original date*] and are attached hereto.]

Include whichever of the following apply or specify items as Not Applicable or N/A . Note that the numbering should remain as set out below, even if Not Applicable is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.

- | | | |
|----------|----------------------------------|--|
| 1 | Issuer: | Australia and New Zealand Banking Group Limited |
| 2 | (i) Series Number: | [] |
| | (ii) Tranche Number: | [] |
| | | (if fungible with an existing Series, include details of that Series, including the date on which the Securities become fungible) |
| 3 | Specified Currency: | Australian Dollars |
| 4 | Aggregate Nominal Amount: | |
| | (i) Tranche: | [] |
| | (ii) Series: | [] |
| 5 | (i) Issue Price: | [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [<i>insert date</i>] (<i>in te case of fungible Securities only, if applicable</i>)] |
| | (ii) Net proceeds: | [] |
| 6 | Specified Denomination(s): | [] |
| 7 | (i) Issue Date: | [] |
| | (ii) Interest Commencement Date: | [Issue Date/Other (<i>specify</i>)] |
| 8 | Maturity Date: | [] [<i>specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year</i>] |
| 9 | Interest Basis: | [[] per cent. Fixed Rate] |
| | | [[<i>specify reference rate</i>] +/- • per cent. Floating Rate] |

[Zero Coupon]

[Index Linked Interest]

[Other (*specify*)]

(Further particulars specified below)

10 Redemption/Payment Basis:

[Redemption at Par]

[Index Linked Redemption]

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[Dual Currency]

[Instalment]

[Other (*specify*)]

- 11** Change of Interest or Redemption/Payment Basis: [Not Applicable/ [] (*Specify details of any provision for convertibility of Securities into another interest or redemption/payment basis*)] [(Further particulars specified below)]
- 12** Put/Call Options: [Not Applicable]
[Investor Put Option]
[Issuer Call Option]
[(Further particulars specified below)]
- 13** Status of the Securities: [Transferable Certificates of Deposit] [Medium Term Notes] [Subordinated Notes]
- 14** Listing: [Australian Securities Exchange/(*specify*)/None]
- 15** Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16** Fixed Rate Security Provisions [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Rate[(s)] of Interest: [] per cent. Per annum [payable [annually/semi-annually/quarterly/monthly] in arrears]
- (ii) Interest Payment Date(s): [] in each year [commencing on [] up to and including the Maturity Date]
- (iii) Fixed Coupon Amount[(s)]: [[] per [] in Specified Denomination/Not Applicable]
- (iv) Broken Amount(s): [Not Applicable/ [] (*Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date for which it is payable*)]
- (v) Business day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day

Convention/other (give details)]

(vi) Day Count Fraction: [Actual/Actual (ICMA)] [30/360] [RBA Bond Basis] [Other (specify)]

(vii) Other terms relating to the method of calculating interest for Fixed Rate Securities: [Not Applicable/[] (give details)]

17 Floating Rate Security Provisions [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i) (a) Interest Period(s): [[] (Specify either a period or periods or a specific date or dates)/Not Applicable (if no different to Condition 1.1)]

(b) Interest Payment Dates: [[]/Not Applicable]

(c) Interest Period Date if not an Interest Payment Date: [[]/Not Applicable]

(ii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]

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- (iii) Manner in which the Rate(s) of Interest is/are to [Screen Rate Determination/other (*give details*)] be determined:
- (iv) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s): []
- (v) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: []
 - Interest Determination Date(s): []
 - Relevant Screen Page: []
 - Relevant Time: []
 - Relevant Financial Centre: []
 - Reference Banks: []
- (vi) Margin(s): [+/-] [] per cent. per annum
- (vii) Minimum Rate of Interest: [[] per cent. per annum/Not Applicable]
- (viii) Maximum Rate of Interest: [[] per cent. per annum/Not Applicable]
- (ix) Rate Multiplier [[]/Not Applicable]
- (x) Day Count Fraction: [Actual/360][Actual/365][Actual/365 (fixed)][other (*specify*)]
- (xi) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Securities, if different from those set out in the Conditions: [(specify) (*Also, review and confirm additional defined terms in Condition 5 (Interest and Other Calculations): Interest Accrual Period etc*)]
- 18** Zero Coupon Security Provisions [Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
- (i) Amortisation Yield: [[] per cent. per annum/Not applicable]
- (ii) Day Count Fraction: []
- [(iii)] [Any other relevant provisions and/or other formula/basis for determining the amount payable or the Amortised Face Amount (*if other than as specified in Condition 4.3*):] []
- 19** Index-Linked Interest Security Provisions

[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Rate(s) of interest: []
- (iii) Provisions for determining the Rate of Interest where calculation by reference to Index and/or Formula: []
- (iv) Interest Determination Date(s): []
- (v) Provisions for determining the Rate of Interest where calculation by reference to Index and/or Formula is impossible or []

- impracticable or otherwise disrupted:
- (vi) (a) Interest Period(s): (Specify either a period or periods or a specific date or dates)/Not Applicable (if no different to Condition 1.1)]
- (b) Interest Payment Dates: /Not Applicable]
- (c) Interest Period Date if not an Interest Payment Date: /Not Applicable]
- (vii) Business Day Convention: Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (viii) Minimum Rate of Interest: per cent. per annum/Not Applicable]
- (ix) Maximum Rate of Interest: per cent. per annum/Not Applicable]
- (x) Day Count Fraction:]
- (xi) [Margin/Rate Multiplier]: +/- per cent. per annum

PROVISIONS RELATING TO REDEMPTION

- 21 Call Option [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Option Exercise Date(s) (if other than set out in the Conditions):]
- (ii) Optional Redemption Date(s):]
- (iii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): per Security of Specified Denomination/Redemption at Par/Other (specify)]
- (iv) If redeemable in part: /Not Applicable]
- (a) Minimum Redemption Amount: /Not Applicable]
- (b) Maximum Redemption Amount: /Not Applicable]
- 22 Put Option [Applicable/Not Applicable] (If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Option Exercise Date(s) (if other than set out in the Conditions): []
- (ii) Optional Redemption Date(s): []
- (iii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Security of [] Specified Denomination/Redemption at Par/Other (specify)]

23 Final Redemption Amount: [[] per Security of [] Specified Denomination/Par/other/Index-Linked Redemption/ See Appendix for method of calculation (Specify)]

24 Early Redemption Amount: [[] per Security of [] Specified Denomination/Par/other/Index-Linked Redemption/ See Appendix for method of calculation (Specify)]

Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default and/or the method of calculating the same (if required or if different from that set out in the Conditions)

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GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

25	Form of Securities:	Registered
26	Additional Financial Centre(s) <i>(for the purposes of the Business Day definition)</i> or other special provisions relating to Interest Payment Dates:	[Not Applicable/give details.]
27	Public Offer Test compliant	[Yes/No/Not Applicable]
28	Details relating to Instalment Notes, including Instalment Amount(s) and Instalment Date(s):	[Not Applicable/give details]
29	Consolidation provisions:	[Not Applicable/The provisions annexed to this Pricing Supplement apply]
30	Governing law:	State of Victoria and Commonwealth of Australia
31	Other terms or special conditions:	[Not Applicable/give details]

DISTRIBUTION

32	If syndicated, names of Lead Managers and the Dealers:	[Not Applicable/give names]
33	If non-syndicated, name of Dealer:	[Not Applicable/give names]
34	Additional selling restrictions:	[Not Applicable/give details]

OPERATIONAL INFORMATION

35	ISIN:	[Not Applicable/insert number]
36	Common Code	[Not Applicable/insert number]
37	Any clearing system(s) other than Austraclear and the relevant identification number(s):	[Not Applicable/give name(s) and number(s)]

[LISTING APPLICATION]

This Pricing Supplement comprises the details required to list the Securities described herein pursuant to the Australian Dollar Debt Issuance programme as from [insert date of listing of the Securities]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:
 [Duly Authorised Signatory/Attorney]

ISSUER

Australia and New Zealand Banking Group Limited

Level 14, 530 Collins Street

Melbourne

Victoria 3000

Attention: Head of Group Funding and Liquidity

Telephone: (03) 9273 1467

Facsimile: (03) 9273 1687

REGISTRAR

Austraclear Services Limited

Level 4, 20 Bridge Street

Sydney

NSW 2000

Attention: Manager, Business Development

Telephone: (02) 8298 8476

Facsimile: (02) 9256 0438

ARRANGER and DEALER

Australia and New Zealand Banking Group Limited
trading as ANZ Investment Bank

Level 2, 20 Martin Place

Sydney

New South Wales 2000

Attention: Director Syndicate, ANZ Investment Bank

Telephone: (02) 9227 1080

Facsimile: (02) 9227 1113

LEGAL ADVISER

Allens Arthur Robinson

Level 27

530 Collins Street

Melbourne

Victoria 3000

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The form of Pricing Supplement that will be issued in respect of each Tranche of Securities, subject only to the possible deletion of non-applicable provisions, is set out below:

PRICING SUPPLEMENT

AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED
(Australian Business Number 11 005 357 522)
(Incorporated with limited liability in Australia)

Australian Dollar
Debt Issuance Programme

Series No: 43
Tranche No: 1

A\$350,000,000 Floating Rate Subordinated Notes due 05 March 2017
Issue Price: 100.00 per cent.

Australia and New Zealand Banking Group Limited ABN 11 005 357 522
HSBC Bank Australia Limited ABN 48 006 434 162
Royal Bank of Canada ABN 86 076 940 880
The Toronto Dominion Bank ABN 74 082 818 175

The date of this Pricing Supplement is 02 March 2007

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This document constitutes the Pricing Supplement relating to the issue of Securities described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 26 February 2007. This Pricing Supplement contains the final terms of the Securities and must be read in conjunction with the Information Memorandum, as supplemented as at the Issue Date.

Include whichever of the following apply or specify items as Not Applicable or N/A. Note that the numbering should remain as set out below, even if Not Applicable is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.

1	Issuer:	Australia and New Zealand Banking Group Limited
2	(i) Series Number:	43
	(ii) Tranche Number:	1
	(if fungible with an existing Series, include details of that Series, including the date on which the Securities become fungible)	Not Applicable
3	Specified Currency:	Australian Dollars
4	Aggregate Nominal Amount:	A\$350,000,000
	(i) Tranche:	1
	(ii) Series:	43
5	(i) Issue Price:	100.00 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds:	A\$350,000,000
6	Specified Denomination(s):	A\$1,000
7	(i) Issue Date:	05 March 2007
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	05 March 2017
9	Interest Basis:	Floating Rate
10	Redemption/Payment Basis:	Redemption at Par
11	Change of Interest or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Issuer Call: The Securities may be redeemed at the option of the Issuer in whole or in part at par on any Interest Payment Date falling on or after 05 March 2012 in accordance with Conditions 5.4 and 5.8 (Further particulars specified below)
13	Status of the Securities:	Subordinated Notes
14	Listing:	Australian Securities Exchange
15	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Security Provisions	/Not Applicable
17	Floating Rate Security Provisions	Applicable
	(i) (a) Interest Period(s):	3 months
	(b) Interest Payment Dates:	05 March, 05 June, 05 September and 05 December of each year commencing on 05 June 2007 up to and including the Maturity Date
	(c) Interest Period Date if not an Interest Payment Date:	Not Applicable
	(ii) Business Day Convention:	Modified Following Business Day Convention
	(iii) Manner in which the Rate(s) of Interest is/are to be determined:	Screen Rate Determination
	(iv) Calculation Agent responsible for calculating the Rate(s) of Interest and Interest Amount(s):	ANZ Investment Bank
	(v) Screen Rate Determination:	Applicable
	Reference Rate:	3 month BBSW
	Interest Determination Date(s):	The first day of each Interest Period
	Relevant Screen Page:	Reuters screen page BBSW
	(vi) Margin(s):	From and including the Issue Date, to but excluding 05 March 2012: +0.24 per cent per annum From and including 05 March 2012, to but excluding the Maturity Date: +0.74 per cent per annum
	(vii) Minimum Rate of Interest:	Not Applicable
	(viii) Maximum Rate of Interest:	Not Applicable
	(ix) Rate Multiplier	Not Applicable

	(x)	Day Count Fraction:	Actual/365
	(xi)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Securities, if different from those set out in the Conditions:	Not Applicable
18		Zero Coupon Security Provisions	Not Applicable
19		Index-Linked Interest Security Provisions	Not Applicable
PROVISIONS RELATING TO REDEMPTION			
20		Call Option	Applicable
	(i)	Option Exercise Date(s) (<i>if other than set out in the Conditions</i>):	Not Applicable
	(ii)	Optional Redemption Date(s):	Any Interest Payment Date falling on or after 05 March 2012
	(iii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	The Securities may be redeemed at the option of the Issuer, in whole or in part, in accordance with Conditions 5.4 and 5.8
	(iv)	If redeemable in part:	Applicable
	(a)	Minimum Redemption Amount:	Not Applicable
	(b)	Maximum Redemption Amount:	Not Applicable
21		Put Option	Not Applicable

22	Final Redemption Amount:	Outstanding Nominal Amount
23	Early Redemption Amount: Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default and/or the method of calculating the same (if required or if different from that set out in the Conditions)	[Outstanding Nominal Amount

GENERAL PROVISIONS APPLICABLE TO THE SECURITIES

24	Form of Securities:	Registered
25	Additional Financial Centre(s) (<i>for the purposes of the Business Day definition</i>) or other special provisions relating to Interest Payment Dates:	Not Applicable
26	Public Offer Test compliant	Yes
27	Details relating to Instalment Notes, including Instalment Amount(s) and Instalment Date(s):	Not Applicable
28	Consolidation provisions:	Not Applicable
29	Governing law:	State of Victoria and Commonwealth of Australia
30	Other terms or special conditions:	Not Applicable

DISTRIBUTION

31	If syndicated, names of Lead Managers and the Dealers:	ANZ Investment Bank (Lead Manager and Dealer) HSBC Bank Australia Limited Royal Bank of Canada The Toronto-Dominion Bank (Dealers)
32	If non-syndicated, name of Dealer:	Not Applicable
33	Additional selling restrictions:	Not Applicable

OPERATIONAL INFORMATION

34	ISIN:	AU0000ANZHT6
35	Common Code	TBA
36	Any clearing system(s) other than Austraclear and the relevant identification number(s):	Clearstream Euroclear

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the Securities described herein pursuant to the Australian Dollar Debt Issuance programme as from 05 March 2007.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By:

Duly Authorised Signatory/Attorney

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DATED 26 February 2007

AMENDED AND RESTATED DEED POLL

by

**AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED**
Australian Business Number 11 005 357 522
(Incorporated with limited liability in Australia)

**AUSTRALIAN DOLLAR
DEBT ISSUANCE PROGRAMME**

AMENDED AND RESTATED DEED POLL

THIS AMENDED AND RESTATED DEED POLL is made on 26 February 2007 by **AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED** A.B.N. 11 005 357 522 (the *Issuer*) in favour of Registered Holders from time to time.

RECITALS

- A. The Issuer wishes to amend and restate the Deed Poll originally made on 20 June 2001 and amended and restated on 11 April 2003 and 23 April 2004 (the *Original Deed Poll*).
- B. Under an Information Memorandum dated 26 February 2007 (the *Information Memorandum*) relating to the Australian Dollar Debt Issuance Programme (the *Programme*), the Issuer proposes to issue Notes and to issue Transferable Certificates of Deposit in respect of Transferable Deposits accepted by it from investors (together with the Notes, the *Securities*) from time to time.
- C. The Issuer agrees to enter into this Deed in order to enable the Registered Holders from time to time of such Securities to obtain the benefit of the terms on which those Notes and Transferable Certificates of Deposit are issued as set out in the Conditions of the Securities and the relevant Pricing Supplement.

NOW THIS DEED WITNESSES as follows:

1. INTERPRETATION

- 1.1 *Conditions* means the Conditions of the Securities contained in Schedule 1 to this Deed, as amended by the relevant Pricing Supplement for any Tranche of Securities.
- 1.2 *Meeting Provisions* means the provisions contained in Schedule 2 to this Deed.
- 1.3 *Security Terms* means, in relation to any Security, the Conditions and the relevant Pricing Supplement.
- 1.4 Unless the context otherwise requires, terms defined in the Conditions and the relevant Pricing Supplement have the same meanings in this Deed.
- 1.5 Condition 1.2 (except (i)) of the Conditions applies to this Deed as if incorporated in this Deed and as if all references to these Conditions are references to this Deed .

2. REGISTERED HOLDERS TO HAVE BENEFIT OF THE SECURITY TERMS

- 2.1 The obligations of the Issuer under the Securities are constituted by and specified in this Deed.
- 2.2 Subject to the Security Terms, the Issuer unconditionally and irrevocably agrees for the benefit of each Registered Holder that such Registered Holder shall, until it has disposed of all Securities held by it, be entitled to the benefit of the terms contained in the Security Terms in respect of the Securities held by it.

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2.3 Each Registered Holder who acquires any Securities in accordance with the Security Terms otherwise than by issue or acceptance (as applicable) by the Issuer shall acquire all rights and benefits to which that Registered Holder would have been entitled under the Security Terms with respect to that Security if that Registered Holder had held that Security from its Issue Date.

2.4 Each Registered Holder and any person claiming through or under a Registered Holder is bound by this Deed and is deemed to have notice of this Deed (including the Meeting Provisions), the Conditions, the Information Memorandum, the relevant Pricing Supplement and the Registry Services Agreement.

2.5 This Deed amends and restates the Original Deed Poll and applies to the exclusion of the Original Deed Poll in respect of all Securities issued after the date of this Deed, except as follows:

(a) Securities issued subsequent to 20 June 2001 but prior to 11 April 2003 (the **First Deed Poll Securities**), and Securities issued subsequent to 11 April 2003 but which are or may be consolidated to form a single Series with any outstanding First Deed Poll Securities in accordance with the Conditions, shall have the benefit (where appropriate) of the Deed Poll dated 20 June 2001.

(b) Securities issued subsequent to 11 April 2003 but prior to 23 April 2004 (the **Second Deed Poll Securities**), and Securities issued subsequent to 23 April 2004 but which are or may be consolidated to form a single Series with any outstanding Second Deed Poll Securities in accordance with the Conditions, shall have the benefit (where appropriate) of the Deed Poll dated 20 June 2001 as amended and restated on 11 April 2003.

(c) Securities issued subsequent to 23 April 2004 but prior to 26 February 2007 (the **Third Deed Poll Securities**), and Securities issued subsequent to 26 February 2007 but which are or may be consolidated to form a single Series with any outstanding Third Deed Poll Securities in accordance with the Conditions, shall have the benefit (where appropriate) of the Deed Poll dated 20 June 2001 as amended and restated on 11 April 2003 and 23 April 2004.

3. DEED DEPOSITED WITH REGISTRAR

3.1 This Deed shall be delivered to and held by the Registrar while any Security remains outstanding and for so long after as any claim made against the Issuer by any Registered Holder in relation to the Securities, the Security Terms or this Deed shall not have been finally adjudicated, settled or discharged.

3.2 Each Registered Holder is taken to have irrevocably instructed the Issuer that this Deed is to be held by the Registrar and appointed and authorised the Registrar to hold this Deed at its office in Melbourne on its behalf.

4. ILLEGALITY

The illegality, invalidity or unenforceability of any provision of this Deed under the law of any jurisdiction shall not affect its legality, validity or enforceability under the law of any other jurisdiction nor the legality, validity or enforceability of any other provision of this Deed.

5. GOVERNING LAW

This Deed is governed by the laws of Victoria and the Commonwealth of Australia.

6. ATTORNEYS

Each attorney executing this Deed states that he or she has no notice of revocation of his or her power of attorney.

IN WITNESS the Issuer has duly executed and delivered this deed poll in Melbourne.

SIGNED SEALED AND DELIVERED for and on behalf of **AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED** ABN 11 005 357 522 under Power of Attorney dated 18 November 2002 by Rick Moscati who certifies that he is a Senior Executive in the presence of:

Witness Signature

Attorney Signature

Print Name

Print Name

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Appendix 3B
New issue announcement

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

**New issue announcement,
application for quotation of additional securities
and agreement**

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Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Australia and New Zealand Banking Group Limited (**ANZ**)

ABN

11 005 357 522

We (the entity) give ASX the following information.

Part 1 - All issues

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You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Transferable Certificates of Deposit (TCDs) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | A\$100,000,000 in aggregate nominal amount |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | See the Information Memorandum of ANZ dated 23 April 2004 in respect of ANZ s AUD Debt Issuance Program and the pricing supplement dated 8 March 2007 for the securities. |
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+ See chapter 19 for defined terms.

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|--|--|
| <p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>The securities will be fungible with the existing ANZ Mar-2011 series; details of the existing series</p> <ul style="list-style-type: none"> • A\$700,000,000 • Coupon: 3 month BBSW + 14.5 bp pa. • Maturity Date: 1 March, 2011 • ASX Code: ANZHN |
| <p>5 Issue price or consideration</p> | <p>Floating Rate Securities - Issue price for the securities is 100.314% of the aggregate nominal amount of the securities (consisting of 100.189% on account of principal and 0.125% on account of accrued interest). The securities will pay a coupon of 3 month BBSW plus 0.145% pa payable quarterly on 1 March, 1 June, 1 September and 1 December, with the first Coupon payable on 1 June 2007.</p> |
| <p>6 Purpose of the issue</p> <p>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>General corporate purposes</p> |
| <p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p> | <p>8 March 2007</p> |
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+ See chapter 19 for defined terms.

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	Number	+Class
8		
Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	1,844,559,545	Ordinary fully paid
	10,000,000	2003 ANZ Stapled Exchangeable Preferred Securities
Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)	AUD600m Floating Rate TCD due October 2007	
	AUD500m 5.80% TCD due October 2007	
	AUD1195m 5.00% TCD due May 2008	
	AUD600m Floating Rate TCD due May 2008	
	AUD400m Floating Rate TCD due March 2009	
	AUD1025m 6.00% TCD due March 2009	
	AUD750m 6.00% TCD due March 2010	
	AUD1050m Floating Rate TCD due March 2010	
	AUD450m 6.00% TCD due March 2011	
	AUD800m Floating Rate TCD due March 2011	
	AUD600m 6.50% TCD due November 2011	
	AUD650m Floating Rate TCD due November 2011	
	AUD350m 6.50% Subordinated Notes due May 2014	
	AUD380m Floating Rate Subordinated Notes due May 2014	
	AUD300m 6.00% Subordinated Notes due August 2015	
	AUD400m Floating Rate Subordinated Notes due August 2015	
	AUD300m 6.25% Subordinated Notes due May 2016	
	AUD300m Floating Rate Subordinated Notes due May 2016	
	AUD350m 6.50% Subordinated Notes due March 2017	
	AUD350m Floating Rate Subordinated Notes due March 2017	

+ See chapter 19 for defined terms.

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	Number	+Class
9		
Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	26,669,034	Options on issue
	350,000	2003 Redeemable Preference Shares
	750,000	2003 Redeemable Preference Shares (Series 2)
	500,000	December 2004 Euro Preference Shares
10		
Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Not Applicable	

Part 2 - Bonus issue or pro rata issue

- 11 Is security holder approval required?
 - 12 Is the issue renounceable or non-renounceable?
 - 13 Ratio in which the +securities will be offered
 - 14 +Class of +securities to which the offer relates
 - 15 +Record date to determine entitlements
 - 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?
 - 17 Policy for deciding entitlements in relation to fractions
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+ See chapter 19 for defined terms.

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- 18 Names of countries in which the entity has +security holders who will not be sent new issue documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

- 19 Closing date for receipt of acceptances or renunciations

- 20 Names of any underwriters

- 21 Amount of any underwriting fee or commission

- 22 Names of any brokers to the issue

- 23