

ANZ CAPITAL NOTES

INVESTMENT STATEMENT | 23 FEBRUARY 2015

ANZ Bank New Zealand Limited

as Issuer of the ANZ Capital Notes

Australia and New Zealand Banking Group Limited

ABN 11 005 357 522

as Issuer of the ANZBGL Shares if the ANZ Capital Notes are Converted

ARRANGER

ANZ Bank New Zealand Limited

JOINT LEAD MANAGERS

ANZ Bank New Zealand Limited

Deutsche Craigs Limited

First NZ Capital Securities Limited

Forsyth Barr Limited

Goldman Sachs New Zealand Limited

Macquarie Capital (New Zealand) Limited

This investment is riskier than a bank deposit. The securities are not call deposits or term deposits with ANZ Bank New Zealand Limited and may not be suitable for many investors.



Important Information

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

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

Choosing an investment

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

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The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>.

Financial advisers can help you make investment decisions

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check —

- the type of adviser you are dealing with:
- the services the adviser can provide you with:
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>.

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

FMA warning statement

This investment is riskier than a bank deposit. These Notes are complex instruments and might not be suitable for many investors.

These Notes carry similar risks to shares in ANZ but do not have the same opportunity for growth as shares.

The risks associated with these Notes could result in the loss of your investment and any associated income.

The Notes are not guaranteed by ANZ or any other person.

If ANZ or ANZBGL experiences severe financial difficulty, the Notes may be converted to ordinary shares of ANZBGL or written off.

You will not have any choice as to whether a conversion or write off occurs, and you may not have a chance to sell your Notes before the conversion or write off.

The value of the ANZBGL ordinary shares that you receive if this occurs is likely to be less than the amount you invest in these Notes.

If conversion is required but is not possible, the Notes will be immediately written off in part or in whole and you will lose your investment.

The table shows how these Notes would rank upon a winding-up of ANZ if conversion does not occur and the Notes are not written off.

	Ranking	Examples	Examples of ANZ securities
<p>Higher ranking/ Earlier priority/ First to be repaid</p>  <p>Lower ranking/ Later priority/ Last to be repaid</p>	Higher ranking obligations	Secured debt and creditors preferred by law	Secured creditors such as money held with clearing systems and covered bond programmes Liabilities given preference by law including employee entitlements and taxes
		Unsubordinated unsecured debt	Deposit accounts, senior bonds and trade and general creditors
		Term subordinated unsecured debt	None currently
		Perpetual subordinated unsecured debt	ANZ Perpetual Notes issued to the public in April 2008
	Equal ranking obligations	Preference shares and other equally ranked instruments	ANZ Preference Shares issued to ANZ Holdings in September 2013 Branch AT1 Securities expected to be issued to the New Zealand branch of ANZBGL in March 2015
	Lower ranking obligations	Ordinary shares	Ordinary shares in ANZ

We recommend that you consult an independent financial adviser before deciding whether or not to invest and that you make certain that you are comfortable that this investment is suitable for your needs.

Further information about key risks of this investment can be found on page 38 of this investment statement.

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Overview and Important Dates

This document is an investment statement for the purposes of the Securities Act 1978. It is an important document and should be read in its entirety.

Overview

This investment statement is dated 23 February 2015 and relates to the offer by ANZ Bank New Zealand Limited (ANZ) of mandatory convertible, non-cumulative perpetual subordinated notes (ANZ Capital Notes or the Notes) to raise up to NZ\$250 million with the ability to accept unlimited oversubscriptions (Offer). Depending on the circumstances, the Notes may be repaid, Converted into ordinary shares (ANZBGL Shares) in ANZ's parent entity, Australia and New Zealand Banking Group Limited (ANZBGL) or Written Off, meaning you will lose your investment.

Interest rate

The interest rate on the Notes will be a Fixed Rate until the Optional Exchange Date (25 May 2020). The Fixed Rate will be determined on the Rate Set Date through the Bookbuild process and will be announced via NZX on or before the Opening Date.

If the Notes have not been repaid or Converted into ANZBGL Shares on or before the Optional Exchange Date (25 May 2020), the interest rate on the Notes will change to a Floating Rate that is reset every 3 months by reference to the 3 Month Bank Bill Rate (a 3 month benchmark rate) and the Margin. The Margin is set on the Rate Set Date and does not change over the term of the Notes. Benchmark interest rates (such as the 3 Month Bank Bill Rate) are unpredictable and you should not expect the Floating Rate to be the same as the Fixed Rate.

The Interest Payment Dates are set out in the table headed "Important Dates". **However, interest payments are subject to ANZ's discretion and no Payment Condition existing** – see Section 2.5.1. This means that you may not receive interest payments on the scheduled Interest Payment Dates or at all.

Repayment or Conversion

The repayment or Conversion of the Notes is subject to certain conditions being met. If those conditions are met:

- ANZ may repay the Notes or Convert the Notes into ANZBGL Shares on the Optional Exchange Date (25 May 2020); and
- ANZ must Convert the Notes on the Mandatory Conversion Date (25 May 2022).

The conditions to Conversion in these circumstances are intended to protect holders of Notes against receiving a number of ANZBGL Shares at the time of

Conversion that would be worth less than approximately NZ\$1.01 for each Note that is Converted.

The Notes may be repaid or Converted at other times as well, or they may remain on issue indefinitely – see "Conversion following a Trigger Event" below and Sections 2.5.2, 2.5.3 and 2.5.4. As repayment and Conversion of the Notes are generally subject to conditions, your Notes may not be repaid or Converted on the dates listed in the table headed "Important Dates".

Conversion following a Trigger Event

The Notes may be required to Convert into ANZBGL Shares if a Trigger Event occurs. There are no conditions to Conversion in these circumstances. If for any reason Notes are not Converted into ANZBGL Shares when required following a Trigger Event then those Notes will be Written Off, and you will lose your investment. A Trigger Event can occur:

- if the ANZ Group or the ANZBGL Level 2 Group does not hold enough common equity capital; or
- if:
 - the RBNZ directs ANZ to convert or write off the Notes or a statutory manager is appointed to ANZ and decides ANZ must convert or write off the Notes; or
 - APRA notifies ANZBGL that ANZBGL would be non-viable unless the Notes are converted or written off or ANZBGL receives a public sector injection of capital or similar support, which may occur, for example, if ANZ or ANZBGL encounters severe financial difficulty.

See Sections 2.5.4 and 3.6 for more information on Trigger Events.

Defined terms

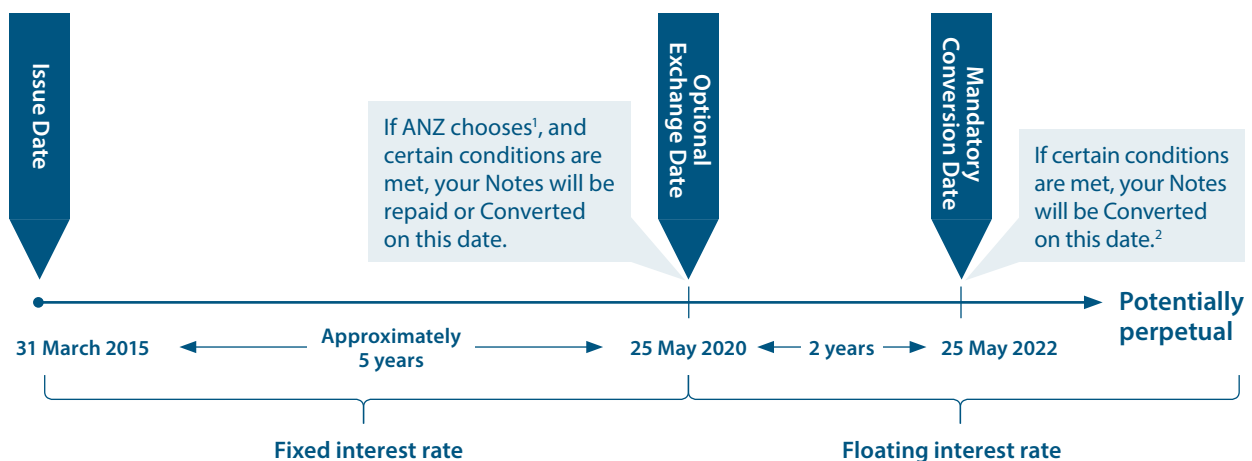
Capitalised terms used in this investment statement have defined meanings which appear in the Glossary in Section 6.

Clause 17.2 of the terms of the Notes (Note Terms) which are set out in Section 5 of this investment statement also contains defined terms that apply to the Notes. If there is any inconsistency between the definitions in this investment statement and the Note Terms, the definitions in the Note Terms prevail.

Important Dates

Important dates for the Offer	
Bookbuild and Rate Set Date (for setting the Margin and the initial Interest Rate)	5 March 2015
Opening Date	6 March 2015
Closing Date	27 March 2015
Issue Date	31 March 2015
Important dates for the Notes	
Expected date of quotation and commencement of trading on the NZX Debt Market	1 April 2015
Interest Payment Dates	25 February, 25 May, 25 August and 25 November in each year
First Interest Payment Date	25 May 2015
Optional Exchange Date	25 May 2020
Mandatory Conversion Date	25 May 2022

Issue timeline



1. ANZ cannot choose to repay Notes unless it has first obtained regulatory approvals.

2. If the conditions to Mandatory Conversion cannot be met on that date, Conversion will be deferred until the next Interest Payment Date on which they are satisfied. The conditions may never be satisfied and Conversion may never occur.

Dates may change

ANZ may change any of the "Important dates for the Offer" (listed above) or withdraw the Offer without notice. If ANZ changes any of the Important dates for the Offer, the changes will be announced via NZX as soon as reasonably practicable.

If the Offer is withdrawn, ANZ will refund your subscription money (without interest) within 5 business days of the withdrawal.

You are encouraged to apply as soon as possible after the Opening Date.

Section 1 – Offer at a Glance

This Section provides an overview of the Notes that are being offered in this investment statement along with some more general terms of the Offer. You should read this investment statement in full before deciding whether to invest.

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1.1 The Notes

Topic	Summary	Where to find more information
Issuer	ANZ Bank New Zealand Limited (ANZ).	Section 3
Purpose of the Offer	The proceeds of the Offer will be used as part of the capital management for ANZ and the ANZBGL Level 2 Group. The Notes will be treated as Additional Tier 1 Capital for ANZ and for the ANZBGL Level 2 Group.	Section 3.6
Type of instrument	The Notes are mandatory convertible, non-cumulative perpetual subordinated notes. Depending on the circumstances, the Notes may be repaid, Converted into ANZBGL Shares or Written Off. You have no right to request that your Notes be repaid or Converted.	These terms are described below
Notes are not deposit liabilities or protected accounts and are not guaranteed	The Notes are not deposit liabilities or protected accounts of ANZBGL or ANZ for the purposes of the Australian Banking Act. The Notes are not guaranteed by any person, and ANZBGL does not guarantee ANZ.	
Interest rate	<p>The interest rate will be the Fixed Rate until the Optional Exchange Date (25 May 2020). The Fixed Rate will be the sum of the Swap Rate (a benchmark interest rate for a term of approximately 5 years) on the Rate Set Date (5 March 2015) plus the Margin.</p> <p>From the Optional Exchange Date the interest rate will be the Floating Rate. The Floating Rate will be equal to the applicable 3 Month Bank Bill Rate (a benchmark interest rate for a term of 3 months) plus the Margin.</p> <p>The Margin will be determined on the Rate Set Date through the Bookbuild process. The Margin will not change over the term of the Notes. The Margin and the Fixed Rate will be announced via NZX on or before the Opening Date (6 March 2015). The Floating Rate will be announced via NZX on a quarterly basis each time it is determined.</p>	Section 2.5.1
Interest payments	Interest is scheduled to be paid quarterly in arrears on each Interest Payment Date. Interest payments are subject to ANZ's discretion and no Payment Condition existing on the relevant Interest Payment Date. This means that interest may not be paid on a scheduled Interest Payment Date or at all . The first Interest Payment Date (25 May 2015) is less than 3 months after the Issue Date and so the amount of interest that is scheduled to be paid on the first Interest Payment Date will reflect this first short Interest Period.	Section 2.5.1
Non-cumulative	Interest payments are non-cumulative. This means that if ANZ does not pay interest on an Interest Payment Date, ANZ will not pay you that interest on a later date and you have no right to receive it at all. You have no right to take action against ANZ or any other member of the ANZBGL Group if ANZ does not pay interest on an Interest Payment Date.	Section 2.5.1
Restrictions on the payment of dividends by ANZ	If interest is not paid within 3 business days of an Interest Payment Date, ANZ must not (except in limited circumstances) pay any dividends on its ordinary shares or undertake a share buy-back or other capital reduction until interest is next paid on the Notes.	Section 2.5.1

Topic	Summary	Where to find more information
Perpetual	The Notes have no fixed maturity date and will remain on issue indefinitely if not repaid, Converted or Written Off.	Section 2.5.2
Repayment	Some or all of your Notes may be repaid on the Optional Exchange Date (25 May 2020) or if a Regulatory Event or Tax Event occurs. Repayment is subject to conditions and will not occur unless those conditions are complied with. You have no right to request that your Notes be repaid.	Sections 2.5.2 and 2.5.3
Conversion	Some or all of your Notes may be Converted into ANZBGL Shares on the Optional Exchange Date (25 May 2020), or if a Regulatory Event or Tax Event occurs (in each case, subject to conditions being met). All of your Notes must be Converted on the Mandatory Conversion Date (25 May 2022) or if a Change of Control Event occurs (in each case, subject to conditions being met). Some or all of your Notes must be Converted if a Trigger Event occurs. You have no right to request that your Notes be Converted.	Sections 2.5.2, 2.5.4 and 2.5.5
Conversion is subject to conditions (except following a Trigger Event)	Conversion (except following a Trigger Event) is subject to conditions and will not occur unless those conditions are met. The conditions to Conversion (except following an ANZ Change of Control Event) are intended to protect holders of Notes against receiving a number of ANZBGL Shares at the time of Conversion that is worth less than approximately NZ\$1.01 for each Note that is Converted.	Sections 2.5.2, 2.5.4 and 2.5.5
Conversion will be deferred if conditions are not met	If the conditions to Conversion cannot be met on the proposed Conversion Date, Conversion is deferred to the next Interest Payment Date on which they are met. For instance, a condition to Conversion on the Mandatory Conversion Date is that the NZ dollar equivalent of the volume-weighted average ANZBGL Share price in the 20 business days prior to the Mandatory Conversion Date is greater than 50.51% of the NZ dollar equivalent of the volume-weighted average ANZBGL Share price at the Issue Date. If this condition is not met, Conversion will be deferred to the next Interest Payment Date on which this condition and the other conditions to Conversion are met. The conditions may never be met and Conversion may never occur.	Sections 2.5.2, 2.5.4 and 2.5.5
Conversion following a Change of Control Event	All of your Notes must be Converted into ANZBGL Shares if a Change of Control Event occurs. A Change of Control Event can occur if there is a change in control of ANZBGL (an ANZBGL Change of Control Event) or if ANZBGL ceases to own 100% of ANZ (an ANZ Change of Control Event). However, Conversion is subject to conditions and will not occur unless those conditions are met. If your Notes are Converted following an ANZ Change of Control Event, the value of the ANZBGL Shares you receive may be significantly less than the principal amount of those Notes.	Sections 2.5.2, 2.5.4 and 2.5.5

Topic	Summary	Where to find more information
Conversion following a Trigger Event	<p>Some or all of your Notes may be Converted into ANZBGL Shares if a Trigger Event occurs. A Trigger Event occurs:</p> <ul style="list-style-type: none"> • if the amount of common equity capital held by the ANZ Group or the ANZBGL Level 2 Group is less than the amount necessary to exceed a capital ratio specified by the RBNZ or APRA (as applicable), that ratio being that its common equity capital is greater than 5.125% of risk-weighted assets; or • if: <ul style="list-style-type: none"> – the RBNZ directs ANZ to convert or write off the Notes or a statutory manager is appointed to ANZ and decides ANZ must convert or write off the Notes; or – APRA notifies ANZBGL that ANZBGL would be non-viable unless the Notes are converted or written off or ANZBGL receives a public sector injection of capital or similar support, <p>which may occur, for example, if ANZ or ANZBGL encounters severe financial difficulty.</p> <p>If any of your Notes are Converted following a Trigger Event, the value of the ANZBGL Shares you receive may be significantly less than the principal amount of those Notes.</p>	Sections 2.5.2, 2.5.4, 2.5.5 and 3.6
How many ANZBGL Shares will I receive on Conversion?	<p>The number of ANZBGL Shares you will receive on Conversion is calculated using the Conversion formula and is designed to operate so that you will receive approximately NZ\$1.01 worth of ANZBGL Shares for each of your Notes that is Converted, unless the Maximum Conversion Number applies.</p>	Sections 2.5.4 and 2.5.5
When will the Maximum Conversion Number apply?	<p>The number of ANZBGL Shares you receive may be capped at a maximum number (the Maximum Conversion Number) if:</p> <ul style="list-style-type: none"> • Conversion is on account of a Trigger Event or an ANZ Change of Control Event; and • the NZ dollar equivalent of the volume-weighted average ANZBGL Share price at the time of Conversion has fallen by more than 80% of the NZ dollar equivalent of the volume-weighted average ANZBGL Share price at the Issue Date. <p>If the Maximum Conversion Number applies, the value of the ANZBGL Shares you receive may be significantly less than the principal amount of the Notes being Converted.</p>	Sections 2.5.4 and 2.5.5
Substitution of issuer of shares on Conversion	<p>ANZ may, subject to certain conditions, substitute a “non-operating holding company” for ANZBGL as the issuer of ordinary shares on Conversion.</p>	Section 2.7
Write Off	<p>If Notes are required to be Converted following a Trigger Event, Conversion is required to occur immediately and must have occurred within 5 business days after the date on which the Trigger Event occurred.</p> <p>If for any reason Notes are not Converted into ANZBGL Shares when required following a Trigger Event then those Notes will be Written Off. This means you will receive nothing further in relation to those Notes, your rights under them will be cancelled and you will lose all of your investment in them. You have no right to take action against ANZ or ANZBGL if any of your Notes are Written Off.</p>	Sections 2.5.2 and 2.5.4

Topic	Summary	Where to find more information
Subordinated	<p><i>Ranking if no Conversion or Write Off</i></p> <p>If ANZ is put into liquidation (and your Notes have not been Converted or Written Off in full), your claim for payment of the principal amount of your Notes will rank:</p> <ul style="list-style-type: none"> • ahead of claims of holders of ordinary shares of ANZ; • equally with claims of other holders of Notes and holders of other securities that rank equally with the Notes (such as the ANZ Preference Shares issued by ANZ in September 2013 and the Branch AT1 Securities expected to be issued to the New Zealand branch of ANZBGL in March 2015 (see Section 2.6, “ANZ and ANZBGL may raise more debt and issue other securities, which may affect your Notes”)); • behind ANZ’s depositors; and • behind all other claims on ANZ (such as those of ANZ’s secured creditors and holders of the ANZ Perpetual Notes issued by ANZ in April 2008). <p>See page 3 for a simplified illustration of the ranking in a liquidation of ANZ.</p> <p><i>Ranking on Conversion or Write Off</i></p> <p>You will have no claim in the liquidation of ANZ if all of your Notes are Converted or Written Off.</p> <p><i>Ranking of ANZBGL Shares</i></p> <p>If any of your Notes are Converted, you will become a holder of ANZBGL Shares. In a winding up of ANZBGL, your ANZBGL Shares will rank equally with existing ANZBGL Shares on issue and behind claims of holders of all other securities and debts of ANZBGL.</p>	Sections 2.6 and 4.1
Credit rating	<p>The Notes are rated BBB- by Standard & Poor’s.</p> <p>Credit ratings are not a recommendation to buy, sell or hold Notes and may be revised or withdrawn at any time.</p>	Section 2.1.2
Risks	<p>There are a number of risks associated with investing in Notes. The principal risks associated with the Notes are described in Section 2.6. You should read that Section in full before deciding to invest in the Notes. Those risks include:</p> <ul style="list-style-type: none"> • Risks associated with the Trigger Events: Your Notes are Additional Tier 1 Capital for ANZ and the ANZBGL Level 2 Group and are required to absorb losses if a Trigger Event occurs by Converting into ANZBGL Shares or being Written Off if the Notes are not Converted into ANZBGL Shares when required. If a Trigger Event occurs and: <ul style="list-style-type: none"> – any of your Notes are Converted into ANZBGL Shares, the value of the ANZBGL Shares you receive may be significantly less than the principal amount of those Notes and the nature of, and returns on, your investment will change; or – Notes are not Converted into ANZBGL Shares when required, those Notes will be Written Off. This means you will receive nothing further in relation to those Notes, your rights under them will be cancelled and you will lose all of your investment in them. You have no right to take action against ANZ or ANZBGL if any of your Notes are Written Off. 	Section 2.6

Topic	Summary	Where to find more information
Risks (continued)	<ul style="list-style-type: none"> • Other risks that reflect the features of your Notes: For example your Notes are mandatory convertible, non-cumulative perpetual subordinated notes that are not secured or guaranteed. Depending on the circumstances your Notes may be repaid or Converted into ANZBGL Shares (even if a Trigger Event has not occurred). You have no control or influence over if or when this may occur, and your Notes may remain on issue indefinitely. If your Notes are repaid or Converted, this may occur at a time that does not suit you. Interest payments are subject to ANZ's discretion and no Payment Condition existing. If interest is not paid when scheduled it will not be paid to you on a later date and you have no right to receive it at all. If any of your Notes are Converted, ANZBGL Shares are a different type of investment to your Notes and may not suit your investment objectives, financial condition or particular needs. • Business risks: By investing in the Notes you will be taking risk on the financial performance and position of both the ANZ Group and the ANZBGL Group. A decline in the financial performance and position of the ANZ Group or the ANZBGL Group: <ul style="list-style-type: none"> – may adversely affect the credit rating, market price and liquidity of the Notes and the market price of the ANZBGL Shares; – could cause ANZ to decide not to pay interest on the Notes or to be unable to pay interest because a Payment Condition exists; – could restrict ANZ from choosing to Convert your Notes or mean conditions to the Conversion may not be able to be met; or – could result in a Trigger Event occurring. • Market-related risks: Market-related risks, such as: <ul style="list-style-type: none"> – the risk that the market for your Notes is not liquid and the risk that the market price for your Notes fluctuates, both of which may mean you may be unable to sell your Notes at an acceptable price, or at all; and – the risk that the interest rate on the Notes may become less attractive to you over time compared to other investments. 	

1.2 The Offer

Topic	Summary
Issue amount	Up to NZ\$250 million plus unlimited oversubscriptions.
Issue price	NZ\$1 per Note.
Minimum application	NZ\$5,000, and in multiples of NZ\$1,000 thereafter.
How to apply	You can apply for Notes from 6 to 27 March 2015 (although ANZ can change these dates and accept late applications). You must apply using the application form at the back of this investment statement. As there is no public pool for the Offer, you should contact your financial adviser for details on how your application can be submitted (see "Offer process" below).
Early Bird Interest	<p>ANZ will pay you interest on your subscription money at 4.50% per annum (less any applicable withholding taxes) for the period from (and including) the date on which your subscription money is banked to (but excluding) the Issue Date. ANZ will pay the Early Bird Interest within 5 business days of the Issue Date, unless your subscription money is returned for any reason.</p> <p>If ANZ refuses your application or accepts your application in part or the Offer is withdrawn, no Early Bird Interest will be paid on the subscription money returned to you.</p>
Offer process	<p>All Notes, including oversubscriptions, will be reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants (as defined in the NZX Participant Rules) and other persons invited to participate in the Bookbuild.</p> <p>There will be no public pool.</p>
Brokerage	<p>You do not have to pay brokerage to ANZ or ANZBGL on your application for Notes. ANZ will pay brokerage in respect of applications for Notes. No brokerage is payable by you if your Notes are Converted into ANZBGL Shares.</p> <p>You may have to pay brokerage on any purchases or sales of Notes or ANZBGL Shares through a financial intermediary.</p>
No underwriting	The Offer is not underwritten.
Scaling	ANZ, in consultation with the Arranger, may scale oversubscriptions at its discretion.
Restrictions on foreign jurisdictions	This investment statement only constitutes an offer of Notes in New Zealand. ANZ and ANZBGL have not taken and will not take any action which would permit a public offering of the Notes, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand). The Notes may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. Any information memorandum, prospectus, circular, advertisement or other offer material in respect of the Notes may only be published, delivered or distributed in or from any country or jurisdiction under circumstances which will result in compliance with all applicable laws, regulations and listing rules of any applicable stock exchange.
You indemnify ANZ and others	Under the Note Terms you indemnify ANZ, ANZBGL, the Registry and each of the Arranger and the Joint Lead Managers in respect of any loss incurred as a result of you breaching the selling restrictions described above.

Topic	Summary
Governing law	<p>This investment statement and the contract which is formed when ANZ accepts your application are governed by New Zealand law.</p> <p>The Notes and the Note Terms are governed by New Zealand law, other than clauses 4.5-4.9, 6 and 10 of the Note Terms, which are governed by the laws of the State of Victoria, Australia.</p>
No representations other than in this investment statement	<p>No person is authorised by ANZ or ANZBGL to give any information or make any representation in connection with the Offer that is not contained in this investment statement. Any information or representation not contained in this investment statement may not be relied upon as having been authorised by ANZ or ANZBGL.</p> <p>The financial information in this investment statement is for information purposes only. It is not a forecast of operating results expected in future periods.</p>

1.3 Regulatory information

Topic	Summary
Securities Act exemptions	<p>The Notes are offered with the benefit of the Securities Act (Banks' Regulatory Capital) Exemption Notice 2014. The exemption notice exempts ANZBGL from the requirement to register a prospectus and provide a separate investment statement for ANZBGL Shares that will be issued to you if the Notes are Converted on the condition that potential investors receive relevant up-front and ongoing information on the Notes and the ANZBGL Shares. The exemption notice also allows information about the assets of both ANZ and ANZBGL that is relevant to the Offer to be included in this investment statement. The exemption notice is subject to certain conditions, including the following:</p> <ul style="list-style-type: none"> • the Notes must remain quoted on the NZX Debt Market for so long as they remain outstanding, unless they are delisted by a statutory manager, an administrator, a liquidator or by NZX; • ANZBGL Shares (or other equity securities of the same class) must be quoted on the ASX or NZX at the time that ANZBGL Shares are allotted on Conversion of the Notes, unless the ANZBGL Shares are delisted by a statutory manager, an administrator, a liquidator or by the ASX or NZX; • continuous disclosure information in relation to the Notes and the ANZBGL Shares must be notified to NZX (in the case of the Notes) and the ASX (in the case of the ANZBGL Shares) within the timeframe required by the continuous disclosure rules of NZX or ASX, as applicable (for the purpose of that information being made available to participants in that market) unless the Notes or the ANZBGL Shares have been delisted; • if either the Notes or the ANZBGL Shares have been delisted, for so long as the Notes are outstanding: <ul style="list-style-type: none"> – continuous disclosure information in relation to the delisted security that would have been required to be disclosed if the security had not been delisted must be notified to NZX (in the case of the ANZBGL Shares being delisted) or ASX (in the case of the Notes being delisted) within the timeframe required by the continuous disclosure rules of NZX or ASX, as applicable (for the purposes of that information being made available to participants in that market); and – a link to that continuous disclosure information must be published on the website of ANZ (in the case of the Notes being delisted) or ANZBGL (in the case of the ANZBGL Shares being delisted); and • if both the Notes and the ANZBGL Shares have been delisted, a link to the continuous disclosure information in relation to the Notes and the ANZBGL Shares which would have been required to be disclosed if the securities had not been delisted must be published on the website of ANZ and ANZBGL for so long as the Notes are outstanding. <p>The above conditions apply for the benefit of initial subscribers for the Notes and any subsequent holders of the Notes. References above to ANZBGL and ANZBGL Shares include a NOHC and the ordinary shares in a NOHC if a NOHC is substituted for ANZBGL as the issuer of ordinary shares on Conversion – see Section 2.7.</p>
NZX Debt Market quotation	<p>Application has been made to NZX for permission to quote the Notes on the NZX Debt Market. All of NZX's requirements relating to that application that can be complied with on or before the date of this investment statement have been complied with. However, the Notes have not yet been approved for quotation and NZX accepts no responsibility for any statement in this investment statement. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.</p>
NZX Debt Market ticker code	ANBHB

Topic	Summary
<p>NZX waivers</p>	<p>NZX has provided a number of technical waivers from the NZX Listing Rules that reflect the nature of the Notes and that ANZ is a registered bank. These are:</p> <ul style="list-style-type: none"> • that no trustee is required to be appointed as required by NZX Listing Rule 3.2.1(a); • that the 10 business days' notice requirement in NZX Listing Rule 7.12.2 does not apply to routine payments of interest or in the case of a Conversion following a Trigger Event; and • that ANZ is able to provide its quarterly disclosure statements as a registered bank instead of complying with NZX Listing Rules 10.3 and 10.4. <p>The waiver from NZX Listing Rule 7.12.2 is subject to the following conditions:</p> <ul style="list-style-type: none"> • that this investment statement discloses (i) the timing of, and record date for, routine payments of interest; (ii) the process for determining the Interest Rate and the date on which the Interest Rate will be announced via NZX; and (iii) the information required by NZX Listing Rule 7.12.2 regarding Conversion which is known at the date of this investment statement; • that the Interest Rate that will apply until the Optional Exchange Date is announced via NZX on or before the Issue Date; and • that a notice under NZX Listing Rule 7.12.2 following a Conversion must be given as soon as practicable and in any event before the NZX Debt Market opens for trading on the business day after Conversion occurs. <p>NZX has approved, under Listing Rule 11.1.5, the inclusion of provisions in the Note Terms allowing ANZ to refuse a transfer of the Notes if the transfer is not in multiples of NZ\$1,000 of principal amount or would result in a transferee or transferor holding Notes having a principal amount of less than NZ\$5,000.</p>
<p>ASX waivers</p>	<p>ASX has given confirmation to the effect that:</p> <ul style="list-style-type: none"> • ANZBGL may assess compliance with the applicable ASX Listing Rules as at the time the Notes are offered on the assumption that the maximum number of ANZBGL Shares into which the Notes can be Converted in accordance with ASX Listing Rule 7.1B.1 is determined by reference to the market price of ANZBGL Shares calculated as the average volume-weighted average price for ANZBGL Shares in the 20 business days on which trading in those shares took place prior to the issue of the Notes; and • the issue of ANZBGL Shares on Conversion will fall within exception 4 of ASX Listing Rule 7.2 and not require ANZBGL Shareholder approval at that time. <p>ASX takes no responsibility for the contents of this investment statement.</p>
<p>ASIC</p>	<p>ASIC has granted relief under section 741 of the Australian Corporations Act on the terms of ASIC Class Order 10/322 so that where ANZ offers Notes to investors in New Zealand and those Notes are Converted into ANZBGL Shares or ordinary shares of a NOHC, those shares may be on-sold to retail investors in Australia without lodgement of a prospectus being required at that time.</p> <p>Upon request during the Offer period, ANZBGL will provide a copy of its latest annual financial report for the year ended 30 September 2014 and any continuous disclosure notices given by ANZBGL in the period after the lodgement of its latest annual financial report and before the date of this investment statement.</p> <p>This document is not an Australian prospectus for the purposes of the Australian Corporations Act. However, it will be released to ASX as a notice under section 708A (as notionally modified by ASIC Class Order 10/322 and the relief referred to above).</p> <p>ASIC takes no responsibility for the content of this investment statement.</p>

Section 2 – Answers to Important Questions

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2.1 What sort of investment is this?

The Notes are mandatory convertible, non-cumulative perpetual subordinated notes. Depending on the circumstances, the Notes may be repaid, Converted into ANZBGL Shares or Written Off.

The Notes are scheduled to pay interest quarterly in arrears on scheduled Interest Payment Dates. Interest may also be paid at other times if the Notes are repaid or Converted on a date that is not a scheduled Interest Payment Date (except when a Trigger Event has occurred). **Interest payments are subject to ANZ's discretion and no Payment Condition existing.**

The Notes will be treated as Additional Tier 1 Capital for ANZ and the ANZBGL Level 2 Group. What this means and how the Notes meet the RBNZ's and APRA's requirements for Additional Tier 1 Capital are explained in Section 3.6.

2.1.1 Comparison of the Notes to other securities issued by ANZ to the public

The Notes are different from ANZ Senior Bonds and the ANZ Perpetual Notes. The table below summarises these differences. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding whether to apply for Notes.

	ANZ Senior Bonds (issued from time to time)	ANZ Perpetual Notes (issued in April 2008)	The Notes
Term	Varies	Perpetual, subject to repayment in certain circumstances	Perpetual, subject to repayment, Conversion into ANZBGL Shares or Write Off depending on the circumstances
Margin	Varies	2.00% for the first 10 years and 3.00% thereafter	To be announced on or before the Opening Date and will not change over the term of the Notes
Interest rate	Varies	Fixed and then floating	Fixed and then floating
Interest payment dates	Typically half-yearly	Half-yearly	Quarterly
Conditions to payment of interest	None, subject to applicable laws and any specific conditions	Yes, subject to ANZ's discretion and other payment conditions	Yes, subject to ANZ's discretion and no Payment Condition existing
Dividend restriction if interest not paid	No	Yes, applies to instruments that rank equally with or lower than the ANZ Perpetual Notes, including ANZ's ordinary shares and the Notes	Yes, applies to ANZ's ordinary shares until interest is next paid on the Notes
Transferable	Yes	Yes – quoted on NZX Debt Market as "ANBHA"	Yes – expected to be quoted on NZX Debt Market as "ANBHB"
ANZ's early repayment options	No	Yes, after 5 years, 10 years and any interest payment date thereafter, a tax event or a regulatory event, but in each case subject to the prior written approval of APRA and other restrictions	Yes, after approximately 5 years, a Tax Event or a Regulatory Event, but in each case subject to the prior written approval of the RBNZ and APRA and other restrictions

	ANZ Senior Bonds (issued from time to time)	ANZ Perpetual Notes (issued in April 2008)	The Notes
Mandatory conversion into ANZBGL Shares	No	No	Yes, after approximately 7 years or a Change of Control Event (but in each case subject to conditions) or after a Trigger Event
ANZ's early conversion options	No	No	Yes, after approximately 5 years, a Tax Event or a Regulatory Event, but in each case subject to conditions
Trigger Event conversion or write off	No	No	Yes, Common Equity Capital Trigger Event in respect of the ANZ Group or the ANZBGL Level 2 Group and Non-Viability Trigger Event in respect of ANZ or ANZBGL
Capital classification	None	Tier 2 Capital on a Basel III transitional basis	Additional Tier 1 Capital
Voting rights	No right to vote at or attend a general meeting of ANZ's shareholders	No right to vote at or attend a general meeting of ANZ's shareholders	No right to vote at or attend a general meeting of ANZ's shareholders
Ranking	Senior to ANZ Perpetual Notes and the Notes	Senior to the Notes	Subordinated to ANZ Perpetual Notes, senior to ordinary shares in ANZ
Credit Rating Standard & Poor's	AA-	BBB+	BBB-

2.1.2 Credit ratings of the Notes

As at the date of this investment statement, the Notes have a credit rating of BBB- from Standard & Poor's.

ANZ's senior long term debt has credit ratings of:

- AA- from Standard & Poor's,
- Aa2 from Moody's Investor Service Pty Limited, and
- AA- from Fitch Australia Pty Ltd.

The Notes have a lower credit rating than ANZ's senior long term debt because the Notes are subordinated securities. In addition, their rating reflects the fact that if a Trigger Event occurs they may be Converted into ANZBGL Shares or Written Off if the Notes are not Converted into ANZBGL Shares when required.

A credit rating in respect of an entity is an independent opinion of the capability and willingness of an entity to repay its debts – in other words, its financial strength or creditworthiness. A credit rating in respect of a note is an independent opinion of the capability and willingness of an entity to repay the debt under that note. A rating is not a guarantee that the notes being offered are a safe investment or that any or all amounts payable under those notes will be paid. Credit ratings should be considered alongside all other relevant information when making an investment decision.

Standard & Poor's gives ratings from "AAA" through to "CC" as set out in the table below. Credit ratings of "AAA" to "BBB" by Standard & Poor's are considered to be "investment grade". Credit ratings below "BBB" by Standard & Poor's are generally called "speculative grade" or "non-investment grade".

Rating	AAA	AA	A	BBB	BB	B	CCC	CC
Standard & Poor's								
Capacity to meet financial commitments	Extremely strong	Very strong	Strong	Adequate	Less vulnerable	More vulnerable	Currently vulnerable	Currently highly vulnerable
				Current Notes rating BBB-				
	← Investment grade				Speculative grade →			

Standard & Poor's ratings from "AA" to "CCC" may be modified by the addition of a plus (+) or minus sign (-) to show relative standing within the major rating categories. Ratings may also be subject to positive, negative or stable outlooks. Although not included in the diagram, ratings of "C" and "D" by Standard & Poor's can also be given if insolvency proceedings have been commenced or there are payment defaults on financial commitments.

These ratings are not a recommendation by Standard & Poor's to buy, sell or hold the Notes or any securities issued by ANZ. Ratings are subject to suspension, revision or withdrawal at any time.

2.2 Who is involved in providing it for me?

Issuer of the Notes

ANZ is the issuer of the Notes.

ANZ's registered office is set out in the Corporate Directory on the back cover of this investment statement.

ANZ's directors are:

- John Frederick Judge (Chairman)
- David Duncan Hisco (Chief Executive Officer)
- Michael Roger Pearson Smith, OBE
- Shayne Cary Elliott
- Antony John Carter
- Joan Withers
- Mark John Verbiest
- Nigel Henry Murray Williams (alternate director for Michael Smith)

ANZ's address and directors are current as at the date of this investment statement, but may change from time to time. You can find out ANZ's current address on www.business.govt.nz/companies and ANZ's current directors on the "Board Members" tab on www.anz.co.nz/about-us/our-company/anz-management.

ANZ's activities

ANZ is a registered bank under the Reserve Bank of New Zealand Act 1989. ANZ has been in the business of banking in New Zealand since 1840. ANZ offers retail, corporate, and rural banking, and a range of investment products and services.

See Section 3 for more information about ANZ.

Promoter of the Notes and issuer of ANZBGL Shares

ANZBGL and each of its directors are promoters of the Notes. ANZBGL is also the issuer of the ANZBGL Shares that will be issued to you if any of your Notes are Converted.

ANZBGL's principal place of business in New Zealand is set out in the Corporate Directory on the back cover of this investment statement.

ANZBGL's directors are:

David Michael Gonski, AC (Chairman)

Michael Roger Pearson Smith, OBE
(Chief Executive Officer)

Ilana Rachel Atlas

Paula Jane Dwyer

Lee Hsien Yang

Graeme Richard Liebelt

Ian John Macfarlane, AC

John Thomas Macfarlane

ANZBGL's address and directors are current as at the date of this investment statement, but may change from time to time. You can find out ANZBGL's current address on www.business.govt.nz/companies and ANZBGL's current directors on www.anz.com/about-us/our-company/executive/board-of-directors/.

See Section 3 for more information about ANZBGL.

No Trustee

ANZ has not appointed a trustee because it is exempt under the Securities Act 1978 from this requirement in respect of the Notes.

Registry

Computershare Investor Services Limited is the Registry of the Notes. Computershare Investor Services Limited's address is set out in the Corporate Directory on the back cover of this investment statement.

2.3 How much do I pay?

Issue price and minimum application

The principal amount of each Note is NZ\$1. This is the amount you must pay to ANZ for each Note.

The minimum amount of the Notes you can apply for is NZ\$5,000 (and you must apply for multiples of NZ\$1,000 thereafter). There is no maximum amount of the Notes you can apply for.

Payments

You must pay for the Notes by cheque, direct debit or through the NZClear System.

If you pay by cheque, your cheque must be in NZ dollars drawn on a New Zealand branch of a registered bank and made payable to "ANZ Capital Notes Offer" and must not be post-dated.

If you pay by direct debit, the subscription money must be in your account and available the day the Registry activates the direct debit. You should check that your account is able to be direct debited and that

you are authorised on that account as a signatory for a direct debit transaction.

Institutions that normally settle via the NZClear System can do so by making arrangements prior to the Closing Date and settling with the Registry on or before the Issue Date.

The Registry will hold your subscription money in trust until the Issue Date.

Applications

To apply for the Notes, you must follow the instructions below and in the application form attached to this investment statement.

You should contact your financial adviser for details of how to submit your application. All Notes, including oversubscriptions, will be reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants (as defined in the NZX Participant Rules) and other persons invited to participate in the Bookbuild. This means that there is no public pool for the Notes and your completed application form, together with means of payment, must be provided to a Joint Lead Manager, Primary Market Participant or any other person invited to participate in the Bookbuild in time for your application to be forwarded to the Registry by 5pm on the Closing Date.

Right of refusal

ANZ may refuse all or any part of your application without giving a reason. ANZ may also decide not to accept any applications. ANZ may change the Opening Date, the Closing Date, the Rate Set Date and the Issue Date.

If ANZ refuses your application, ANZ will refund your subscription money (without interest) within 5 business days of the Issue Date.

If ANZ accepts your application in part, ANZ will refund the balance of your subscription money (without interest) within 5 business days of the Issue Date.

If your payment for the Notes is dishonoured, ANZ may not issue you Notes, may cancel your Notes and may pursue you for any loss ANZ suffers.

Early Bird Interest

ANZ will pay you interest on your subscription money at 4.50% per annum (less any applicable withholding taxes) for the period from (and including) the date on which your subscription money is banked to (but excluding) the Issue Date. ANZ will pay the Early Bird Interest within 5 business days of the Issue Date. If ANZ refuses your application or accepts your application in part, or the Offer is withdrawn, no Early Bird Interest will be paid on the subscription money returned to you.

No cooling-off

There is no cooling-off period during which you can cancel your investment in the Notes. Once your application has been lodged, you cannot withdraw or revoke it (unless ANZ permits this in its sole discretion).

2.4 What are the charges?

You pay no charges to ANZ or ANZBGL to invest in the Notes. However, you may have to pay charges to any person you receive a firm allocation from who recommends the investment to you or who arranges your application for you. In addition, if you sell your Notes you may have to pay sale charges.

You may have to pay charges if you are not a New Zealand or Australian resident, any of your Notes are Converted, and the ANZBGL Shares are issued to a nominee instead of you. If this occurs, the nominee will sell those ANZBGL Shares and pay you the proceeds less the sale charges. The circumstances in which this could occur are set out in "What happens if my Notes are Converted and I do not live in New Zealand or Australia?" in Section 2.5.4.

ANZ will pay the Arranger brokerage of 0.75% on the total applications for the Notes. ANZ will pay the Arranger a firm allocation fee of 0.50% on the Notes allocated pursuant to a firm allocation. The fees will be distributed as appropriate to Primary Market Participants and approved financial intermediaries for applications pursuant to their firm allocation. This will not affect your return on the Notes.

2.5 What returns will I get?

You should read the information in this Section together with the information in relation to risks in Section 2.6.

Type of returns

Your returns will be the amount of interest you receive on your Notes and, if any of your Notes are repaid, NZ\$1 for each of those Notes.

In addition, your returns on your Notes may be by way of:

- any gains you make if you sell or transfer any of your Notes for a net price that is greater than the amount you paid for your Notes (although the market price of your Notes may also decline, making them worth less than the amount you paid for them); and
- if any of your Notes are Converted you will receive a number of ANZBGL Shares in exchange for those Notes. The value of the ANZBGL Shares you receive on Conversion will be approximately NZ\$1.01 for each Note that is Converted unless the Conversion follows a Trigger Event or an ANZ Change of

Control Event, in which case the value of the ANZBGL Shares you receive may be significantly less than the principal amount of your Notes being Converted.

If any of your Notes are Converted into ANZBGL Shares, your returns on the ANZBGL Shares may be by way of:

- dividends paid and other distributions which may be made to ANZBGL Shareholders; and
- any gains you make if you sell or transfer your ANZBGL Shares for a net price that is greater than the price that applied at the time of Conversion (although the market price of your ANZBGL Shares may also decline, making them worth less than the price that applied at the time of Conversion).

See Section 4 for a description of the rights attaching to ANZBGL Shares.

However, if any of your Notes are Written Off because they are not Converted into ANZBGL Shares following a Trigger Event you will receive nothing further in relation to those Notes, your rights under them will be cancelled and you will lose all of your investment in them.

It is not possible to quantify, as at the date of this investment statement, the exact amount of returns you will receive. No amount of returns is promised.

Key factors that determine your returns on your Notes

Certain events could reduce or eliminate your returns. The key factors that determine your returns are:

- the interest rate that applies to the Notes;
- whether interest is paid on the Notes;
- whether you sell your Notes;
- whether your Notes are repaid, Converted, Written Off because Conversion into ANZBGL Shares does not occur when required following a Trigger Event, or remain on issue;
- whether the Maximum Conversion Number applies if your Notes are Converted following a Trigger Event or an ANZ Change of Control Event;
- the financial condition of each of ANZ and ANZBGL and the ANZBGL Group as a whole;
- any applicable taxes; and
- the other risk factors described in Section 2.6.

This Section describes when and how:

- interest may be paid on your Notes (Section 2.5.1); and
- your Notes may be repaid (Sections 2.5.2 and 2.5.3) or Converted or Written Off (Sections 2.5.2 and 2.5.4).

2.5.1 Interest

When and how will interest be paid?		Further information
<p>Interest rate</p>	<p>The interest rate will be the Fixed Rate until the Optional Exchange Date (25 May 2020). The Fixed Rate will be the sum of the Swap Rate plus the Margin. The Fixed Rate will be determined on the Rate Set Date (5 March 2015) and announced via NZX on or before the Opening Date.</p> <p>From the Optional Exchange Date the interest rate will be the Floating Rate. The Floating Rate will be equal to the 3 Month Bank Bill Rate plus the Margin. The Floating Rate will be determined on the first business day of each Interest Period and announced via NZX on that date.</p> <p>What is the Margin?</p> <p>The Margin will be determined on the Rate Set Date through the Bookbuild process and announced via NZX on or before the Opening Date. The Margin will not change over the term of the Notes.</p> <p>What is the Swap Rate?</p> <p>A swap rate is a benchmark fixed interest rate used in the New Zealand financial markets and is commonly used as a reference by major financial institutions. The Swap Rate is the reference rate for an instrument with a term equal to the period from the Issue Date to the Optional Exchange Date (ie approximately 5 years). Swap rates change to reflect market conditions over time.</p> <p>The Swap Rate that will apply for the purposes of determining the Fixed Rate will be determined by ANZ on the Rate Set Date and adjusted as necessary to a quarterly rate.</p> <p>The Swap Rate as at 18 February 2015 was 3.70% per annum. The actual Swap Rate that is used to determine the Fixed Rate may be higher or lower than that rate.</p> <p>What is the 3 Month Bank Bill Rate?</p> <p>The 3 Month Bank Bill Rate is a benchmark floating interest rate for the New Zealand money market, commonly used by major New Zealand financial institutions to lend cash to each other for a 3 month period. This rate changes to reflect market conditions within the money market.</p> <p>Benchmark interest rates are unpredictable and you should not expect the Floating Rate to be the same as the Fixed Rate.</p>	<p>Clause 3.1 of the Note Terms</p>
<p>Interest Payment Dates</p>	<p>The first Interest Payment Date is 25 May 2015.</p> <p>Interest is scheduled to be paid quarterly in arrears thereafter on 25 February, 25 May, 25 August and 25 November in each year.</p> <p>Interest may also be paid on the date on which a Note is Converted (unless the Conversion follows a Trigger Event) or repaid.</p>	<p>Clause 3.4 of the Note Terms</p>

When and how will interest be paid?	Further information
<p>Calculation of interest</p> <p>Interest on each Note is calculated by reference to an Interest Period and the interest rate that applies to the Interest Period.</p> <p>An Interest Period is the period from (and including) an Interest Payment Date (or the Issue Date in the case of the first Interest Period) to (but excluding) the next Interest Payment Date.</p> <p>The Fixed Rate applies to Interest Periods ending on or before the Optional Exchange Date. For these Interest Periods (other than the first Interest Period), interest will be calculated on an annual basis and payable in equal quarterly amounts. For the first Interest Period and an Interest Period that ends on a day on which a Note is Converted or repaid and which is not a scheduled Interest Payment Date, the amount of interest will be adjusted to reflect the actual number of days in the relevant Interest Period. If a Note is Written Off, any rights to receive interest on that Note are also terminated and written off.</p> <p>The Floating Rate applies to Interest Periods ending after the Optional Exchange Date. For these Interest Periods, interest will be calculated on the basis of the actual number of days in the relevant Interest Period.</p>	<p>Clauses 3.1, 6.12 and 17.2 of the Note Terms</p>
<p>Interest may not be paid</p> <p>Interest may not be paid when scheduled, or at all. The payment of interest is subject to ANZ's discretion and no Payment Condition existing on the relevant Interest Payment Date.</p> <p>A Payment Condition will exist on an Interest Payment Date if:</p> <ul style="list-style-type: none"> • paying interest would result in either: <ul style="list-style-type: none"> i. ANZ not complying with the RBNZ's capital adequacy requirements or its conditions of registration; or ii. the ANZBGL Group (on a Level 2 basis or, if applicable, Level 3 basis) not complying with APRA's capital adequacy requirements; • ANZ would not satisfy the solvency test (as defined in section 4 of the Companies Act³) immediately following the interest payment; • APRA objects to the interest payment; • paying interest would result in ANZ not complying with the terms of any of its other capital instruments; or • the Interest Payment Date is the same date as the Conversion Date following a Trigger Event. <p>If ANZ decides not to pay interest or a Payment Condition exists on an Interest Payment Date, ANZ will not pay you that interest on a later date and you have no right to receive it at all. You have no right to take action against ANZ or any other member of the ANZBGL Group if ANZ does not pay interest on an Interest Payment Date.</p>	<p>Clauses 3.2, 3.3 and 17.2 of the Note Terms</p>
<p>Restriction on the payment of dividends by ANZ</p> <p>If interest is not paid within 3 business days of an Interest Payment Date, ANZ must not pay any dividends on its ordinary shares or undertake a share buy-back or other capital reduction until interest is next paid on the Notes (unless holders of Notes pass a Special Resolution approving the action). This restriction only applies to ANZ, and not to ANZBGL and does not apply to the extent that, as at the relevant Interest Payment Date, ANZ was legally obliged to pay the dividend or undertake the share buy-back or other capital reduction.</p>	<p>Clauses 3.7 and 17.2 of the Note Terms</p>

³ Section 4 of the Companies Act provides that a company satisfies the solvency test if (a) the company is able to pay its debts as they become due in the normal course of business and (b) the value of the company's assets is greater than the value of its liabilities, including contingent liabilities.

2.5.2 Summary of when Notes may be repaid, Converted or Written Off

The Notes are perpetual debt instruments and have no scheduled maturity date. More information on:

- when and how your Notes may be repaid is contained in Section 2.5.3;
- when and how your Notes may be Converted or Written Off is contained in Section 2.5.4; and
- how many ANZBGL Shares you will receive on Conversion (including examples) is contained in Section 2.5.5.

Repayment and Conversion are subject to conditions. Complying with the conditions may be outside of ANZ's control, such as whether the approval of the RBNZ or APRA can be obtained or what the NZ dollar value of ANZBGL's share price is at a particular time. Repayment or Conversion will not occur unless the applicable conditions are met. **No conditions apply to Conversion on account of a Trigger Event. But if Conversion is required following a Trigger Event and your Notes are not Converted into ANZBGL Shares when required for any reason, those Notes will be Written Off and you will lose all of your investment in those Notes.**

It is possible your Notes may never be repaid, Converted or Written Off, in which case your Notes will remain on issue indefinitely.

ANZ may specify which of Conversion or repayment will apply to a Note if ANZ chooses to Convert or repay some or all of the Notes. ANZ may select either Conversion or repayment to apply to your Notes and may select a different combination of Conversion or repayment in respect of Notes held by different holders.

The table on the following page summarises when your Notes may be repaid, Converted or Written Off.

When?	What will happen?	Is RBNZ and APRA approval needed?	Do any other restrictions or conditions apply?	What value will I receive for each Note?	In what form will that value be provided to me?	Further information
25 May 2020 (Optional Exchange Date)	ANZ may choose:					
	Repayment or	Yes	Yes	NZ\$1	Cash	Clauses 5 and 7 of the Note Terms
	Conversion	No	Yes	Approximately NZ\$1.01	ANZBGL Shares	Clauses 5 and 6 of the Note Terms
25 May 2022 (Mandatory Conversion Date)	Mandatory Conversion	No	Yes	Approximately NZ\$1.01	ANZBGL Shares	Clauses 4.1 to 4.4 and 6 of the Note Terms
If a Tax Event or Regulatory Event occurs	ANZ may choose:					
	Repayment or	Yes	Yes	NZ\$1	Cash	Clauses 5 and 7 of the Note Terms
	Conversion	No	Yes	Approximately NZ\$1.01	ANZBGL Shares	Clauses 5 and 6 of the Note Terms
If a Change of Control Event occurs	Mandatory Conversion	No	Yes	Approximately NZ\$1.01 or, in the case of an ANZ Change of Control Event, possibly significantly less	ANZBGL Shares	Clauses 4.10 and 6 of the Note Terms
If a Trigger Event occurs	Either:					
	Mandatory Conversion or	No	No	Approximately NZ\$1.01 or possibly significantly less	ANZBGL Shares	Clauses 4.5 to 4.9 and 6 of the Note Terms
	Write Off if your Notes are not Converted into ANZBGL Shares when required	No	No	NZ\$0	N/A – you will lose all of your investment	

If ANZ has chosen to Convert the Notes or is required to Convert the Notes on a particular date (other than following a Trigger Event) and the Conversion Conditions are not satisfied on that date, Conversion will occur on the first Interest Payment Date after that date on which the Conversion Conditions are satisfied.

The number of ANZBGL Shares that you will receive on Conversion is calculated using the Conversion formula and is capped at the Maximum Conversion Number in some circumstances – see “How many ANZBGL Shares will I receive on Conversion?” in Section 2.5.5.

2.5.3 Repayment

In certain circumstances, your Notes may be repaid. This Section contains a summary of what happens if your Notes are repaid.

Repayment		Further information
What happens if my Notes are repaid?	If any of your Notes are repaid, ANZ will pay you NZ\$1 for each of those Notes and you will have no further rights in respect of them. Interest may also be paid on the repayment date – see Section 2.5.1.	Clause 7 of the Note Terms
When might my Notes be repaid?	<p>ANZ may choose to repay all or some of the Notes on the Optional Exchange Date (25 May 2020) or if a Regulatory Event or Tax Event occurs.</p> <p>Broadly, a Regulatory Event will occur if there is a change in (or in the interpretation or administration of) any New Zealand or Australian law, regulation or directive that adversely affects the treatment of the Notes as Additional Tier 1 Capital. The event must not be minor and must not have been anticipated when the Notes were issued. ANZ will decide if a Regulatory Event has occurred.</p> <p>Broadly, a Tax Event will occur if there is a change in (or in the application, interpretation or administration of) any New Zealand or Australian law, regulation, ruling or directive that affects the taxation treatment in relation to the Notes. The event must not be minor and must not have been anticipated when the Notes were issued. ANZ will decide if a Tax Event has occurred.</p> <p>You have no right to request that your Notes be repaid.</p>	Clauses 5.1 and 17.2 of the Note Terms
What are the restrictions on ANZ choosing to repay Notes?	<p>ANZ may not choose to repay Notes unless:</p> <ul style="list-style-type: none"> • it obtains the prior written approval of the RBNZ and APRA; and • broadly, either the Notes that are repaid are replaced with Tier 1 Capital of the same or better quality, or the RBNZ and APRA are satisfied that replacement is not required. <p>You should not assume that the RBNZ or APRA will give their approval.</p>	Clause 5.2(c) of the Note Terms

2.5.4 Conversion and Write Off

In certain circumstances, your Notes may be Converted into ANZBGL Shares or Written Off if your Notes are not Converted into ANZBGL Shares following a Trigger Event.

A change in circumstances occurring between the Issue Date and the Conversion Date could materially affect the ANZBGL Shares (including their price) or

ANZBGL. ANZBGL will issue the relevant number of ANZBGL Shares to you on the Conversion Date, even if there are adverse circumstances that make this investment statement false or misleading in a material particular by reason of failing to refer, or give proper emphasis, to those circumstances.

This Section provides a summary of what happens if your Notes are Converted.

Conversion		Further information
<p>What happens if my Notes are Converted?</p>	<p>If any of your Notes are Converted you will be issued ANZBGL Shares and you will no longer hold those Notes.</p> <p>You will no longer hold those Notes because, on the Conversion Date, Notes that are to be Converted will be automatically transferred to ANZ Holdings free of any encumbrance. If for some reason this transfer does not occur, then all of your rights in those Notes will be terminated and written off.</p> <p>Conversion is subject to the applicable Conversion Conditions being satisfied unless Conversion is on account of a Trigger Event, in which case there are no Conversion Conditions – see “What are the conditions to Conversion occurring?” below. Conversion will not occur on the proposed Conversion Date if the applicable Conversion Conditions are not met – see “What happens if the applicable Conversion Conditions are not met?” below.</p> <p>If the Conversion Conditions are satisfied Conversion will occur automatically on the Conversion Date. No act or consent is required from you for Conversion to occur, and nor can you stop Conversion from occurring.</p> <p>If any of your Notes are required to be Converted following a Trigger Event then:</p> <ul style="list-style-type: none"> • all of your rights in relation to those Notes are suspended until Conversion occurs or those Notes are Written Off if they are not Converted into ANZBGL Shares when required; and • from the time your Notes are Converted or Written Off (which in the case of a Trigger Event, is the Trigger Event Conversion Date), all of your rights under those Notes will be cancelled. <p>Information about how the number of ANZBGL Shares you will receive on Conversion is calculated is set out below. The number of ANZBGL Shares you receive may be capped at a maximum amount if Conversion is required following a Trigger Event or an ANZ Change of Control Event.</p>	<p>Clauses 4, 5 and 6 of the Note Terms</p> <p>Section 4 of this investment statement</p>
<p>When might my Notes be Converted?</p>	<p>ANZ may choose to Convert some or all of the Notes on the Optional Exchange Date (25 May 2020) or if a Regulatory Event or Tax Event occurs. “Regulatory Event” and “Tax Event” are described in Section 2.5.3, “When might my Notes be repaid?” There are restrictions on when ANZ can choose to Convert Notes (see “What are the restrictions on ANZ choosing to Convert Notes?” below).</p> <p>ANZ must Convert all of the Notes on the Mandatory Conversion Date or if a Change of Control Event occurs. The Mandatory Conversion Date is 25 May 2022. The Change of Control Events are described below.</p> <p>ANZ may be required to Convert some or all of the Notes if a Trigger Event occurs. The Trigger Events are described below.</p> <p>If Notes are required to be Converted following a Trigger Event, Conversion is required to occur immediately and must have occurred within 5 business days after the date on which the Trigger Event occurred. If Conversion does not occur within this 5 business day period, the Notes are Written Off (see “What happens if my Notes are Written Off?” below).</p> <p>You have no right to request that your Notes be Converted.</p>	<p>Clauses 4, 5, 6.12 and 17.2 of the Note Terms</p>

Conversion		Further information
What is a Change of Control Event?	<p>A Change of Control Event can be either an ANZBGL Change of Control Event or an ANZ Change of Control Event.</p> <p>Broadly:</p> <ul style="list-style-type: none"> • an ANZBGL Change of Control Event will occur if certain takeover bids or schemes of arrangement occur in relation to ANZBGL and become unconditional; and • an ANZ Change of Control Event will occur if ANZBGL will cease to own directly or indirectly 100% of the ordinary shares in ANZ under an unconditional agreement. <p>A Change of Control Event can occur without ANZ or ANZBGL having to obtain your approval.</p>	Clause 17.2 of the Note Terms
What is a Trigger Event?	<p>A Trigger Event is either a Common Equity Capital Trigger Event or a Non-Viability Trigger Event.</p> <p>A Common Equity Capital Trigger Event will occur if:</p> <ul style="list-style-type: none"> • ANZ determines, or the RBNZ notifies ANZ in writing that it believes, that a Common Equity Tier 1 Capital Ratio applicable to the ANZ Group is equal to or less than 5.125%; or • ANZBGL determines, or APRA notifies ANZBGL in writing that it believes, that a Common Equity Tier 1 Capital Ratio applicable to the ANZBGL Level 2 Group is equal to or less than 5.125%. <p>See Section 3.6 for information about ANZ's and ANZBGL's Common Equity Tier 1 Capital Ratios.</p> <p>A Non-Viability Trigger Event will occur if:</p> <ul style="list-style-type: none"> • the RBNZ gives ANZ a direction under the RBNZ Act requiring ANZ to exercise its right of conversion or write off of its Tier 1 Capital instruments; or • ANZ is made subject to statutory management under the RBNZ Act and the statutory manager announces his or her decision to convert or write off ANZ's Tier 1 Capital instruments; or • APRA notifies ANZBGL that conversion or write off of its Tier 1 Capital instruments is necessary because, without it, ANZBGL would become non-viable; or • APRA notifies ANZBGL that without a public sector injection of capital, or equivalent support, ANZBGL would become non-viable. <p>The RBNZ may give ANZ a direction that affects the Notes under the RBNZ Act if the RBNZ has reasonable grounds to believe, based on ANZ's financial position, that:</p> <ol style="list-style-type: none"> a. ANZ is insolvent or is likely to become insolvent; b. ANZ is about to suspend payment or is unable to meet its obligations as and when they fall due; c. the affairs of ANZ are being conducted in a manner prejudicial to the soundness of the financial system; d. the circumstances of ANZ are such as to be prejudicial to the soundness of the financial system; or e. the business of ANZ has not been, or is not being, conducted in a prudent manner. <p>There is no express constraint on a New Zealand statutory manager's decision to convert or write off ANZ's Tier 1 Capital instruments.</p>	Clauses 4.5 and 4.6 of the Note Terms

Conversion		Further information
<p>What is a Trigger Event? (continued)</p>	<p>The occurrence of a Non-Viability Trigger Event with respect to ANZBGL is at the discretion of APRA. APRA has not provided guidance on when it will consider an entity to be non-viable. However, an example of when APRA will likely consider an entity to be non-viable is when the entity is suffering from significant financial stress, is insolvent or cannot raise money in the public or private market.</p> <p>A Non-Viability Trigger Event can occur where APRA determines ANZBGL has become non-viable, even if the RBNZ does not have similar concerns about ANZ's viability at that time.</p>	<p>Clauses 4.5 and 4.6 of the Note Terms</p>
<p>How many Notes will be Converted following a Trigger Event?</p>	<p>If Conversion is required following a Common Equity Capital Trigger Event, ANZ will Convert enough Notes to increase the Common Equity Tier 1 Capital Ratio of the ANZ Group or ANZBGL Level 2 Group (as applicable) to above 5.125%.</p> <p>If Conversion is required following a Non-Viability Trigger Event, ANZ will Convert enough Notes to satisfy the RBNZ, the New Zealand statutory manager or APRA (as applicable) that ANZ or ANZBGL (as applicable) is viable without further conversion or write off. However, if the Non-Viability Trigger Event occurs because APRA considers that ANZBGL would become non-viable without a public sector injection of capital or equivalent support, all of the Notes must be Converted.</p> <p>You should be aware that:</p> <ul style="list-style-type: none"> • the Notes will be Converted or Written Off before any Tier 2 Capital instruments are converted or written off; and • neither ANZ nor ANZBGL has any obligation to maintain on issue any other Tier 1 Capital instruments and does not, and may never, have on issue Tier 1 Capital instruments which are required to be converted or written off before the Notes are Converted or Written Off. 	<p>Clause 4.8 of the Note Terms</p>
<p>What are the restrictions on ANZ choosing to Convert Notes?</p>	<p>ANZ may choose to Convert some or all Notes on the Optional Exchange Date (25 May 2020) or if a Tax Event or Regulatory Event has occurred, provided it complies with the restrictions described below.</p> <p>The restrictions are intended to prevent ANZ from choosing to Convert Notes in circumstances where it is likely that the applicable Conversion Conditions would not be met. Broadly, ANZ may not choose to Convert Notes if, on the second business day before the date on which ANZ is to notify you of its choice:</p> <ul style="list-style-type: none"> • the NZD VWAP is less than or equal to 22.50% of the NZD Issue Date VWAP; or • ANZBGL Shares are not quoted and admitted to trading on ASX, or the trading of ANZBGL Shares has been suspended; or • ANZBGL Shares are not able to be issued to holders of the Notes. <p>Broadly, NZD VWAP is the NZ dollar equivalent of the average of the daily volume weighted average sale prices of ANZBGL Shares sold on ASX. NZD Issue Date VWAP is the NZD VWAP during the 20 business days before the Issue Date. NZD VWAP and NZD Issue Date VWAP may be adjusted in certain circumstances.</p> <p>A fall in the NZD VWAP compared to the NZD Issue Date VWAP could be due to a fall in the market price of ANZBGL Shares or an increase in the NZ\$/A\$ exchange rate or both. In the case of an increase in the NZ\$/A\$ exchange rate, the NZD VWAP may be less than or equal to 22.50% of the NZD Issue Date VWAP even though the Australian dollar price of the ANZBGL Shares is greater than 22.50% of the Australian dollar price of ANZBGL Shares at the Issue Date.</p>	<p>Clauses 5.2, 5.4 and 17.2 of the Note Terms</p> <p>See also Section 2.5.5</p>

Conversion	Further information
<p>What are the conditions to Conversion occurring?</p> <p>Conversion is subject to the Conversion Conditions unless Conversion is on account of a Trigger Event, in which case there are no Conversion Conditions. The Conversion Conditions (other than following an ANZ Change of Control Event) are intended to protect holders of Notes against receiving a number of ANZBGL Shares at the time of Conversion that would be worth less than approximately NZ\$1.01 for each Note that is Converted.</p> <p>If the Conversion Conditions cannot be met on the proposed Conversion Date, Conversion will be deferred to the next Interest Payment Date on which they are met. The Conversion Conditions may never be met and Conversion may never occur.</p> <p>Different conditions to Conversion apply depending on the reason for Conversion. The conditions to Conversion are summarised in the following table. The ticks and crosses indicate whether each Conversion Condition applies (✓) or does not apply (✗) to the different circumstances in which Conversion can occur.</p> <p>(Where ANZ has chosen to Convert Notes, ANZ must also comply with certain restrictions before it makes the decision to Convert. These restrictions are not included in the table.)</p>	<p>Clauses 4.3, 4.10(c), 5.5, 5.6, 6.12 and 17.2 of the Note Terms</p>

Circumstance in which Conversion can occur	First Conversion Condition The NZD VWAP on the 25th business day on which trading in ANZBGL Shares took place before the Conversion Date is greater than 56.00% of the NZD Issue Date VWAP	Second Conversion Condition The NZD VWAP during a specified period (described below this table) before the Conversion Date is greater than the specified percentage (set out opposite the relevant Conversion circumstance) of the NZD Issue Date VWAP	Third Conversion Condition On the Conversion Date, ANZBGL Shares remain quoted and admitted to trading on ASX and the trading of ANZBGL Shares has not been suspended	Fourth Conversion Condition ANZBGL Shares are able to be issued to holders of the Notes on the Conversion Date
Optional Exchange Date, Regulatory Event, Tax Event (clauses 5.5 and 5.6 of the Note Terms)	✗	✓ Specified percentage: 20.21%	✓	✓
Mandatory Conversion Date (clauses 4.2 and 4.3 of the Note Terms)	✓	✓ Specified percentage: 50.51%	✓	✓
ANZBGL Change of Control Event (clause 4.10(c) of the Note Terms)	✗	✓ Specified percentage: 20.21%	✓	✓
ANZ Change of Control Event (clause 4.10(c)(ii) of the Note Terms)	✗	✗	✓	✓
Trigger Event (clause 4.8 of the Note Terms)	✗	✗	✗	✗

A fall in the NZD VWAP compared to the NZD Issue Date VWAP could be due to a fall in the market price of ANZBGL Shares or an increase in the NZ\$/A\$ exchange rate or both. In the case of an increase in the NZ\$/A\$ exchange rate, the NZD VWAP may be less than or equal to the specified percentage (for example 50.51% for Mandatory Conversion) of the NZD Issue Date VWAP even though the Australian dollar price of the ANZBGL Shares is greater than the specified percentage of the Australian dollar price of ANZBGL Shares at the Issue Date.

For the purposes of the **Second Conversion Condition**:

- except for an ANZBGL Change of Control Event, the specified period is the 20 business days on

which trading in ANZBGL Shares took place before the Conversion Date; and

- for an ANZBGL Change of Control Event, the specified period is:
 - the 20 business days on which trading in ANZBGL Shares took place; or
 - the number of business days after the occurrence of the ANZBGL Change of Control Event on which ANZBGL Shares were quoted for trading on ASX and trading in ANZBGL Shares took place,

before the business day before the Conversion Date (whichever is the lesser).

Conversion		Further information
<p>What happens if the applicable Conversion Conditions are not met?</p>	<p>Conversion will not occur unless the applicable Conversion Conditions are met, even if ANZ has chosen, or is required, to Convert Notes.</p> <p>No conditions apply to Conversion on account of a Trigger Event. But if Conversion is required following a Trigger Event and your Notes are not Converted into ANZBGL Shares for any reason, those Notes will be Written Off.</p> <p>In all other circumstances, if the applicable Conversion Conditions are not met, Conversion will be deferred until the next Interest Payment Date on which those Conversion Conditions are met (unless your Notes are repaid, otherwise Converted or Written Off earlier). The applicable Conversion Conditions may never be met and therefore your Notes may never Convert.</p>	<p>Clauses 4.3, 4.4, 4.8, 4.10, 5.5 and 5.6 of the Note Terms</p>
<p>What happens if my Notes are Written Off?</p>	<p>If any of your Notes are Written Off, you will receive nothing further in relation to those Notes, your rights under them will be cancelled and you will lose all of your investment in them. You have no right to take action against ANZ or ANZBGL if any of your Notes are Written Off.</p>	<p>Clause 6.12 of the Note Terms</p>
<p>What happens if my Notes are Converted and I do not live in New Zealand or Australia?</p>	<p>If you are not a New Zealand or Australian resident and any of your Notes are Converted, the ANZBGL Shares may be issued to a nominee instead of you. If this occurs, the nominee must sell those ANZBGL Shares and pay you the proceeds less the sale charges. The amount payable to you may be less than the principal amount of your Notes that were Converted.</p>	<p>Clauses 6.10 and 17.2 of the Note Terms</p>

2.5.5 ANZBGL Shares received on Conversion

This Section summarises how the number of ANZBGL Shares you will receive on Conversion is calculated.

Number of ANZBGL Shares received on Conversion	Further information
<p>How many ANZBGL Shares will I receive on Conversion?</p>	<p>Clauses 6 and 17.2 of the Note Terms</p>
<p>The number of ANZBGL Shares you will receive for each of your Notes that is Converted is calculated using the Conversion formula and is designed to operate so that you will receive approximately NZ\$1.01 worth of ANZBGL Shares for each of your Notes that is Converted, unless the Maximum Conversion Number applies.</p> <p>The number of ANZBGL Shares you receive will be capped at a maximum number (the Maximum Conversion Number) if:</p> <ul style="list-style-type: none"> • Conversion is on account of a Trigger Event or an ANZ Change of Control Event; and • the NZ dollar equivalent of the volume-weighted average ANZBGL Share price at the time of Conversion has fallen by more than 80% of the NZ dollar equivalent of the volume-weighted average ANZBGL Share price at the Issue Date. <p>If the Maximum Conversion Number applies, the value of the ANZBGL Shares you receive may be significantly less than the principal amount of the Notes being Converted.</p>	
<p>What is the Conversion formula?</p>	<p>The Conversion formula is:</p> $\frac{\text{NZ\$1.00}}{99\% \times \text{NZD VWAP}}$ <p>Clauses 6.1 and 17.2 of the Note Terms</p>
	<p>The Conversion formula is based on the NZD VWAP during the VWAP Period and a 1% discount. Broadly, NZD VWAP is the NZ dollar equivalent of the average of the daily volume-weighted average sale prices of ANZBGL Shares sold on ASX. The VWAP Period is a specified period before the Conversion Date and differs depending on the reason for Conversion. Broadly, the VWAP Period is:</p> <ul style="list-style-type: none"> • for Conversion on the Optional Exchange Date (25 May 2020), on the Mandatory Conversion Date (25 May 2022) or following a Regulatory Event, Tax Event or ANZ Change of Control Event, the 20 business days on which trading in ANZBGL Shares took place before the Conversion Date; • for Conversion following an ANZBGL Change of Control Event: <ul style="list-style-type: none"> – the 20 business days on which trading in ANZBGL Shares took place; or – the number of business days after the occurrence of the ANZBGL Change of Control Event on which ANZBGL Shares were quoted for trading on ASX and trading in ANZBGL Shares took place, before the business day before the Conversion Date (whichever is the lesser); and • for Conversion following a Trigger Event, the 5 business days on which trading in ANZBGL Shares took place before the Conversion Date. <p>The Conversion formula is designed to operate so that you will receive approximately NZ\$1.01 worth of ANZBGL Shares for each of your Notes that is Converted.</p> <p>However, you may receive more or less than NZ\$1.01 worth of ANZBGL Shares for each of those Notes when they are issued because:</p> <ul style="list-style-type: none"> • the NZD VWAP during the VWAP Period may differ from the NZ dollar equivalent of the ANZBGL Share price on the Conversion Date; and • the number of ANZBGL Shares that you will receive for each of those Notes will be capped at the Maximum Conversion Number in some circumstances. <p>In addition, if the total number of ANZBGL Shares to be issued to you on Conversion includes a fraction of an ANZBGL Share, that fraction will be disregarded.</p>

Number of ANZBGL Shares received on Conversion		Further information
<p>How will the Maximum Conversion Number affect the number of ANZBGL Shares you receive?</p>	<p>The Maximum Conversion Number may apply and affect the number of ANZBGL Shares you receive if Conversion is on account of a Trigger Event or an ANZ Change of Control Event.</p> <p style="text-align: center;">The Maximum Conversion Number is calculated using the following formula:</p> $\frac{\text{NZ\$1.00}}{\text{NZD Issue Date VWAP} \times 0.2}$ <p>The Maximum Conversion Number is based on the NZD VWAP during the 20 business days before the Issue Date (NZD Issue Date VWAP).</p> <p>If the Maximum Conversion Number applies, you may receive significantly less than NZ\$1.01 worth of ANZBGL Shares for each of your Notes that is Converted and you may lose a significant amount of the money you invested as a consequence.</p> <p>The Maximum Conversion Number could apply due to a decrease in the market price of ANZBGL Shares or an increase in the NZ\$/A\$ exchange rate or both. In the case of an increase in the NZ\$/A\$ exchange rate, the Maximum Conversion Number may apply notwithstanding the Australian dollar price of ANZBGL Shares has not dropped to less than 20% of its price at the Issue Date.</p>	<p>Clause 6.1 of the Note Terms</p>
<p>Adjustments to NZD VWAP and NZD Issue Date VWAP</p>	<p>The NZD VWAP and NZD Issue Date VWAP may be adjusted in certain circumstances, including to reflect a consolidation, division or reclassification of ANZBGL Shares not involving a cash payment or other distribution or compensation (in the case of NZD VWAP and NZD Issue Date VWAP), any dividend, distribution or entitlement which is reflected in the quotation price (in the case of NZD VWAP) and pro rata bonus issues (in the case of NZD Issue Date VWAP).</p>	<p>Clauses 6.2 to 6.8 of the Note Terms</p>
<p>Examples</p>	<p>Some examples of the number of ANZBGL Shares you will receive on Conversion in different circumstances are set out below.</p> <p>All of the examples assume:</p> <ul style="list-style-type: none"> • you hold 10,000 Notes; • ANZ chooses, or is required, to Convert all of the Notes; • the NZD Issue Date VWAP is NZ\$34.00; • where applicable, the First, Third and Fourth Conversion Conditions are satisfied at the relevant time: <ul style="list-style-type: none"> – First Conversion Condition: the NZD VWAP on the 25th business day before the Conversion Date is greater than 56.00%⁴ of the NZD Issue Date VWAP; – Third Conversion Condition: on the Conversion Date, ANZBGL Shares remain quoted and admitted to trading on ASX and the trading of ANZBGL Shares has not been suspended; and – Fourth Conversion Condition: ANZBGL Shares are able to be issued to holders on the Conversion Date. 	

⁴ This percentage has been set by ANZ and ANZBGL at a level that reduces the chance that Conversion will occur when the Maximum Conversion Number would apply on that Conversion Date.

Number of ANZBGL Shares received on Conversion

Example 1: This example applies to a Conversion occurring on the Optional Exchange Date or a Mandatory Conversion Date, or following a Change of Control Event or a Trigger Event where the NZD VWAP equals NZ\$34.00 during the VWAP Period.

NZD VWAP = NZ\$34.00 during the VWAP Period

The Conversion Number equals

$$\frac{\text{NZ\$1.00}}{99\% \times \text{NZ\$34.00}} \times 10,000 \text{ Notes} = 297.09$$

So you will receive 297 ANZBGL Shares.

The NZ dollar value of the ANZBGL Shares on the Conversion Date will be affected by both the actual ANZBGL Share price and the NZ dollar/Australian dollar exchange rate on the Conversion Date, which may differ from the NZD VWAP used in the Conversion formula. For example:

NZ\$ Equivalent of ANZBGL Share price on Conversion Date	NZ\$ value of 297 ANZBGL Shares (excluding any sales costs)
NZ\$34.50	NZ\$10,246
NZ\$34.00	NZ\$10,098
NZ\$33.50	NZ\$9,949

Example 2: This example applies to a Mandatory Conversion Date where the NZD VWAP (NZ\$17.00) during the VWAP Period is less than 50.51%⁴ of the NZD Issue Date VWAP (NZ\$34.00) (the Second Conversion Condition).

NZD VWAP = NZ\$17.00 during the VWAP Period (Mandatory Conversion Date)

Mandatory Conversion would not occur because the Second Conversion Condition is not met. The Second Conversion Condition in this example requires the NZD VWAP to be greater than 50.51% of NZD Issue Date VWAP.

NZ\$17.00 NZD VWAP < NZ\$17.17 (= 50.51% x NZ\$34.00)

You will not receive any ANZBGL Shares and you will continue to hold your 10,000 Notes. Conversion will be deferred until the next Interest Payment Date on which the applicable Conversion Conditions are met (unless the Notes are repaid, otherwise Converted or Written Off earlier).

⁴ This percentage has been set by ANZ and ANZBGL at a level that reduces the chance that Conversion will occur when the Maximum Conversion Number would apply on that Conversion Date.

Number of ANZBGL Shares received on Conversion

Example 3: This example applies to an ANZBGL Change of Control Event where the NZD VWAP during the VWAP Period is less than 20.21%³ of the NZD Issue Date VWAP (NZ\$34.00) (the Second Conversion Condition).
NZD VWAP = NZ\$6.00

during the VWAP Period (ANZBGL Change of Control Event) Conversion would not occur because the Second Conversion Condition is not met. The Second Conversion Condition in this example requires the NZD VWAP to be greater than 20.21% of NZD Issue Date VWAP.

$$\text{NZ\$6.00 NZD VWAP} < \text{NZ\$6.87 (= 20.21\% x NZ\$34.00)}$$

You will not receive any ANZBGL Shares and you will continue to hold your 10,000 Notes. Conversion will be deferred until the next Interest Payment Date on which the applicable Conversion Conditions are met (unless the Notes are repaid, otherwise Converted or Written Off earlier).

Example 4: This example applies to an ANZ Change of Control Event or a Trigger Event where the NZD VWAP during the VWAP Period is less than 20.21%⁴ of the NZD Issue Date VWAP.

NZD VWAP = NZ\$6.00
during the VWAP Period (ANZ Change of Control Event or a Trigger Event) The Second Conversion Condition does not apply for an ANZ Change of Control Event or a Trigger Event.

However, the Maximum Conversion Number would apply because the NZD VWAP is less than 20% of the NZD Issue Date VWAP.

$$\text{NZ\$6.00 NZD VWAP} < \text{NZ\$6.80 (= 20\% x NZ\$34.00)}$$

The Maximum Conversion Number equals

$$\frac{\text{NZ\$1.00}}{\text{NZ\$34.00} \times 0.2} \times 10,000 \text{ Notes} = 1,470.00$$

The Conversion Number equals

$$\frac{\text{NZ\$1.00}}{99\% \times \text{NZ\$6.00}} \times 10,000 \text{ Notes} = 1,683.50$$

The Conversion Number is greater than the Maximum Conversion Number, so you will receive the Maximum Conversion Number, that is 1,470 ANZBGL Shares.

The NZ dollar value of the ANZBGL Shares on the Conversion Date will be affected by both the actual ANZBGL Share price and the NZ dollar/Australian dollar exchange rate on the Conversion Date which may differ from the NZD VWAP used in the Conversion formula. For example:

NZ\$ Equivalent of ANZBGL Share price on Conversion Date	NZ\$ value of 1,470 ANZBGL Shares (excluding any sales costs)
NZ\$6.50	NZ\$9,555
NZ\$6.00	NZ\$8,820
NZ\$5.50	NZ\$8,085

⁴ This percentage has been set by ANZ and ANZBGL at a level that reduces the chance that Conversion will occur when the Maximum Conversion Number would apply on that Conversion Date.

2.5.6 Payments

ANZ will pay interest or any other amount payable on each Note to the person registered as the holder of the Note on the Record Date for the payment. The **Record Date** is generally 10 calendar days before the relevant payment date. ANZ will make payments to the bank account you nominate on your application form or such other bank account as you may advise the Registry in writing from time to time (provided you advise the Registry prior to the Record Date for the payment).

ANZ may deduct from any payment the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. ANZ may also make a deduction on account of FATCA, as described in Section 2.5.8 below. ANZ is not required to pay an additional amount (or take any further action) where it has made a deduction on account of a tax, duty, levy or FATCA.

2.5.7 Person legally responsible to pay returns

ANZ is the person that is legally responsible for paying interest on the Notes (and, if any Notes are repaid, the principal amount of those Notes). The Notes are not guaranteed by any person, and ANZBGL does not guarantee ANZ.

2.5.8 Taxation

The return on your Notes will be affected by taxes. If a law requires ANZ to deduct an amount in respect of taxes from a payment under a Note, then ANZ will deduct the amount and pay it to the relevant authority. ANZ is not obliged to pay you any additional amounts in relation to any such deduction.

Under the Note Terms, you indemnify ANZ in respect of any tax which ANZ becomes liable to pay on your behalf. ANZ may deduct any indemnity payment from future amounts payable.

You must notify the Registry:

- of your country of residence for tax purposes;
- if you are not a New Zealand tax resident, whether you are engaged in business in New Zealand through a fixed establishment; and
- if your country of residence for tax purposes changes.

The following information does not constitute taxation advice to you or any other holder of Notes. The information set out below is general in nature. ANZ understands it to be correct as at the date of this investment statement. Taxation laws are subject to change, and such changes may materially affect your tax position with respect to an investment in the Notes. You should seek qualified, independent financial and taxation advice in relation to your circumstances before deciding to invest.

Resident withholding tax

If you are either a New Zealand resident for tax purposes or you are engaged in business through a fixed establishment (as defined in the Income Tax Act 2007 (**Tax Act**)) in New Zealand, ANZ will deduct resident withholding tax (**RWT**) from the gross amount of interest (and other payments deemed to be interest) paid to you in accordance with the provisions of the Tax Act.

If you are an individual or hold the Notes as trustee, and have supplied your IRD number to the Registry, you may elect for RWT to be deducted at a rate of 10.5%, 17.5%, 30% or 33%. You may elect a rate of 10.5% only if you are an individual (not acting as a trustee) and you have a reasonable expectation at the time of making the election that your income for the income year applicable to you (e.g. 1 April 2015 to 31 March 2016) will be NZ\$14,000 or less, or if you are holding the Notes as trustee of certain testamentary trusts.

If you are an individual or hold the Notes as trustee and you do not supply your IRD number to the Registry, ANZ will deduct RWT at 33%.

If the Commissioner of Inland Revenue determines that the rate you have notified to ANZ is inconsistent with your marginal tax rate, the Commissioner may require ANZ to deduct RWT at a different rate to the rate you elected.

ANZ will deduct RWT at 28% from interest paid to a holder of Notes that is a company (not acting as a trustee for the purposes of purchasing the Notes) that has supplied its IRD number to the Registry and that has not elected that RWT be deducted at 33%. ANZ will deduct RWT at 33% from interest paid to a company that has not supplied its IRD number to the Registry.

ANZ will not deduct RWT if you provide a copy of an appropriate RWT exemption certificate to the Registry at least five business days before the Record Date for the relevant payment.

Non-resident withholding tax

If at any time you hold a Note and are not a New Zealand tax resident and are not engaged in business through a fixed establishment (as defined in the Tax Act) in New Zealand (**Non-resident Holder**), ANZ will deduct non-resident withholding tax (**NRWT**), where appropriate, at the rate required by law from payments made to you.

If ANZ is lawfully able to pay approved issuer levy (as defined in section 86F of the Stamp and Cheque Duties Act 1971) (**AIL**) in respect of any payment of interest (or deemed interest) to you, ANZ expects that the Notes will qualify for the 0% rate of AIL under section 86IB of the Stamp and Cheque Duties Act

1971, in which case, ANZ will not deduct any amount from the interest (or deemed interest) payable to you on account of AIL or NRWT.

If the Notes do not qualify for the 0% rate of AIL, ANZ will pay the AIL (currently equal to 2% of such payments of interest) to the appropriate authority and will deduct the amount payable from the interest (or deemed interest) payable to you in lieu of deducting NRWT. If ANZ is not lawfully able to apply AIL in respect of any payment of interest (or deemed interest) to you, NRWT will be deducted for that payment.

If you are a Non-resident Holder you may request in writing that NRWT be deducted from interest (or deemed interest) paid to you instead of AIL.

If you are a Non-resident Holder and derive interest under the Notes jointly with one or more New Zealand tax residents, withholding tax will be deducted from interest paid or credited at the applicable RWT rate. Non-resident Holders may then claim a refund from the Inland Revenue to the extent that tax was withheld in excess of their applicable NRWT rate (taking into account any applicable double tax treaty).

Financial arrangements rules

If you are either a New Zealand resident for tax purposes or you hold your Notes for the purposes of a business carried on through a fixed establishment (as defined in the Tax Act) in New Zealand, under the financial arrangements rules, gains (or losses) you make on the sale or other disposal (other than on a repayment or Conversion) of your Notes will generally be taxable (or deductible) to you. If you are a non-resident for tax purposes and do not hold the Notes for the purposes of a business carried on through a fixed establishment in New Zealand, you may also be subject to tax on such gains. You should consult your own taxation adviser about the effect of taxes on your investment in any Notes.

None of ANZ, ANZBGL or the Registry is obliged to gross-up, indemnify or otherwise compensate or pay any additional amounts to you as a consequence of, or otherwise in connection with, any deduction on account of tax.

ANZBGL Shares

If the Notes are Converted, your return on your ANZBGL Shares will be affected by taxes. If you are tax resident for New Zealand tax purposes, dividends on your ANZBGL Shares will generally be taxable to you. However, a tax credit will generally be available to the extent that any New Zealand imputation credits are attached to the dividend. Depending on your particular circumstances any gains (or losses) you make on the sale or other disposal of your ANZBGL Shares may also be taxable (or deductible).

See Section 4 for information about the Australian taxation of the ANZBGL Shares you will be issued if any of your Notes are Converted.

FATCA

FATCA means the Foreign Account Tax Compliance Act provisions, sections 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions). In order to comply with FATCA, it is possible that ANZ (or, if Notes are held through another financial institution, such other financial institution) may be required to request certain information from you or the beneficial owners of your Notes, which information may in turn be provided to the Internal Revenue Service (**IRS**) (if you are a US taxpayer or, in some cases, a non-US entity with substantial US owners). ANZ may also be required to withhold US tax on some portion of payments in relation to your Notes made after 31 December 2016 if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into an agreement with the IRS (and are not otherwise exempt from, or deemed to comply with, FATCA).

This information is based on regulations and guidance issued by the US Department of Treasury and the IRS as at the date of this investment statement. Future regulations, guidance or international agreements implementing the same may affect the application of FATCA to ANZ, Holders or beneficial owners of the Notes.

2.6 What are my risks?

The Notes are an investment and there are some risks you need to be aware of.

This Section summarises the principal risks of:

- you not recovering your money in full; and
- you not receiving the returns referred to in Section 2.5.

The risks outlined in this Section are not exhaustive and there may be other risks that affect the performance of the Notes.

You do not have to pay more money in respect of the Notes than is disclosed in Sections 2.3 and 2.4 (to the extent that any charges referred to in Section 2.4 are payable by you).

You need to consider how these risks apply to your personal circumstances, and ANZ recommends that you talk to an authorised financial adviser about the investment options available to you before deciding whether to invest in the Notes.

Risks associated with the Trigger Events

Risk	Summary
<p>Your Notes have been structured to meet the requirements specified by the RBNZ and APRA for capital instruments to count as Additional Tier 1 Capital. One of these requirements is that the Notes are required to absorb losses if a Trigger Event occurs</p>	<p>The Notes will count as Additional Tier 1 Capital for ANZ and the ANZBGL Level 2 Group. Additional Tier 1 Capital instruments are required to absorb losses in certain circumstances by converting into equity or being written off.</p> <p>A Trigger Event can occur:</p> <ul style="list-style-type: none"> • if the ANZ Group's or the ANZBGL Level 2 Group's Common Equity Tier 1 Capital Ratio falls to or below 5.125%; or • if: <ul style="list-style-type: none"> – the RBNZ directs ANZ to convert or write off the Notes or a statutory manager is appointed to ANZ and decides ANZ must convert or write off the Notes; or – APRA notifies ANZBGL that ANZBGL would be non-viable unless the Notes are converted or written off or ANZBGL receives a public sector injection of capital or similar support, <p>which may occur, for example, if ANZ or ANZBGL encounters severe financial difficulty.</p> <p>If a Trigger Event occurs, some or all of your Notes may be Converted into ANZBGL Shares or Written Off if those Notes are not Converted into ANZBGL Shares. Whether or not a Common Equity Capital Trigger Event occurs will be a matter to be determined by ANZ, ANZBGL, the RBNZ, or APRA (as applicable). Whether or not a Non-Viability Trigger Event occurs will be at the discretion of the RBNZ (or the statutory manager of ANZ) or APRA. There are currently no precedents for the occurrence of either of these Trigger Events.</p> <p>See Sections 2.5.4 and 3.6.2.</p>
<p>ANZBGL Shares are a different type of investment to your Notes and may not suit your investment objectives, financial situation or particular needs</p>	<p>If any of your Notes are Converted you will cease to hold those Notes and to have any rights in relation to them and instead you will hold ANZBGL Shares. ANZBGL Shares are a different type of investment to the Notes. Some of the key differences and principal risks associated with ANZBGL Shares are summarised in the following Section "Other risks associated with the Notes". It is important that you understand these differences and principal risks before investing in the Notes.</p> <p>See Section 4.</p>
<p>If any of your Notes are Converted following a Trigger Event, the value of the ANZBGL Shares you receive on Conversion may be significantly less than the principal amount of those Notes</p>	<p>Conversion following a Trigger Event is not subject to any Conversion Conditions. This means that Conversion following a Trigger Event will occur even if the NZ dollar equivalent of the volume-weighted average ANZBGL Share price has fallen significantly from the Issue Date.</p> <p>The Maximum Conversion Number will apply to a Conversion following a Trigger Event if the NZ dollar equivalent of the volume-weighted average ANZBGL Share price at the time of Conversion has fallen by more than 80% of the volume-weighted average ANZBGL Share price at the Issue Date. A fall in the NZ dollar equivalent of the volume-weighted average ANZBGL Share price could be due to a decrease in the market price of ANZBGL Shares or an increase in the NZ\$/A\$ exchange rate or both. In the case of an increase in the NZ\$/A\$ exchange rate, the Maximum Conversion Number may apply even though the Australian dollar price of ANZBGL Shares has not dropped by more than 80% from its price at the Issue Date.</p> <p>If the Maximum Conversion Number applies, the value of the ANZBGL Shares you receive on Conversion may be significantly less than the principal amount of your Notes that Converted and you may lose some of the money you invested as a consequence.</p> <p>See Section 2.5.4.</p>

Risks associated with the Trigger Events (continued)

Risk	Summary
Your Notes will be Written Off if Conversion does not occur when required following a Trigger Event	<p>If any of your Notes are not Converted into ANZBGL Shares when required following a Trigger Event, your Notes will be Written Off, you will receive nothing further in relation to those Notes, your rights under them will be cancelled and you will lose all of your investment in them. You have no right to take action against ANZ or ANZBGL if any of your Notes are Written Off.</p> <p>See Section 2.5.4.</p>

Other risks associated with the Notes

Risk	Summary
You may not be paid any interest on your Notes when scheduled and if this occurs it will never be paid to you	<p>You may not be paid any interest on scheduled Interest Payment Dates. The payment of interest is subject to ANZ's discretion and no Payment Condition existing on the relevant Interest Payment Date. See Section 2.5.1.</p> <p>For instance, if ANZ or ANZBGL are not complying with the RBNZ's or APRA's capital adequacy requirements (such as a capital conservation buffer), a Payment Condition may exist and ANZ may not be permitted to pay you interest on your Notes. See Section 3.6.1.</p> <p>The terms of other capital instruments issued by ANZ may prevent ANZ from paying you interest on your Notes if interest or another distribution has not been paid on those capital instruments. ANZ is not restricted from issuing more of these types of capital instruments.</p> <p>If ANZ decides not to pay interest or a Payment Condition exists on an Interest Payment Date, ANZ will never pay you that interest and you will have no rights to receive it. You have no right to take action against ANZ or any other member of the ANZBGL Group if ANZ does not pay interest on an Interest Payment Date. In addition:</p> <ul style="list-style-type: none"> • no event of default will occur; • you will have no right to apply for ANZ to be liquidated; and • you will have no offsetting rights or claims on ANZ. <p>ANZ will immediately notify NZX if ANZ decides not to pay interest or a Payment Condition exists on an Interest Payment Date.</p>
You have no right to request that your Notes be repaid or Converted and your Notes may remain on issue indefinitely	<p>You have no right to request that your Notes be repaid or Converted.</p> <p>Depending on the circumstances some or all of your Notes may be repaid or Converted, but you will have no control over whether this occurs. Your Notes have no fixed maturity date and will remain on issue indefinitely if not repaid, Converted or Written Off. To realise your investment, you may need to sell your Notes. You may not be able to sell your Notes when you want to, and even if you can, the price may be less than what you paid for your Notes.</p> <p>Repayment</p> <p>ANZ may choose to repay some or all of your Notes in certain circumstances, but may only do so if certain conditions are complied with. The conditions may never be complied with and therefore your Notes may never be repaid. For example, the prior written approval of the RBNZ and APRA must be obtained, but the RBNZ or APRA may never give their approval.</p>

Risk

Summary

Conversion

ANZ may choose to Convert some or all of your Notes in certain circumstances, but may only do so if certain restrictions are complied with. The restrictions may never be able to be complied with. For example, in the case of Conversion on the Optional Exchange Date, the NZD VWAP on the second business day before the date on which ANZ is to notify you of its choice to Convert Notes must not be less than or equal to 22.50% of the NZD Issue Date VWAP, but the NZD VWAP may fall below this amount and never recover.

ANZ is required to Convert your Notes in certain circumstances, including on the Mandatory Conversion Date (25 May 2022).

In all circumstances where Notes are to be Converted (other than following a Trigger Event), Conversion is subject to the applicable Conversion Conditions.

If the applicable Conversion Conditions are not met, Conversion will be deferred until the next Interest Payment Date on which those Conversion Conditions are met (unless the relevant Notes are repaid, otherwise Converted or Written Off earlier). The applicable Conversion Conditions may never be met and therefore the Notes may never Convert. For example, in the case of Conversion on the Optional Exchange Date, the NZD VWAP during the 20 business days on which trading in ANZBGL Shares took place before (but not including) the Conversion Date must be greater than 20.21% of the NZD Issue Date VWAP, but the NZD VWAP may fall below this amount and never recover.

If the Conversion is on account of a Trigger Event and your Notes are not Converted into ANZBGL Shares, Notes that are required to be Converted will be Written Off.

See Sections 2.5.2 and 2.5.4.

Your Notes may be repaid at a time that does not suit you

Some or all of your Notes may be repaid on the Optional Exchange Date (25 May 2020) or if a Regulatory Event or Tax Event occurs. The timing or occurrence of the repayment may not suit you in light of market conditions or your individual circumstances.

Depending on market conditions at the time, you may not be able to reinvest the amount you receive on repayment at a similar rate of return to the interest rate on the Notes.

See Section 2.5.3.

The Conversion of your Notes, or the timing of that Conversion, may not suit you

Notes may be Converted on the Optional Exchange Date, on the Mandatory Conversion Date or if a Regulatory Event, Tax Event, Change of Control Event or Trigger Event occurs. The timing or occurrence of the Conversion may not suit you in light of market conditions or your individual circumstances.

The number of ANZBGL Shares you will receive for each of your Notes that is Converted will depend on the NZD VWAP during the VWAP Period (a specified period before the Conversion Date). The NZD VWAP will depend on the market price of ANZBGL Shares and the exchange rate between NZ dollars and Australian dollars.

The market price of ANZBGL Shares fluctuates

The market price of ANZBGL Shares fluctuates due to various factors, including investor perceptions, Australian and international economic conditions, ANZBGL's financial performance and position and transactions affecting the share capital of ANZBGL. The market price of ANZBGL Shares may be more sensitive than that of the Notes due to changes in ANZBGL's performance, operational issues and other business issues.

The price used to calculate the number of ANZBGL Shares you will receive on Conversion may differ from the market price of the ANZBGL Shares when they are issued. If this occurs, the value of the ANZBGL Shares you receive on Conversion may be less than the principal amount of your Notes that Converted.

Risk	Summary
	<p>The NZ\$/A\$ exchange rate fluctuates</p> <p>The exchange rate between NZ dollars and Australian dollars fluctuates due to various factors, including investor perceptions, New Zealand, Australian and international economic conditions and other unforeseeable events. The fluctuations may be significant.</p> <p>The exchange rate used to calculate the number of ANZBGL Shares you will receive on Conversion may differ from the exchange rate when they are issued. If this occurs, the NZ dollar value of the ANZBGL Shares you receive on Conversion may be less than the principal amount of your Notes that Converted.</p> <p>See Section 2.5.4.</p>
<p>A Change of Control Event can occur without ANZ or ANZBGL having to obtain your approval</p>	<p>A Change of Control Event can occur if there is a change in control of ANZBGL or ANZBGL ceases to own 100% of ANZ. Your Notes are required to be Converted into ANZBGL Shares if a Change of Control Event occurs. Conversion however is subject to conditions. If Conversion does not occur following a Change of Control Event because conditions are not met then you will continue to hold Notes until all of the applicable Conversion Conditions are satisfied on an Interest Payment Date even though the control of ANZBGL may have changed or ANZBGL no longer controls ANZ. There is a risk that ANZBGL or ANZ may be managed differently if there is a Change of Control Event and this may have an impact on your investment.</p> <p>See Section 2.5.4.</p>
<p>If any of your Notes are Converted following an ANZ Change of Control Event, the value of the ANZBGL Shares you receive on Conversion may be significantly less than the principal amount of those Notes</p>	<p>Conversion following an ANZ Change of Control Event is not subject to the Second Conversion Condition. This means that Conversion following an ANZ Change of Control Event will occur even if the NZ dollar equivalent of the volume-weighted average ANZBGL Share price has fallen significantly from the Issue Date.</p> <p>The Maximum Conversion Number will apply to a Conversion following an ANZ Change of Control Event if the NZ dollar equivalent of the volume-weighted average ANZBGL Share price during a specified period prior to the Conversion Date has fallen by more than 80% from the NZ dollar equivalent of the volume-weighted average ANZBGL Share price at the NZD Issue Date VWAP. A fall in the NZ dollar equivalent of the volume-weighted average ANZBGL Share price could be due to a fall in the market price of ANZBGL Shares or an increase in the NZ\$/A\$ exchange rate or both. In the case of an increase in the NZ\$/A\$ exchange rate, the Maximum Conversion Number may apply even though the Australian dollar price of ANZBGL Shares has not dropped by more than 80% from its price at the Issue Date.</p> <p>If the Maximum Conversion Number applies, the value of the ANZBGL Shares you receive on Conversion may be significantly less than the principal amount of your Notes that Converted and you may lose some of the money you invested as a consequence.</p> <p>See Section 2.5.4.</p>
<p>ANZBGL Shares are a different type of investment to your Notes and may not suit your investment objectives, financial situation or particular needs</p>	<p>If any of your Notes Convert, you will receive ANZBGL Shares. ANZBGL Shares are a different type of investment to your Notes and may not suit your investment objectives, financial situation or particular needs. Some of the key differences and principal risks associated with ANZBGL Shares are summarised below.</p> <p>There are no scheduled dates for the payment of dividends. If dividends are paid on ANZBGL Shares, they are paid at the discretion of ANZBGL and the amount of each dividend is discretionary. ANZBGL's ability to pay a dividend may be restricted by Australian law and by the terms of prior ranking securities. Dividends may not be paid on ANZBGL Shares and, if dividends are paid, they may be less than the interest paid on the Notes.</p>

Risk

Summary

In a winding up of ANZBGL, your ANZBGL Shares will rank equally with existing ANZBGL Shares on issue and behind claims of holders of all other securities and debts of ANZBGL. If there are insufficient assets available to pay ANZBGL's creditors and preferred shareholders in full you will lose all of your investment.

The market price of ANZBGL Shares fluctuates, for the reasons set out in this Section 2.6, "The Conversion of your Notes, or the timing of that Conversion, may not suit you". The price used to calculate the number of ANZBGL Shares you receive on Conversion may differ from the market price of the ANZBGL Shares after the ANZBGL Shares are issued. If this occurs, the value of your ANZBGL Shares may be less than the principal amount of your Notes that Converted.

ANZBGL Shares are currently quoted on ASX and NZX. ANZBGL will use all reasonable endeavours to ensure the ANZBGL Shares issued on Conversion are quoted on ASX. However, the ANZBGL Shares issued on Conversion and ANZBGL Shares generally may not be quoted, in which case you may be unable to sell them at an acceptable price or at all. This risk is more likely to apply to a Conversion following a Trigger Event because the Third Conversion Condition, namely that ANZBGL Shares are quoted on ASX, does not apply to this type of Conversion.

Dividends on ANZBGL Shares currently are paid to New Zealand shareholders in NZ dollars. It is possible this could change and dividends may be paid in Australian dollars only. The market price of ANZBGL Shares is quoted on ASX in Australian dollars. If you sell your ANZBGL Shares through the ASX, the proceeds may also be in Australian dollars. You may incur fees in exchanging amounts received in Australian dollars into NZ dollars. In addition, the exchange rate between NZ and Australian dollars fluctuates, for the reasons set out in this Section 2.6, "The Conversion of your Notes, or the timing of that Conversion, may not suit you". The exchange rate used to calculate the number of ANZBGL Shares you receive on Conversion may differ from the exchange rate after they are issued. If this occurs, the NZ dollar value of your ANZBGL Shares may be less than the principal amount of your Notes that Converted.

Your Notes are deeply subordinated obligations of ANZ and if ANZ is put into liquidation you will be among the last of ANZ's creditors to be repaid, if at all

If ANZ is put into liquidation (and your Notes have not been Converted or Written Off in full), your claim to payment of the principal amount of your Notes will rank:

- ahead of claims of holders of ordinary shares of ANZ;
- equally with claims of other holders of Notes and holders of other securities that rank equally with the Notes (such as the ANZ Preference Shares issued by ANZ in September 2013 and the Branch AT1 Securities expected to be issued to the New Zealand branch of ANZBGL in March 2015 (more information about the Branch AT1 Securities is set out in this Section 2.6, "ANZ and ANZBGL may raise more debt and issue other securities, which may affect your Notes"));
- behind ANZ depositors; and
- behind all other claims on ANZ (such as those of ANZ's secured creditors and holders of the ANZ Perpetual Notes issued by ANZ in April 2008).

You will lose some or all of your investment if there are insufficient assets to pay all amounts owing on the securities and debts of ANZ that rank ahead of the Notes and you will not receive any unpaid interest on your Notes.

In addition, if any of your Notes are Converted or Written Off, you will cease to hold those Notes and to have rights in relation to them, and you will have no claim in a liquidation of ANZ in respect of those Notes.

See Section 2.6, "Consequences of insolvency".

Your Notes are not guaranteed by any person

The Notes are not guaranteed by any person. Your right to seek recovery of the principal amount of your Notes (in a liquidation of ANZ or if ANZ has chosen to redeem Notes) is limited to ANZ.

Risk	Summary
<p>ANZ and ANZBGL may raise more debt and issue other securities, which may affect your Notes</p>	<p>The Note Terms do not restrict ANZ or ANZBGL from issuing further securities of any kind. For example, ANZ or ANZBGL may issue securities that:</p> <ul style="list-style-type: none"> • rank ahead of, equally with or behind the Notes; • have payment tests and distribution restrictions or other covenants that affect the Notes (including by restricting the circumstances in which interest can be paid on the Notes or the Notes can be repaid); or • are treated as Additional Tier 1 Capital. <p>Holding Notes does not give you the right to participate in any future issue of securities by ANZ or ANZBGL.</p> <p>In particular, ANZBGL (through its New Zealand branch) is currently offering up to A\$850 million (with the ability to take oversubscriptions) of securities in Australia that are intended to constitute Additional Tier 1 Capital for ANZBGL. ANZBGL intends to use the proceeds of that offer to subscribe (through its New Zealand branch) for Branch AT1 Securities issued by ANZ. The Branch AT1 Securities are intended to constitute Additional Tier 1 Capital for ANZ and will rank equally with the Notes.</p> <p>The issue of other securities, including the securities described above, may affect your ability to be repaid in a liquidation of ANZ or ANZBGL. They may have an adverse impact on the price or value of the Notes.</p> <p>The Note Terms do not restrict ANZ or ANZBGL from repaying their other securities, including securities that rank equally with or behind the Notes (other than to the extent the restriction on the payment of dividends by ANZ applies – see Section 2.5.1). The repayment of other securities may affect your ability to be repaid in a liquidation of ANZ.</p>
<p>ANZ may amend the Note Terms and the Coordination Agreement without your consent and you will be bound by those amendments</p>	<p>ANZ may amend the Deed Poll (including the terms of Conversion) and the Coordination Agreement:</p> <ul style="list-style-type: none"> • without the consent of holders of Notes if certain conditions are met; or • with the consent of ANZBGL and a Special Resolution of holders of Notes. <p>Certain amendments cannot be made unless the RBNZ has been notified of the proposed amendment and has not objected to it and the written approval of APRA has been obtained.</p> <p>Amendments made in accordance with the Deed Poll (including the terms of Conversion) and the Coordination Agreement are binding on you even if you did not agree to them.</p> <p>See Section 2.7.</p>
<p>ANZ may substitute a “non-operating holding company” for ANZBGL as the issuer of ordinary shares on Conversion without your consent</p>	<p>ANZ may, subject to APRA’s approval, substitute a “non-operating holding company” that replaces ANZBGL as the ultimate parent company of the ANZBGL Group (NOHC) as the issuer of ordinary shares on Conversion. There are currently no plans to do this.</p> <p>The profits and net assets of a NOHC may be different to those of ANZBGL and this may have an impact on your investment.</p> <p>If ANZ substitutes a NOHC for ANZBGL as the issuer of ordinary shares on Conversion and any of your Notes are Converted:</p> <ul style="list-style-type: none"> • you will become a holder of ordinary shares in the NOHC; • in a winding up of the NOHC, your claim will rank equally with claims of other NOHC ordinary shareholders and behind claims of holders of all other securities and debts of the NOHC; and • you will no longer have rights against ANZBGL. <p>See Section 2.7.</p>

Risks associated with the financial performance and position of both the ANZ Group and the ANZBGL Group

Risk	Summary
By investing in the Notes you will be taking risk on the financial performance and position of both the ANZ Group and the ANZBGL Group	<p>The ANZ Group and the ANZBGL Group are exposed to the effects of an adverse change in the economy and general business conditions, including increased competition, weakening of real estate markets and asset impairment. In addition, as banks, ANZ and ANZBGL are exposed to the risks described below that reflect the nature of their businesses and the environment in which they operate.</p> <p>A decline in the financial performance and position of the ANZ Group or the ANZBGL Group:</p> <ul style="list-style-type: none"> • may adversely affect the credit rating, market price and liquidity of the Notes and the market price of the ANZBGL Shares; • could cause ANZ to decide not to pay interest on the Notes or mean that ANZ is unable to pay interest if a Payment Condition exists; • could restrict ANZ from choosing to Convert your Notes or mean the Conversion Conditions may not be able to be met; or • could result in a Trigger Event occurring. <p>The principal risks associated with the financial performance and position of the ANZ Group and the ANZBGL Group are set out below.</p>
Risk of insolvency or being placed into statutory management	<p>If the ANZ Group and the ANZBGL Group fail to manage their risks, that could have an adverse effect on their financial performance, reputation and solvency. However, ANZ and ANZBGL consider that these risks would need to be extreme in their impact before they would result in their insolvency or statutory management.</p>
Risk associated with lending, extending credit and providing insurance products	<p>As banks, ANZ and ANZBGL are exposed to the risks associated with lending and extending credit to customers and other parties. Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, or external events such as climatic, biological or geological disasters, could expose the ANZ Group and the ANZBGL Group to increased risk that those customers and other parties will default, causing loss to the ANZ Group and the ANZBGL Group. The ANZBGL Group and ANZ Group are also exposed to insurance and reinsurance risks in their respective insurance businesses.</p>
Risk that the ANZ Group and the ANZBGL Group cannot fund increases in assets or meet their payment obligations	<p>The ANZ Group and the ANZBGL Group are exposed to liquidity risk, which is the risk that they have insufficient capacity to fund increases in assets, or are unable to meet their payment obligations as they fall due, including repaying depositors or maturing debt. Liquidity and funding risk are part of all banking operations due to the timing mismatch between cash inflows and cash outflows, which ANZ and ANZBGL closely manage.</p>
Risk arising from legal or other proceedings	<p>From time to time the ANZ Group and the ANZBGL Group may be subject to major litigation, regulatory actions, or other legal proceedings which, if determined against the ANZ Group and the ANZBGL Group, may result in costs, losses or other adverse effects. The ANZ Group and ANZBGL Group may also be exposed to risks from the unsuitable provision of advice, recommendations or guidance about financial products and services in the course of their sales and marketing activities.</p>
Risks to the ANZ Group's and the ANZBGL Group's earnings due to changes in financial markets	<p>The ANZ Group and the ANZBGL Group are exposed to market risk, which is the risk to their earnings and costs arising from changes in interest rates, foreign exchange rates, credit spreads, equity prices and indices, prices of commodities, debt securities and other financial contracts including derivatives (which are contracts with a return based on, or derived from one or more of these rates or prices).</p>

Risk	Summary
Risks relating to the operation of the ANZ Group's and the ANZBGL Group's business	<p>The ANZ Group and the ANZBGL Group are exposed to operational risks, which may result in direct or indirect financial or reputational losses. Such risks arise from (amongst other things) process or human error or failure, fraud, computer systems failure, breach of physical or information security, breaches of ANZ's and ANZBGL's internal policies and of laws and regulations, and from the management, design and implementation of major projects.</p> <p>In addition, the ANZ Group and the ANZBGL Group are exposed to operational failings by third-party providers (including outsourcing), natural disasters, political, security and social events and to failings in the financial services sector.</p> <p>The ANZ Group and ANZBGL Group are also exposed to reputation risk and the risk of loss of key staff. Damage to reputation and loss of key staff may have wide ranging impacts.</p>
Risks arising from changes to laws and regulation	<p>Changes to laws, regulations, codes of practice, accounting standards or policies, or the way they are applied or their inputs, could affect the ANZ Group or the ANZBGL Group in substantial and unpredictable ways. These may include increasing their required levels of bank liquidity and capital adequacy, limiting the types of financial services and products that the ANZ Group and the ANZBGL Group can offer and/or increasing the ability of other parties to offer competing financial services and products, as well as changes to accounting standards, taxation laws and prudential regulatory requirements.</p> <p>In addition, the ANZ Group's and the ANZBGL Group's failure to comply with laws, regulations or codes of practice (including without limitation in relation to money laundering, terrorist financing, market manipulation and sanctions) could result in the imposition of regulatory fines and sanctions by regulatory agencies and compensatory action by affected persons, and could damage their reputation.</p>
Risks relating to acquisition and divestment opportunities	<p>The ANZ Group and ANZBGL Group regularly examine a range of corporate actions including acquisitions, divestments and restructures that could for a variety of reasons turn out to have a material adverse effect on the ANZBGL Group and ANZ Group.</p>

Market-related risks

Risk	Summary
The market price of the Notes will fluctuate and you may not recover the full amount of your investment if you sell your Notes	<p>The market price of the Notes will fluctuate due to various factors, including investor perceptions, New Zealand and international economic conditions, changes in interest rates, credit spreads, inflation rates and foreign exchange rates, movements in the market price of ANZBGL Shares or senior or subordinated debt, and the financial performance and position of each of ANZ, ANZ Group, ANZBGL and the ANZBGL Group as a whole.</p> <p>The Notes may trade at a market price below their principal amount of NZ\$1. If you sell your Notes at such a time, you may lose some of the money you invested.</p>
There may be no liquid market for the Notes and you may be unable to sell your Notes at an acceptable price or at all	<p>The market for the Notes may not be liquid and may be less liquid than the market for comparable securities issued by ANZ or other entities. If liquidity is low, you may be unable to sell your Notes at an acceptable price or at all.</p>

Risk	Summary
The interest rate may become less attractive compared to returns on other investments	<p>The interest rate is fixed until the Optional Exchange Date (25 May 2020). If interest rates increase during the period from the Issue Date to the Optional Exchange Date, the Fixed Rate may become less attractive compared to returns on other investments.</p> <p>The interest rate is floating from the Optional Exchange Date. The Floating Rate will fluctuate over time as a result of movements in the 3 Month Bank Bill Rate. As the Floating Rate fluctuates, it may become less attractive compared to returns on other investments.</p> <p>See Section 2.5.1.</p>

Consequences of insolvency

The Notes are unsecured, subordinated debt obligations. If ANZ is put into liquidation (and your Notes have not been Converted or Written Off in full), your claim for payment of the principal amount of your Notes will rank:

- ahead of claims of holders of ordinary shares of ANZ;
- equally with claims of other holders of Notes and holders of other securities that rank equally with the Notes with respect to priority of payment in a liquidation (such as the ANZ Preference Shares issued by ANZ in September 2013 and the Branch AT1 Securities expected to be issued to the New Zealand branch of ANZBGL in March 2015 (more information about the Branch AT1 Securities is set out in this Section 2.6, "ANZ and ANZBGL may raise more debt and issue other securities, which may affect your Notes")); and
- behind all other claims (such as those of ANZ's secured creditors, depositors, holders of ANZ Senior Bonds and holders of ANZ Perpetual Notes).

You have no right to claim any unpaid interest in a liquidation of ANZ.

You will not be liable to pay money to any person as a result of ANZ's insolvency. However, you may have to pay sales charges if your Notes are Converted as a result of ANZ's insolvency and you are not a New Zealand or Australian resident. In that case, the ANZBGL Shares may be issued to a nominee instead of you and the nominee will sell those ANZBGL Shares and pay you the proceeds less the sales charges.

See page 3 for a simplified illustration of ranking in a liquidation of ANZ and clause 8.2 of the Note Terms for more information about the Notes' ranking in a liquidation of ANZ.

If any of your Notes are Converted or Written Off, you will have no claim in a liquidation of ANZ in respect of those Notes.

If any of your Notes are Converted, you will become a holder of ANZBGL Shares and rank equally with other

holders of ANZBGL Shares and behind holders of all other instruments in a winding-up of ANZBGL.

Acknowledgements

Under the Note Terms, you make certain acknowledgements and agree to certain restrictions. These include, among others:

- you acknowledge and agree that you have no right to request that your Notes be repaid or Converted;**
- you acknowledge and agree that you have no right to apply for ANZ or any other member of the ANZBGL Group to be liquidated, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of ANZ or any other member of the ANZBGL Group in any jurisdiction merely on the grounds that ANZ does not pay interest when scheduled in respect of Notes;**
- you acknowledge that you have no rights to compensation from, or any other remedies against, ANZ or any other member of the ANZBGL Group if your Notes are Written Off in accordance with the Note Terms; and**
- neither you nor ANZ may exercise any rights of set-off in relation to amounts in respect of the Notes.**

See clauses 8.6, 8.11 and 9.3 of the Note Terms for more information about these and other restrictions and acknowledgements.

2.7 Can the investment be altered?

If ANZ accepts your application, the amount that you must pay for the Notes cannot be changed.

In certain circumstances, ANZ may amend the Deed Poll (including the terms of Conversion) and the Coordination Agreement without the consent of holders of the Notes. Broadly, in ANZ's reasonable opinion the amendment must:

- be made to correct an error;
- be of a formal, minor or technical nature;

- be necessary to comply with any law or the requirements of any statutory authority;
- be made in accordance with ANZ's adjustment rights in clause 6 of the Note Terms;
- be expedient for the purpose of enabling the Notes or ANZBGL Shares to become or remain quoted on a securities exchange or lodged in a clearing system or to be offered for sale or for subscription in any place;
- amend any date or time period to facilitate any repayment or Conversion;
- give effect to an Approved NOHC Event, as described below; or
- not materially adversely affect the rights of holders of the Notes as a whole.

ANZ may also amend the Deed Poll (including the terms of Conversion) and the Coordination Agreement if the amendment is approved by ANZBGL and a Special Resolution of holders of the Notes.

Before making an amendment to the Deed Poll (including the terms of Conversion) or the Coordination Agreement that could impact the classification of the Notes as Additional Tier 1 Capital for ANZ or for the ANZBGL Level 2 Group, the RBNZ must have been given notice of the proposed amendment and not have objected and the written approval of APRA must be obtained.

ANZ will announce any changes to the terms of Conversion via NZX.

See clause 13 of the Note Terms for more information about amendments to the Note Terms and the Coordination Agreement.

Approved NOHC Event

Broadly, an Approved NOHC Event will occur if:

- ANZBGL's directors initiate a restructure of the ANZBGL Group that results in ANZBGL having an ultimate holding company which is a "non-operating holding company" (NOHC) within the meaning of the Australian Banking Act;
- the ordinary shares of the NOHC are quoted on ASX; and
- the NOHC assumes ANZBGL's obligations to issue ordinary shares on Conversion of the Notes.

If an Approved NOHC Event occurs, ANZ may amend the Deed Poll and the Coordination Agreement without the consent of holders of the Notes to substitute the NOHC for ANZBGL as the issuer of ordinary shares on Conversion and to make any other necessary and reasonable changes to give effect to that substitution. Before any such amendment can be made, the RBNZ must have been given notice of the proposed amendment and not have objected and

the written approval of APRA must have been obtained. The NOHC will use all reasonable endeavours to ensure the ordinary shares issued on Conversion are quoted on ASX.

See clauses 8.11, 10, 13.2 and 17.2 of the Note Terms for more information about Approved NOHC Events and substitution.

2.8 How do I cash in my investment?

Early termination

You have no right to request that your Notes be repaid or Converted.

However, in certain circumstances, your Notes may be repaid, Converted or Written Off.

See Sections 2.5.2, 2.5.3, 2.5.4 and 2.5.5 and clauses 4, 5, 6, 7 and 8.11 of the Note Terms for information about when your Notes may be repaid or Converted and what happens on repayment and Conversion.

Transfer of Notes

You may sell or transfer your Notes at any time subject to the Note Terms and applicable securities laws and regulations, including the Listing Rules (if applicable).

You should not attempt to sell your Notes until you know whether, and how many, Notes have been allotted to you. Neither ANZ nor any of its directors or employees or any other person accepts any liability or responsibility should you attempt to sell or otherwise deal with any Notes before receiving a statement recording the number of Notes (if any) allotted to you.

You may only transfer your Notes in multiples of NZ\$1,000 of principal amount and after any transfer you and the transferee must each hold Notes having a principal amount of at least NZ\$5,000 (or no Notes). If you hold Notes having a principal amount of less than NZ\$5,000, ANZ may require you to sell those Notes.

Application has been made to NZX for permission to quote the Notes on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the date of distribution of this investment statement have been duly complied with. However, the Notes have not yet been approved for trading and NZX accepts no responsibility for any statement in this investment statement. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.

To be eligible to trade the Notes on the NZX Debt Market, you must have an account with a NZX Primary Market Participant, a CSN and an Authorisation Code (FIN). If you do not have an account with a financial adviser you should be aware that opening an account can take a number of days

depending on the NZX Primary Market Participant's new client procedures. If you do not have a CSN you will be automatically assigned one. You will also be able to obtain your CSN by calling (09) 488 8777 from the Issue Date. You will also receive a CSN from the Registry when you receive your Holding Statement (which you will receive within 5 business days of the Issue Date). If you do not have a FIN, it is expected that you will be sent one as a separate communication by the Registry on the Issue Date. If you have a financial adviser and have not received a FIN by the date you want to trade your Notes, your financial adviser can arrange to obtain your FIN from the Registry. Your financial adviser may be charged for requesting your FIN from the Registry and may pass this cost on to you.

In ANZ's opinion, a secondary market for the Notes will develop over time. However, ANZ gives no assurances as to the existence or characteristics of such secondary market.

You will likely have to pay brokerage at applicable rates on any transfer of the Notes you make through a Primary Market Participant.

ANZ and the Registry are entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document, and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless ANZ or the Registry had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

See clause 2 of the Note Terms for more information about transfers of Notes.

Transfer of ANZBGL Shares if your Notes are Converted

If any of your Notes are Converted into ANZBGL Shares, you may sell or transfer those ANZBGL Shares at any time subject to ANZBGL's constitution, applicable securities laws and regulations and the ASX Listing Rules. See Section 4 for more information on the ANZBGL Shares.

2.9 Who do I contact with inquiries about my investment?

You can direct any inquiries in relation to the Notes to the Registry or ANZ.

You can contact the Registry at the address set out in the Corporate Directory on the back cover of this investment statement or by telephone, facsimile or email:

Telephone: (09) 488 8777

Facsimile: (09) 488 8787

Email: enquiry@computershare.co.nz

You can contact ANZ at the address set out below or by telephone or email:

The Treasurer
ANZ Bank New Zealand Limited
Level 8
1 Victoria Street
Wellington 6011

Telephone: (04) 436 6798

Email: nztreasurer@anz.com

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

You can direct any complaints about the Notes to the Registry or ANZ at the contact details set out in Section 2.9.

If you are not satisfied with the response you receive, you may direct your complaint to the Banking Ombudsman Scheme, which is an approved dispute resolution scheme, at the address set out below or by telephone:

Level 5, Huddart Parker Building
1, Post Office Square
Wellington 6011

Freepost 218002
PO Box 25327
Featherston Street
Wellington 6146

Telephone: 0800 805 950 or (04) 915 0400

2.11 What other information can I obtain about this investment?

Disclosure statements

Additional information about ANZ is contained or referred to in its latest disclosure statements (which contain ANZ's most recent financial statements). ANZ's disclosure statements are published quarterly, with the audited annual financial statements contained in the 30 September disclosure statement each year and the more limited unaudited half year financial statements contained in the 31 March disclosure statement each year. ANZ's off-quarter disclosure statements (31 December and 30 June) contain more limited financial information, which is not audited. You can obtain a copy of ANZ's latest disclosure statements free of charge from www.anz.co.nz/about-us/media-centre/investor-information, ANZ's registered office at the address set out in the Corporate Directory on the back cover of this investment statement, any of ANZ's branches, or on www.nzx.com.

The full year disclosure statements (which contain ANZ's full year financial statements) and other documents relating to ANZ are filed on a public register. You may view them on the Companies Office

website (www.business.govt.nz/companies). You may also obtain copies of the publicly filed documents (on payment of a fee) by telephoning the Companies Office on 0508 266 726.

Deed Poll, Coordination Agreement and ANZBGL's constitution

Additional information about the Notes is contained in the Deed Poll and Coordination Agreement. Information regarding the ANZBGL Shares is contained in Section 4 and ANZBGL's constitution.

• What is the Deed Poll?

A trustee has not been appointed for the Notes. Instead, there is a Deed Poll made by ANZ in favour of each person who is from time to time a holder of the Notes. The Deed Poll gives legal effect to ANZ's obligations in the Note Terms.

Under the Deed Poll, ANZ undertakes to appoint the Registry and procure the Registry to establish and maintain a Register.

The Deed Poll also includes provisions for meetings of holders of the Notes to consider matters affecting their interests.

Holders of the Notes will be bound by the terms of the Deed Poll and this investment statement when the Notes are issued or transferred to them or when they purchase the Notes.

The Registry holds the original executed Deed Poll on behalf of holders of the Notes. Each holder of the Notes can enforce ANZ's obligations under the Deed Poll and the provisions for meetings, independently of the Registry and each other.

• What is the Coordination Agreement?

The Coordination Agreement sets out intragroup transactions between ANZ, ANZ Holdings, ANZ Funds Pty Ltd and ANZBGL that are intended to occur on Conversion.

You may obtain copies of the Deed Poll, the Coordination Agreement and this investment statement free of charge, on request, during normal business hours from the Registry at the contact details set out in Section 2.9, or from www.anz.co.nz/anzcapitalnotes.

• What is ANZBGL's constitution?

ANZBGL's constitution contains provisions relating to the rights of holders of ANZBGL Shares. You may obtain a copy of ANZBGL's constitution, free of charge, from www.anz.com/about-us/our-company/corporate-governance/.

Other information

You (whether you subscribe for the Notes from ANZ or purchase them from someone else) will receive a holding statement from the Registry setting out various information in relation to your holding of the Notes within 5 business days of the allotment or registration of the transfer (as the case may be).

The Registry will provide you with a RWT certificate (subject to minimum interest thresholds being met) on each Interest Payment Date that states the amount of interest that has been paid to you and, if applicable, the RWT deducted from interest paid or credited to you in respect of your Notes.

In addition, important information relating to the Notes, ANZBGL Shares (including their price), ANZ and ANZBGL will be disclosed in accordance with the continuous disclosure provisions of the NZX Listing Rules and the ASX Listing Rules (as applicable) and is available on www.nzx.com and www.asx.com.au (as applicable).

Information about ANZBGL

ANZBGL is a disclosing entity for the purposes of the Australian Corporations Act. It is subject to regular reporting and disclosure obligations under the Australian Corporations Act and the ASX Listing Rules, including an obligation to lodge half-yearly and annual financial statements with ASX. Copies of these and other documents lodged with ASX can be obtained from www.asx.com.au. Copies of documents lodged with ASIC in relation to ANZBGL may be obtained from, or inspected at, an ASIC office (a fee may be payable and/or the document requested may not be provided immediately).

Under APRA's prudential standards, ANZBGL must disclose on its website certain information as to its capital adequacy and risk management practices, for each period for which it prepares financial reports. The disclosure is called "APS 330" disclosure and you may obtain a copy free of charge from www.shareholder.anz.com/pages/regulatory-disclosure.

Upon request during the Offer period, ANZBGL will provide, free of charge, a copy of its latest annual report released to ASX on 10 November 2014 and any continuous disclosure notices given by ANZBGL to ASX since 10 November 2014 and before the date of this investment statement. Requests for copies of these documents should be addressed to ANZBGL at the address set out in the Corporate Directory on the back cover of this investment statement.

Section 3 – About ANZ and ANZBGL

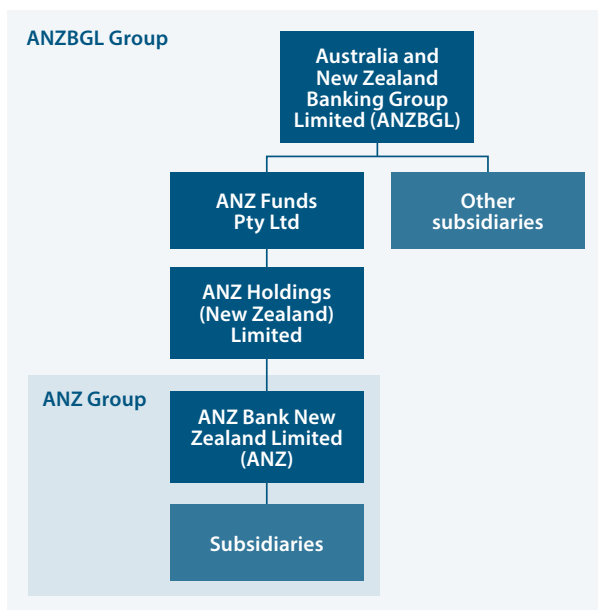
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About ANZ and ANZBGL

3.1 Background

ANZ is the issuer of the Notes. ANZ's ultimate parent company, ANZBGL, is the issuer of the ANZBGL Shares that your Notes may Convert into.

The diagram below shows you the structure of the ANZBGL Group and the ANZ Group (as relevant to the Offer).



3.2 Principal activities of the ANZ Group

ANZ is a registered bank under the Reserve Bank of New Zealand Act 1989. ANZ has been in the business of banking in New Zealand since 1840.

ANZ provides a full range of financial services and comprises some of New Zealand's best known financial brands – ANZ, UDC Finance, Bonus Bonds, ANZ Securities, ANZ Investments and OnePath Life.

As at 30 September 2014, ANZ had total assets of NZ\$128.9 billion, total liabilities of NZ\$117.1 billion, and shareholder's equity of NZ\$11.8 billion (these amounts were taken from ANZ's audited financial statements dated 30 September 2014). ANZ's profit after tax for the year ended 30 September 2014 was NZ\$1,716 million.

ANZ's business is organised into four major business segments, Retail, Commercial, Wealth and Institutional:

- **Retail** provides products and services to personal customers via the branch network, mortgage specialists, the contact centre and a variety of self-service channels (internet banking, phone banking, ATMs, website and mobile phone banking). Core products include current and

savings accounts, unsecured lending (credit cards, personal loans and overdrafts) and home loans secured by mortgages over property. Retail distributes insurance and investment products on behalf of the Wealth segment.

- **Commercial** provides services to Business Banking, Commercial & Agri, and UDC customers. Business Banking services are offered to small enterprises (typically with annual revenues of less than NZ\$5 million). Commercial & Agri customers consist primarily of privately owned small to medium enterprises but include firms with annual turnovers of up to NZ\$250 million. ANZ's relationship with these businesses ranges from simple banking requirements with revenue from deposit and transactional facilities, and cash flow lending, to more complex funding arrangements with revenue sourced from a wider range of sources such as FX and trade products. UDC is principally involved in the financing and leasing of plant, vehicles and equipment, mainly for small and medium sized businesses, as well as investment products.
- **Wealth** includes Private Wealth, Funds Management and Insurance businesses, which provide private banking, investment, superannuation and insurance products and services.
- **Institutional** provides financial services through a number of specialised units to large multi-banked corporations, often global, which require sophisticated product and risk management solutions. Those financial services include loan structuring, foreign exchange, wholesale money market services and transaction banking.

In addition ANZ has treasury and back office support functions, none of which constitutes a separately reportable segment.

3.3 ANZ's directors and management

ANZ's directors are listed in Section 2.2 "Who is involved in providing it for me?". ANZ's directors, chief executive officer and any executive who reports to, or is accountable directly to ANZ's chief executive officer can only be appointed if the RBNZ has been provided with a copy of the curriculum vitae of the proposed appointee, and the RBNZ has advised that it has no objection to that appointment.

3.4 Principal activities of the ANZBGL Group

ANZBGL is the ultimate holding company of the ANZBGL Group and is regulated by APRA as an authorised deposit-taking institution (ADI).

The ANZBGL Group is one of the four major banking groups headquartered in Australia. The ANZBGL Group began its Australian operations in 1835 and its New Zealand operations in 1840.

The ANZBGL Group provides a broad range of banking and financial products and services to retail, small business, corporate and institutional clients. It conducts its operations primarily in Australia, New Zealand and the Asia Pacific region. The ANZBGL Group also operates in a number of other countries including the United Kingdom and the United States.

As of the close of trading on 30 September 2014, ANZBGL had a market capitalisation of approximately A\$85.2 billion. As at 30 September 2014, the ANZBGL Group had total assets of A\$772.1 billion, total liabilities of A\$722.8 billion, and total shareholders' equity of A\$49.3 billion. This statutory financial information has been extracted from the ANZBGL Group's audited financial statements for the year ended 30 September 2014. The ANZBGL Group's profit after tax attributable to shareholders for the year ended 30 September 2014 was A\$7.3 billion. ANZBGL's principal ordinary share listing and quotation is on ASX. Its ordinary shares are also quoted on the NZX. If any Notes are Converted, the total assets of the ANZBGL Group are likely to be different on the Conversion Date from the amount stated above.

The ANZBGL Group operates on a divisional structure with Australia, International and Institutional Banking (IIB), New Zealand, and Global Wealth being the major operating divisions. The IIB and Global Wealth divisions are co-ordinated globally. Global Technology, Services & Operations (GTSO) and Group Centre provide support to the operating divisions, including technology, operations, shared services, property, risk management, financial management, strategy, marketing, human resources and corporate affairs.

- The **Australia** division comprises Retail and Corporate and Commercial Banking (C&CB) business units. Retail includes Home Loans, Cards and Payments and Deposits. C&CB includes Corporate Banking, Regional Business Banking, Business Banking, Small Business Banking and Esanda.
- The **International and Institutional Banking (IIB)** division comprises Global Products servicing Global Banking and International Banking customers across three major product sets (Global Transaction Banking, Global Loans and Global Markets), Retail Asia Pacific focusing on affluent and emerging affluent customers across 21 countries and Asia Partnerships.
- The **New Zealand** division comprises Retail and Commercial business units. Retail includes Home Loans and Cards and Payments to personal customers in New Zealand. Commercial comprises Small Business Banking and Commercial and Agri.
- The **Global Wealth** division comprises Funds Management, Insurance and Private Wealth business units which provides investment, superannuation and insurance products and services as well as private banking for customers

across Australia, New Zealand and Asia.

- **Global Technology, Services & Operations and Group Centre** provide support to the operating divisions, including technology, operations, shared services, property, risk management, financial management, strategy, marketing, human resources and corporate affairs. The Group Centre also includes Group Treasury and shareholder functions.

3.5 ANZBGL's directors and management

ANZBGL's directors are listed in Section 2.2 "Who is involved in providing it to me?". Further information on the directors and management of ANZBGL can be found in ANZBGL's 2014 Annual Report.

3.6 Capital adequacy

The Notes will be treated as Additional Tier 1 Capital, a type of regulatory capital, for ANZ and for the ANZBGL Level 2 Group.

Investments in the Notes may be affected by the ongoing financial condition of both ANZ and the ANZBGL Group. ANZ's and the ANZBGL Level 2 Group's regulatory capital levels are an indication of their financial condition.

This Section 3.6 summarises the regulatory capital requirements that ANZ and the ANZBGL Level 2 Group are required to comply with and that you should understand when deciding whether to invest in Notes.

3.6.1 Overview

The RBNZ and APRA require banks to maintain an adequate level of capital that provides a buffer to absorb unexpected losses. The RBNZ and APRA assess capital adequacy by looking at credit risk associated with a bank's exposures, market and operational risks and the quality and quantity of a bank's capital.

The RBNZ and APRA currently classify banks' regulatory capital into three tiers: Common Equity Tier 1 Capital, Additional Tier 1 Capital and Tier 2 Capital.

Common Equity Tier 1 Capital is the highest quality, most loss absorbent form of capital for a bank and consists of paid up ordinary shares, certain reserves and retained earnings less certain deductions. The ratio of Common Equity Tier 1 Capital to risk weighted assets is called the **Common Equity Tier 1 Capital Ratio**.

Additional Tier 1 Capital is high quality capital for a bank and consists of certain securities not classified as Common Equity Tier 1 Capital but with loss absorbing characteristics. Additional Tier 1 Capital together with Common Equity Tier 1 Capital constitutes **Tier 1 Capital** and the ratio of Tier 1 Capital to risk weighted assets is called the **Tier 1 Capital Ratio**.

Tier 2 Capital consists of subordinated instruments and, while it is a lesser form of capital for a bank than Tier 1 Capital, it still has some capacity to absorb losses and strengthens banks' overall capital positions. Tier 2 Capital together with Tier 1 Capital constitutes **Total Capital** and the ratio of Total Capital to risk weighted assets is called the **Total Capital Ratio**.

The RBNZ and APRA require banks to comply with the following minimum capital ratios (although APRA may require Australian banks, such as ANZBGL, to maintain higher ratios which may not be disclosed):

- a Common Equity Tier 1 Capital Ratio of 4.5%;
- a Tier 1 Capital Ratio of 6.0%; and
- a Total Capital Ratio of 8.0%.

The RBNZ also requires most New Zealand incorporated banks, including ANZ, to maintain a capital conservation buffer of 2.5% above the minimum ratios, which would require ANZ to normally hold a minimum operating Common Equity Tier 1 Capital Ratio exceeding 7%.

From 1 January 2016, APRA will require:

- Australian banks, including ANZBGL, to maintain a Common Equity Tier 1 capital conservation buffer of 2.5% above APRA's minimum capital requirements; and
- domestic systemically important Australian banks, including ANZBGL, to maintain a further Common Equity Tier 1 capital buffer of 1% above APRA's minimum capital requirements,

which would require the ANZBGL Level 2 Group to normally hold a minimum operating Common Equity Tier 1 Capital Ratio exceeding 8%.

The RBNZ has, and from 1 January 2016 APRA will have, the discretion to apply an additional countercyclical buffer with an indicative range of between 0 and 2.5%, although the RBNZ has not applied a formal upper limit. In each case these buffers are required to be satisfied with Common Equity Tier 1 Capital. There is no current requirement for ANZ or ANZBGL to hold such a buffer.

If ANZ's capital ratios fall within the RBNZ's capital buffer range (currently being Total Capital Ratio of 10.5% or less; Tier 1 Capital Ratio of 8.5% or less; Common Equity Tier 1 Capital Ratio of 7% or less):

- ANZ will immediately notify NZX;
- distributions to ANZ's ordinary and preference shareholders may be restricted;
- a Payment Condition may exist, so interest on the Notes may not be paid; and
- ANZ will submit a capital plan to restore the buffer ratio to the RBNZ for approval.

From 1 January 2016, if any of the ANZBGL Level 2 Group's capital ratios fall within APRA's capital buffer range (currently being Total Capital Ratio of 11.5% or less; Tier 1 Capital Ratio of 9.5% or less; Common Equity Tier 1 Capital Ratio of 8% or less):

- dividends and share buybacks on ANZBGL's ordinary shares, discretionary payments on ANZBGL Group's Additional Tier 1 Capital securities and discretionary bonus payments to staff may be restricted; and
- ANZBGL must advise APRA and inform APRA of any remedial actions taken or planned.

The RBNZ's website at www.rbnz.govt.nz includes further details of its functions and prudential standards. APRA's website at www.apra.gov.au includes further details of its functions and prudential standards.

3.6.2 The Notes will count as Additional Tier 1 Capital

The Notes will count as Additional Tier 1 Capital for ANZ and the ANZBGL Level 2 Group. The key Additional Tier 1 Capital requirements and the way in which the Notes satisfy them are set out on the following page.

What are the key Additional Tier 1 Capital requirements?

Additional Tier 1 Capital must provide a permanent and unrestricted commitment of funds.

Additional Tier 1 Capital must be freely available to absorb losses by converting into equity or being written off if the bank's Common Equity Tier 1 Capital Ratio falls to or below 5.125% or if the bank is, or may become, non-viable.

Additional Tier 1 Capital must provide for fully discretionary capital distributions.

How do the Notes satisfy these requirements?

The Notes are perpetual instruments with no fixed maturity date and you have no right to demand repayment unless ANZ is in liquidation.

A Trigger Event can occur:

- if the ANZ Group's or the ANZBGL Level 2 Group's Common Equity Tier 1 Capital Ratio falls to or below 5.125%; or
- if:
 - the RBNZ directs ANZ to convert or write off the Notes or a statutory manager is appointed to ANZ and decides ANZ must convert or write off the Notes; or
 - APRA notifies ANZBGL that ANZBGL would be non-viable unless the Notes are converted or written off or ANZBGL receives a public sector injection of capital or similar support, which may occur, for example, if ANZ or ANZBGL encounters severe financial difficulty.

If a Trigger Event occurs, Notes may be Converted into ANZBGL Shares or Written Off if those Notes are not Converted into ANZBGL Shares.

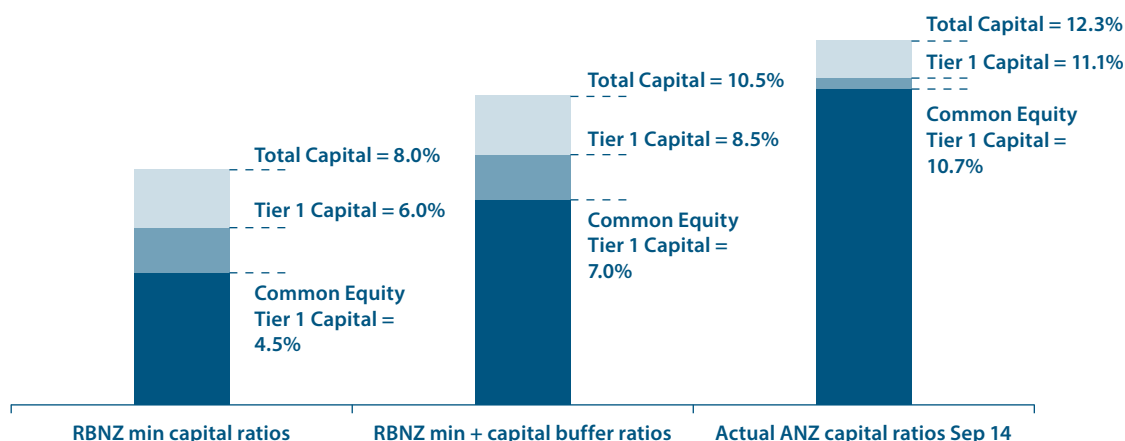
Interest payments are subject to ANZ's discretion and no Payment Condition existing, and are non-cumulative.

The purpose of the requirement for Additional Tier 1 Capital to be converted into equity or written off if the bank's Common Equity Tier 1 Capital Ratio falls to or below 5.125%, if the RBNZ or APRA considers that the bank is, or may become, non-viable or if a statutory manager is appointed in relation to the bank and decides ANZ must Convert or Write Off Notes, is for the loss to be absorbed by

shareholders or the holder of the Additional Tier 1 Capital instrument, rather than anybody else (such as taxpayers). In the case of the Notes, the intended method of loss absorption is Conversion, but if Notes are not Converted into ANZBGL Shares when required following a Trigger Event, those Notes will be Written Off. In either case, the loss would be absorbed by you.

3.6.3 ANZ's Capital adequacy ratios

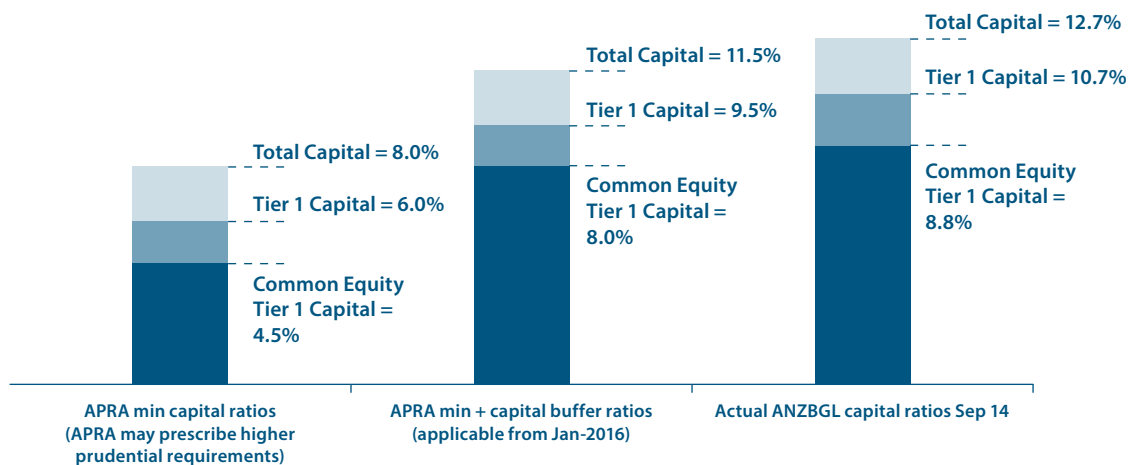
ANZ's capital adequacy ratios as at 30 September 2014 are set out below.



This information has been sourced from ANZ's disclosure statement for the financial year ended 30 September 2014.

3.6.4 The ANZBGL Level 2 Group's capital adequacy ratios

The ANZBGL Level 2 Group's capital adequacy ratios as at 30 September 2014 are set out below.

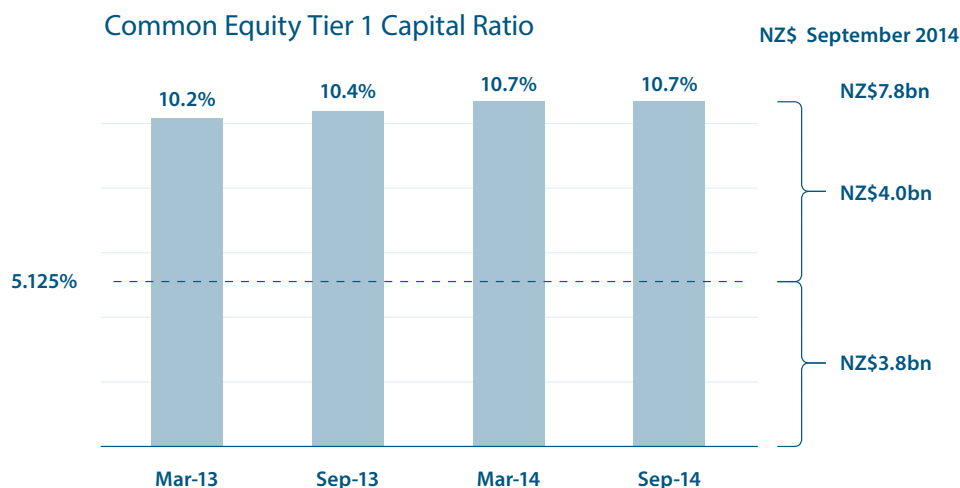


This information has been sourced from the ANZBGL Group's audited financial statements for the year ended 30 September 2014.

Neither ANZ nor ANZBGL gives any assurance as to what their capital adequacy ratios may be at any future time.

3.6.5 ANZ's Common Equity Tier 1 Capital Ratio

The graph below shows the historical Common Equity Tier 1 Capital Ratio of the ANZ Group since the ratio was implemented by the RBNZ at the start of 2013. This graph is for illustrative purposes only and does not indicate, guarantee or forecast Common Equity Tier 1 Capital Ratio for the ANZ Group. The ratio may be higher or lower and may be affected by unexpected events affecting the ANZ Group's business, operations and financial condition.



This information has been sourced from ANZ's disclosure statement for each period.

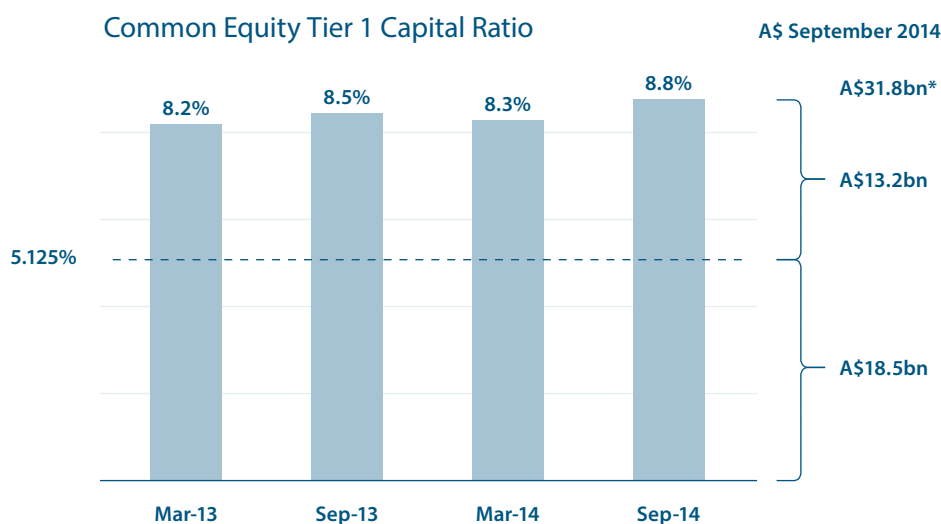
ANZ's Common Equity Tier 1 Capital Ratio of 10.7% as at 30 September 2014 is in excess of the RBNZ's minimum prudential capital requirements. It also equates, as at 30 September 2014, to over NZ\$4.0 billion of Common Equity Tier 1 Capital in excess of a Common Equity Tier 1 Capital Ratio of 5.125% which is the point at which a Common Equity Capital Trigger Event would occur.

ANZ intends to permanently replace some Common Equity Tier 1 Capital with Additional Tier 1 Capital (including the Notes and some of the Branch AT1 Securities that are expected to be issued to the New Zealand branch of ANZBGL in March 2015) as part of its capital management operations. This will reduce ANZ's Common Equity Tier 1 Capital Ratio. (For example, if NZ\$900 million of ANZ's Common Equity Tier 1 Capital was replaced with new Additional Tier 1 Capital, ANZ's Common Equity Tier 1 Ratio would be expected to reduce by approximately 1.2%, while the Tier 1 Capital Ratio would be unchanged.)

Volatility in the ANZ Group's Common Equity Tier 1 Capital Ratio can be expected to arise in the future reflecting the buildup of current year earnings in normal conditions which increase the ratio and the subsequent payment of dividends (generally in March and September of each year) which decreases the ratio.

3.6.6 ANZBGL's Common Equity Tier 1 Capital Ratio

The graph below shows the historical Common Equity Tier 1 Capital Ratio of the ANZBGL Level 2 Group. This graph is for illustrative purposes only and does not indicate, guarantee or forecast the Common Equity Tier 1 Capital Ratio for the ANZBGL Level 2 Group. The ratio may be higher or lower and may be affected by unexpected events affecting the ANZBGL Group's business, operations and financial condition.



* The numbers in this chart may not add due to rounding.

This information has been sourced from the ANZBGL Group's audited financial statements for the year ended 30 September 2014 and unaudited financial statements for the half year ended 31 March 2014.

ANZBGL's Common Equity Tier 1 Capital Ratio of 8.8% for the ANZBGL Level 2 Group as at 30 September 2014 is in excess of APRA's minimum prudential capital requirements and APRA's minimum Common Equity Tier 1 Capital Ratio requirement of 8.0% from 1 January 2016. It also equates, as at 30 September 2014, to A\$13.2 billion of surplus Common Equity Tier 1 Capital for the ANZBGL Level 2 Group in excess of a Common Equity Tier 1 Capital Ratio of 5.125% which is the point at which a Common Equity Capital Trigger Event would occur.

Volatility in the ANZBGL Group's Common Equity Tier 1 Capital Ratio can be expected to arise in the future reflecting the buildup of current year earnings in normal conditions which increase the ratio and the subsequent payment of dividends (generally in July and December of each year) which decreases the ratio.

Subject to APRA finalising changes to its prudential standards (including any requirement to hold additional capital) arising from the recommendations contained in the final Financial Services Inquiry (FSI) in Australia report, the ANZBGL Level 2 Group will target an operating range for the Common Equity Tier 1 Capital Ratio in the high 8% range during normal conditions.

3.6.7 Capital Management Strategy

ANZ and ANZBGL pursue an active approach to capital management. This involves ongoing review of the level and composition of ANZ's and the ANZBGL Group's capital bases, assessed against a range of objectives including maintaining:

- regulatory compliance, as required by the RBNZ for ANZ and by APRA (and other regulators including the US Federal Reserve Board) for ANZBGL;
- an appropriate level of capital to meet the risks in the business as measured by ANZ's and ANZBGL's economic capital methodology;
- ANZ's and ANZBGL's preferred credit rating category for long-term unsecured senior debt consistent with its applicable risk appetite;
- sufficient capital to meet strategic and business development plans; and
- an appropriate balance between maximising shareholder returns and prudent capital management principles.

3.7 Funding and liquidity

Your investment in Notes may be affected by the ongoing financial condition of both ANZ and ANZBGL, as set out in Section 2.6, "What are my risks?". ANZ's and ANZBGL's funding and liquidity levels are an indication of their financial condition.

This Section 3.7 summarises how ANZ and ANZBGL manage their funding and liquidity, which you should understand when deciding whether to invest in Notes.

ANZ's and the ANZBGL Group's liquidity and funding risks are governed by a detailed policy framework which is approved by the ANZ Risk Committee and ANZBGL board risk committee respectively. The management of ANZ's and the ANZBGL Group's liquidity and funding positions and risks is overseen by ANZ's Asset and Liability Committee (ALCO) and the ANZBGL Group's Group Asset and Liability

Committee (GALCO). ANZ and ANZBGL each maintains a Liquidity Crisis Contingency Plan, which details the identification, escalation and management procedures in the event of a liquidity crisis.

The RBNZ's Liquidity Policy (BS13) requires ANZ to have a comprehensive board of directors – approved liquidity strategy defining policy, systems and procedures for measuring, assessing, reporting and managing domestic and foreign currency liquidity. The ANZ Group is required to meet one week and one month liquidity mismatch ratios and a one year core funding ratio each day.

APRA's Liquidity Prudential Standard (APS210) requires ANZBGL to: have an appropriate framework to measure, monitor and manage liquidity risk; maintain a portfolio of high quality liquid assets sufficient in size to withstand a severe liquidity stress; and maintain a robust and appropriate funding structure.

3.8 Summary financial statements

3.8.1 ANZ

NZ\$ millions	Audited Year to 30 September 2014	Audited Year to 30 September 2013	Audited Year to 30 September 2012
Interest income	6,272	5,957	6,017
Interest expense	-3,529	-3,344	-3,335
Net interest income	2,743	2,613	2,682
Non-interest income	1,085	823	1,006
Operating income	3,828	3,436	3,688
Operating expenses	-1,489	-1,512	-1,742
Credit impairment release / (charge)	16	-63	-193
Profit before income tax	2,355	1,861	1,753
Income tax expense	-639	-490	-428
Profit after income tax	1,716	1,371	1,325
NZ\$ millions	Audited as at 30 September 2014	Audited as at 30 September 2013	Audited as at 30 September 2012
Total assets	128,915	120,444	121,556
Total liabilities	117,134	108,990	110,624

3.8.2 ANZBGL

A\$ millions	Audited Year to 30 September 2014	Audited Year to 30 September 2013	Audited Year to 30 September 2012
Interest income	29,524	28,627	30,538
Interest expense	-15,714	-15,869	-18,428
Net interest income	13,810	12,758	12,110
Non-interest income	6,244	5,764	5,601
Operating income	20,054	18,522	17,711
Operating expenses	-8,760	-8,257	-8,519
Credit impairment charge	-986	-1,188	-1,198
Profit before income tax	10,308	9,077	7,994
Income tax expense	-3,025	-2,757	-2,327
Profit after income tax	7,283	6,320	5,667
Comprising:			
Profit attributable to non-controlling interests	12	10	6
Profit attributable to shareholders of the company	7,271	6,310	5,661

A\$ millions	Audited as at 30 September 2014	Audited as at 30 September 2013	Audited as at 30 September 2012
Total assets	772,092	702,995	642,127
Total liabilities	722,808	657,392	600,907

Full copies of the financial statements for ANZ and ANZBGL for the years ended 30 September 2013 and 30 September 2014 can be obtained in the ways described in Section 2.11 under the headings "Disclosure Statements" (in relation to ANZ) and "Information about ANZBGL" (in relation to ANZBGL).

Since ANZ published its financial statements for the financial year ended 30 September 2014, it has

published its 31 December 2014 off-quarter disclosure statement. ANZ's financial position, as disclosed in its 31 December 2014 off-quarter disclosure statement, has not materially or adversely changed since the date of its full year financial statements summarised in Section 3.8.1. A full copy of the 31 December 2014 off-quarter disclosure statement can be obtained in the ways described in Section 2.11 under the heading "Disclosure Statement".

Section 4 – Information about ANZBGL Shares

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Information about ANZBGL Shares

4.1 Rights attaching to the ANZBGL Shares

ANZBGL Shares are quoted on the ASX and NZX and ANZBGL intends that they will continue to be quoted on ASX (including when they are allotted on Conversion).

The rights and liabilities attaching to the ANZBGL Shares are set out in ANZBGL's constitution and are also regulated by the Australian Corporations Act, ASX Listing Rules and general law. See Section 2.11 for information on how you can obtain a copy of ANZBGL's constitution.

This Section summarises the key rights attaching to the ANZBGL Shares. It is not an exhaustive summary of the rights and obligations of ANZBGL Shareholders.

General meetings

Notice of a general meeting must be given to each ANZBGL Shareholder in accordance with the Australian Corporations Act and ANZBGL's constitution.

Voting rights

Subject to ANZBGL's constitution and the Australian Corporations Act and any rights or restrictions attached to any shares or class of shares, each ANZBGL Shareholder is entitled to attend and vote at a general meeting of ANZBGL. Any resolution being considered at a general meeting is decided on a show of hands unless a poll is held. On a show of hands, each ANZBGL Shareholder entitled to vote, present in person or by proxy, attorney or representative, has one vote.

On a poll, each ANZBGL Shareholder entitled to vote, present in person or by proxy, attorney or representative, has one vote for each ANZBGL Share held. Partly paid ANZBGL Shares confer that fraction of a vote which is equal to the proportion which the amount paid bears to the total issue price of the ANZBGL Share.

Dividend entitlement

Subject to the Australian Corporations Act, ANZBGL's constitution and the terms of issue of ANZBGL Shares, the board of directors of ANZBGL may resolve to pay dividends on ANZBGL Shares which are considered by the board of directors of ANZBGL to be appropriate, in proportion to the capital paid up on the ANZBGL Shares held by each ANZBGL Shareholder (subject to the rights of holders of shares carrying preferred rights including Notes).

Dividend Reinvestment Plan and Bonus Option Plan

ANZBGL Shareholders who are eligible may participate in ANZBGL's dividend reinvestment plan or bonus option plan, as in force from time to time, in

accordance with (and subject to) the terms and conditions of those plans. ANZBGL Shareholders who are subject to the laws of a country or place other than Australia may not be eligible to participate, because of legal requirements that apply in that country or place or in Australia.

Until the board of directors of ANZBGL otherwise determines, participation in ANZBGL's dividend reinvestment plan and bonus option plan is not available directly or indirectly to any entity or person (including any legal or beneficial owner of ANZBGL Shares) who is (or who is acting on behalf of or for the account or benefit of an entity or person who is) in or resident in the United States of America (including its territories or possessions) or Canada.

Rights of ANZBGL Shareholders on a winding-up of ANZBGL

If ANZBGL is wound up and its property is more than sufficient to pay all debts, share capital of ANZBGL and expenses of the winding-up, the excess must be divided among ANZBGL Shareholders in proportion to the capital paid up on the ANZBGL Shares held by them at the commencement of the winding-up (subject to the rights of holders of shares carrying preferred rights on winding-up). A partly paid ANZBGL Share is counted as a fraction of a fully paid ANZBGL Share equal to the proportion which the amount paid on it bears to the total issue price of the ANZBGL Share.

However, with the sanction of a special resolution, the liquidator may divide among ANZBGL Shareholders the assets of ANZBGL in kind and decide how the division is to be carried out and vest assets in trustees of any trusts for the benefit of ANZBGL Shareholders as the liquidator thinks appropriate.

Transfer of ANZBGL Shares

Subject to ANZBGL's constitution, ANZBGL Shares may be transferred by any means permitted by the Australian Corporations Act or by Australian law. The board of directors of ANZBGL may decline to register a transfer where permitted to do so under the ASX Listing Rules and the ASX Settlement Operating Rules, or where registration of the transfer is forbidden by the Australian Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules. In addition, subject to the Australian Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules, the board of directors of ANZBGL may decline to register a transfer if registration would create a new holding of less than a marketable parcel under the ASX Listing Rules.

Issues of further shares

Subject to ANZBGL's constitution, the Australian Corporations Act and the ASX Listing Rules, the board

of directors of ANZBGL may issue or grant options in respect of ANZBGL Shares on such terms as the board of directors of ANZBGL decides. In particular, the board of directors of ANZBGL may issue preference shares, including redeemable preference shares, or convertible notes with any rights attaching to them that the board of directors of ANZBGL determines prior to issue.

Variation of rights

ANZBGL may only modify or vary the rights attaching to any class of shares with the prior approval, by a special resolution, of the holders of shares in that class at a meeting of those holders, or with the written consent of the holders of at least 75% of the issued shares of that class.

Subject to the terms of issue, the rights attached to a class of shares are not treated as varied by the issue of further shares which rank equally with that existing class for participation in profits and assets of ANZBGL.

Variation of ANZBGL's constitution

ANZBGL's constitution can only be modified by a special resolution in accordance with the Australian Corporations Act. Under the Australian Corporations Act, for a resolution to be passed as a special resolution it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution.

4.2 Applications and payment

The transfer of Notes to ANZ Holdings on Conversion occurs automatically. No act or consent is required from you for Conversion to occur. You will not pay any money to ANZBGL in respect of the issue of ANZBGL Shares to you on Conversion.

4.3 Australian taxation

The following information does not constitute taxation advice to you or any other holder of Notes. The information set out below is of a general nature. ANZ understands it to be correct as at the date of this investment statement. Taxation laws are subject to change and such changes may materially affect your tax position with respect to an investment in the Notes. You should seek qualified, independent financial and taxation advice in relation to your circumstances before deciding to invest.

Under Australian tax law, dividends paid on ANZBGL Shares by ANZBGL should not be subject to Australian non-resident withholding tax to the extent the dividends are franked with Australian franking credits. To the extent an unfranked dividend is paid, withholding tax will be payable. For New Zealand resident holders, the rate of withholding tax is 15% (because there is a double tax agreement between Australia and New Zealand).

New Zealand resident holders should generally not be subject to Australian tax on any gain realised on disposal of their ANZBGL Shares (as ANZBGL Shares should generally not be "taxable Australian property"). ANZ may source the unfranked portion of the dividend from its "conduit foreign income" (CFI). Unfranked dividend paid out of CFI to Australian non-residents will be exempt from Australian dividend withholding tax.

4.4 Access to information and statements

Each ANZBGL Shareholder is entitled to receive notices, financial statements and other documents required to be sent to ANZBGL Shareholders in accordance with ANZBGL's constitution, the Australian Corporations Act and ASX Listing Rules but, in the case of financial statements and annual reports, only where the ANZBGL Shareholder has requested one to be sent to them in accordance with the Australian Corporations Act.

Section 5 – Note Terms

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Note Terms

ANZ Capital Note Terms

This Section 5 contains the full ANZ Capital Note Terms.

1 ANZ CAPITAL NOTES

1.1 ANZ CAPITAL NOTES

ANZ Capital Notes are fully paid mandatory convertible perpetual subordinated securities (**ANZ Capital Notes** or **Notes**) in the form of unsecured notes issued by ANZ. ANZ Capital Notes are issued in registered form by entry in the Register. They are issued, and may be Exchanged, according to these Note Terms.

ANZ Capital Notes are not guaranteed or insured by any government, government agency or compensation scheme in Australia, New Zealand or any other jurisdiction or by any other person.

1.2 FACE VALUE

The denomination and face value of each Note (**Face Value**) is NZ\$1.

2 TITLE AND TRANSFER

2.1 TITLE

Subject to clause 6.1(a)(i), title to a Note passes when details of the transfer are entered in the Register.

2.2 REGISTER CONCLUSIVE AS TO OWNERSHIP

Subject to clause 6.1(a)(i), entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error.

2.3 NON-RECOGNITION OF INTERESTS

Except as required by law, subject to clause 6.1(a)(i) and as provided in this clause 2.3, ANZ must treat the person whose name is entered in the Register as the Holder in respect of a Note as the absolute owner of that Note.

No notice of any trust, Encumbrance or other interest in, or claim to, any Note will be entered in the Register. Neither ANZ nor the Registry need take notice of any trust, Encumbrance or other interest in, or claim to, any Note, except as ordered by a court of competent jurisdiction or required by law, and no trust, Encumbrance or other interest in, or claim to, any Note will in any way affect any provision of these Note Terms.

This clause 2.3 applies whether or not a payment has been made when scheduled on a

Note and despite any notice of ownership, trust or interest in the Note.

2.4 JOINT HOLDERS

Where two or more persons are entered in the Register as the joint Holders of a Note, they are taken to hold the Note as joint tenants with rights of survivorship, but the Registry is not bound to register more than three persons as joint Holders of a Note.

2.5 DEALINGS IN WHOLE

At all times, the Notes may be held or transferred only in whole Notes.

2.6 TRANSFER

- (a) Without prejudice to clause (b), a Holder may transfer a Note:
 - (i) while the Note is quoted on the NZX Debt Market, in accordance with the Settlement System operated by NZX; or
 - (ii) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

No transfer of any part of a Holder's holding may, subject to clauses 4.5 to 4.9, be effected if such transfer would result in the transferor or the transferee holding or continuing to hold a Non-marketable Parcel of Notes.

- (b) A Note that is required to be Converted is transferred in accordance with clause 6.1(a)(i) without any act or consent of the relevant Holder or any other person being required.
- (c) The Registry must register a transfer of a Note to or by a person who is entitled to make or receive the transfer as a consequence of:
 - (i) death, bankruptcy, liquidation or winding-up of a Holder; or
 - (ii) a vesting order by a court or other body with power to make the order on receiving the evidence that the Registry or ANZ requires.

2.7 SELLING RESTRICTIONS

- (a) The Investment Statement only constitutes an offer of Notes in New Zealand. ANZ has not and will not take any action which would permit a public offering of the Notes, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).
- (b) By its purchase of Notes, each Holder is taken to have agreed that:
 - (i) Notes may only be offered for sale or sold

in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered; and

- (ii) any information memorandum, prospectus, circular, advertisement or other offering material in respect of the Notes may only be published, delivered or distributed in or from any country or jurisdiction under circumstances which will result in compliance with all applicable laws, regulations and listing rules of any applicable stock exchange.
- (c) By its purchase of Notes, each Holder agrees to indemnify ANZ, ANZBGL, the Registry and each Manager in respect of any loss, cost, liability or expense sustained or incurred by ANZ, ANZBGL, the Registry or the Manager as a result of the breach by that Holder of the restrictions contained in this clause 2.7.

3 INTEREST PAYMENTS

3.1 INTEREST PAYMENTS

Subject to these Note Terms, each Note entitles the Holder on a Record Date to receive on the relevant Interest Payment Date a cash interest payment (**Interest Payment**) calculated according to the following formulae:

- (a) For each Interest Period ending on or prior to the Optional Exchange Date, other than a Broken Interest Period:

$$\text{Interest Payment} = (\text{Face Value} \times \text{Fixed Rate})/4$$

- (b) For each Interest Period ending on or prior to the Optional Exchange Date that is a Broken Interest Period:

$$\text{Interest Payment} = \frac{\text{Face Value} \times \text{Fixed Rate} \times N}{365}$$

- (c) For each other Interest Period:

$$\text{Interest Payment} = \frac{\text{Face Value} \times \text{Floating Rate} \times N}{365}$$

where:

Fixed Rate = Swap Rate + Margin.

Margin = the rate (expressed as a percentage rate per annum) as determined under the Bookbuild and announced via NZX on or before the Opening Date.

Swap Rate = the rate per annum (expressed on a percentage yield basis rounded, if necessary, to the nearest 2 decimal places with 5 being rounded up) which is determined by ANZ by straight line interpolation to provide a rate for a term equal to the period from (and including) the Issue Date to (but excluding) the Optional

Exchange Date by reference to the mid market swap rates for a five-year term and a six-year term, being the mean of the bid and offered swap rates as displayed on Reuters page ICAPKIWISWAP1 or its successor page on the Rate Set Date, with such interpolated rate adjusted as necessary to a quarterly rate.

Floating Rate = 3 Month Bank Bill Rate + Margin.

N means, in respect of an Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date (or the Issue Date in the case of the first Interest Period) until (but not including) the Interest Payment Date.

3 Month Bank Bill Rate (expressed as a percentage per annum) means, for an Interest Period, the "FRA" rate for bank bills having a term of 3 months (rounded, if necessary, to the nearest 4 decimal places with 5 being rounded up) as displayed on Reuters page BKBM (or any page which replaces that page) on the first Business Day of the Interest Period or if that rate is not displayed by 10.45am (New Zealand time) on that date, the rate specified in good faith by ANZ at or around that time on that date, having regard to the extent possible to rates quoted by each of 3 leading banks selected by ANZ, as being the average of the bid and offered rates for such bank bills at or around that time on that date.

3.2 PAYMENT OF AN INTEREST PAYMENT

Each Interest Payment is subject to:

- (a) ANZ's absolute discretion; and
- (b) no Payment Condition existing in respect of the relevant Interest Payment Date.

3.3 INTEREST PAYMENTS ARE NON-CUMULATIVE

- (a) Interest Payments are non-cumulative. If all or any part of an Interest Payment is not paid because of clause 3.2 or because of any applicable law, ANZ has no liability to pay the unpaid amount of the Interest Payment and Holders have no claim or entitlement in respect of such non-payment and such non-payment does not constitute an event of default.
- (b) No interest accrues on any unpaid Interest Payments and the Holders have no claim or entitlement in respect of interest on any unpaid Interest Payments.

3.4 INTEREST PAYMENT DATES

Subject to this clause 3, Interest Payments in respect of a Note will be payable in arrears on the following dates (each an **Interest Payment Date**):

- (a) each 25 February, 25 May, 25 August and 25 November commencing on 25 May 2015 until

(but not including) the date on which a Redemption or Conversion of that Note occurs in accordance with these Note Terms; and

- (b) the Conversion Date or the date on which Redemption of that Note occurs in accordance with these Note Terms.

If an Interest Payment Date is a day which is not a Business Day, then the Interest Payment Date will be the next day which is a Business Day.

3.5 RECORD DATES

An Interest Payment is only payable on an Interest Payment Date to those persons registered as Holders on the Record Date for that Interest Payment.

3.6 DEDUCTIONS

- (a) ANZ may deduct from any Interest Payment or any other amount payable in accordance with the Note Terms the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount (**Tax**). Deductions of Tax will be made at the maximum rates from time to time applicable unless a Holder provides evidence satisfactory to the Registry that a lesser rate is applicable.
- (b) If any such deduction has been made and the amount of the deduction accounted for by ANZ to the relevant revenue authority and the balance of the Interest Payment payable has been paid to the relevant Holder, the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by ANZ.
- (c) Subject in all respects to clause 3.6(a), New Zealand non-resident withholding tax will be deducted from Interest Payments (or payments deemed by law to be interest) to Holders who are not tax resident in New Zealand and who are not engaged in business in New Zealand through a fixed establishment (as that term is defined in the Tax Act) in New Zealand, provided that if ANZ is lawfully able to apply the approved issuer levy regime in relation to Interest Payments (or payments deemed by law to be interest) payable to such Holders it will apply the zero rate under the approved issuer levy regime to the extent ANZ is able to do so, and if not, ANZ will pay approved issuer levy (as defined in section 86F of the Stamp and Cheque Duties Act 1971 (New Zealand)) in respect of any Interest Payments (or payments deemed by law to be interest) payable to such Holders, and ANZ will pay the approved issuer levy to the appropriate authority and

will deduct the amount payable from any Interest Payments (or payments deemed by law to be interest) payable to that Holder in lieu of deducting New Zealand non-resident withholding tax at the rate otherwise applicable from that payment.

- (d) Subject in all respects to clause 3.6(a), New Zealand resident withholding tax will be deducted from payments of interest (or payments deemed to be interest) to Holders who are tax resident in New Zealand or who are engaged in business in New Zealand through a fixed establishment (as that term is defined in the Tax Act) in New Zealand unless an appropriate exemption certificate is produced to the Registry no later than five Business Days before the Record Date prior to the relevant payment date.
- (e) ANZ shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring any penalty under the applicable law and shall, if required by any Holder, deliver to that Holder a copy of any relevant receipt issued by the revenue authority (to the extent issued) without delay after it is received by ANZ.
- (f) A Holder must notify the Registry of its country of residence for tax purposes (on or prior to the Record Date) and, if the Holder is not a New Zealand tax resident, whether the Holder is engaged in business in New Zealand through a fixed establishment in New Zealand. A Holder must notify the Registry prior to any Interest Payment Date of any change in circumstances from those previously notified that could affect the payment or withholding obligations of ANZ.
- (g) By accepting payment of any Interest Payment or any other amount payable in accordance with the Note Terms, the Holder indemnifies ANZ for all purposes in respect of any liability ANZ may incur for not deducting any amount from such payment on account of New Zealand non-resident withholding tax or New Zealand resident withholding tax.
- (h) If, in relation to any Note, ANZ becomes liable to make any payment of or on account of tax payable by the Holder, ANZ is indemnified by the Holder in relation to such liability. Any moneys paid by ANZ in relation to any such liability may be recovered from the Holder as a debt due to ANZ and may be withheld from further payments to that Holder. Nothing in this clause prejudices or affects any other right or remedy of ANZ.

3.7 RESTRICTIONS IN THE CASE OF NON-PAYMENT

If for any reason an Interest Payment has not been paid in full on an Interest Payment Date (the **Relevant Interest Payment Date**), ANZ must not, without approval of a Special Resolution, until and including the next Interest Payment Date:

- (a) resolve to pay or pay any Dividend; or
- (b) undertake any Buy-Back or Capital Reduction, unless the Interest Payment is paid in full within 3 Business Days of the Relevant Interest Payment Date. The restriction in this clause 3.7 does not apply to the extent that, at the time an Interest Payment has not been paid in full on the Relevant Interest Payment Date, ANZ is legally obliged on or after that date to pay a Dividend or complete a Buy-Back or Capital Reduction.

4 MANDATORY CONVERSION

4.1 MANDATORY CONVERSION

On the Mandatory Conversion Date ANZ must Convert all (but not some) Notes in accordance with clause 6 and this clause 4.

4.2 MANDATORY CONVERSION DATE

The **Mandatory Conversion Date** will be the earlier of:

- (a) the Scheduled Mandatory Conversion Date; and
- (b) the first Interest Payment Date after the Scheduled Mandatory Conversion Date, (each a **Relevant Date**) on which the Mandatory Conversion Conditions are satisfied.

4.3 MANDATORY CONVERSION CONDITIONS

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the NZD VWAP on the 25th Business Day immediately preceding (but not including) the Relevant Date (the **First Test Date**, provided that if no trading in ANZBGL Shares took place on that date, the First Test Date is the first Business Day before the 25th Business Day immediately preceding (but not including) the Relevant Date on which trading in ANZBGL Shares took place) is greater than 56.00% of the NZD Issue Date VWAP (the **First Mandatory Conversion Condition**);
- (b) the NZD VWAP during the period of 20 Business Days on which trading in ANZBGL Shares took place immediately preceding (but not including) the Relevant Date is greater than 50.51% of the NZD Issue Date VWAP;

(c) no Delisting Event applies in respect of the Relevant Date; and

(d) no Inability Event subsists on the Relevant Date,

((a), (b), (c) and (d) together, the **Mandatory Conversion Conditions**).

4.4 NON-CONVERSION NOTICES

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, ANZ will notify Holders between the 25th and the 21st Business Day before the Relevant Date; or
- (b) any of the Mandatory Conversion Conditions (other than the First Mandatory Conversion Condition) is not satisfied on the Relevant Date, ANZ will notify Holders on or as soon as practicable after the Relevant Date,

and in either case that Mandatory Conversion will not (or, as the case may be, did not) occur on the Relevant Date (a **Non-Conversion Notice**).

4.5 COMMON EQUITY CAPITAL TRIGGER EVENT

A **Common Equity Capital Trigger Event** means:

- (a) ANZ determines, or the RBNZ notifies ANZ in writing that it believes, that a Common Equity Capital Ratio applicable to the ANZ Group is equal to or less than 5.125%; or
- (b) ANZBGL determines, or APRA notifies ANZBGL in writing that it believes, that a Common Equity Capital Ratio applicable to the ANZBGL Level 2 Group is equal to or less than 5.125%.

ANZ must immediately notify the RBNZ and APRA in writing if it makes a determination under clause 4.5(a). ANZBGL has agreed in the Coordination Agreement to immediately notify APRA and the RBNZ in writing if it makes a determination under clause 4.5(b).

4.6 NON-VIABILITY TRIGGER EVENT

A **Non-Viability Trigger Event** means:

- (a) a direction is given, by notice in writing, to ANZ by the RBNZ under section 113 of the RBNZ Act, on the basis that the financial position of ANZ is such that it meets any of the grounds in subsections 113(1)(a)-(e) of the RBNZ Act, requiring ANZ to exercise its right of conversion or write off of its Relevant Securities; or
- (b) ANZ is made subject to statutory management by an Order in Council issued pursuant to section 117 of the RBNZ Act and

the statutory manager announces his or her decision (by publishing a notice on ANZ's website or in another suitable public forum) to convert or write off ANZ's Relevant Securities; or

- (c) the issuance of a notice in writing by APRA to ANZBGL that conversion or write off of Relevant Securities of ANZBGL is necessary because, without it, APRA considers that ANZBGL would become non-viable; or
- (d) a determination by APRA, notified to ANZBGL in writing, that without a public sector injection of capital, or equivalent support, ANZBGL would become non-viable.

4.7 TRIGGER EVENT CONVERSION DATE

A **Trigger Event Conversion Date** means:

- (a) in the case of a Common Equity Capital Trigger Event, the date on which the determination or notification is made under clause 4.5; and
- (b) in the case of a Non-Viability Trigger Event, the date on which the notification or announcement is made under clause 4.6.

4.8 CONVERSION ON TRIGGER EVENT CONVERSION DATE

If a Trigger Event occurs:

- (a) on the Trigger Event Conversion Date, subject only to clause 6.12, ANZ shall immediately Convert:
 - (i) in the case of a Common Equity Capital Trigger Event:
 - (A) in respect of the ANZ Group:
 - (aa) all of the Notes; or
 - (ab) if it is possible to increase the Common Equity Capital Ratio to a percentage above 5.125% by Converting less than all of the Notes, so many of the Notes as is sufficient (as determined by ANZ in accordance with paragraph (b) below) to increase the Common Equity Capital Ratio to a percentage above 5.125% determined by ANZ in consultation with the RBNZ; and
 - (B) in respect of the ANZBGL Level 2 Group:
 - (aa) all of the Notes; or
 - (ab) if it is possible to increase the Common Equity Capital Ratio to a percentage above 5.125% by

Converting less than all of the Notes, so many of the Notes as is sufficient (as determined by ANZ in accordance with paragraph (b) below) to increase the Common Equity Capital Ratio to a percentage above 5.125% determined by ANZ in consultation with ANZBGL and APRA; or

- (ii) in the case of a Non-Viability Trigger Event:

(A) in respect of ANZ:

- (aa) all of the Notes; or
- (ab) where the RBNZ or the statutory manager of ANZ does not require all applicable Relevant Securities to be converted or written off, so many of the Notes as is sufficient (as determined by ANZ in accordance with paragraph (b) below) to satisfy the RBNZ or the statutory manager of ANZ that ANZ is viable without further conversion or write off; and

(B) in respect of ANZBGL:

- (aa) all of the Notes; or
- (ab) where the Non-Viability Trigger Event occurs under clause 4.6(c) and APRA does not require all applicable Relevant Securities to be converted or written off, so many of the Notes as is sufficient (as determined by ANZ in accordance with paragraph (b) below) to satisfy APRA that ANZBGL is viable without further conversion or write off;

- (b) in determining the number of Notes which must be Converted in accordance with this clause, ANZ will:
 - (i) first, convert or write off, or procure the conversion or write off of, Relevant Securities whose terms require or permit them to be converted or written off either before Conversion of Notes or in full; and
 - (ii) secondly, if conversion or write off of those Relevant Securities is not sufficient to satisfy the requirements of clause 4.8(a) (i) or 4.8(a)(ii) (as applicable), Convert Notes and convert or write off, or procure the conversion or write off of, other Relevant Securities:
 - (A) on an approximately proportionate basis; or

- (B) in a manner that is otherwise, in the opinion of ANZ, fair and reasonable, (subject to such adjustment as ANZ may determine (in consultation with ANZBGL where the conversion or write off involves ordinary shares in ANZBGL or another member of the ANZBGL Level 2 Group or Relevant Securities issued by ANZBGL or another member of the ANZBGL Level 2 Group) to take into account the effect on marketable parcels and the need to round to whole numbers the number of those ordinary shares and any Notes or other Relevant Securities remaining on issue), and for the purposes of the foregoing, where the specified currency of the principal amount of Relevant Securities is not the same for all Relevant Securities, ANZ (in consultation with ANZBGL in the circumstances described above) may treat them as if converted into a single currency of ANZ's choice at such rate of exchange as ANZ in good faith considers reasonable, provided that such determination does not impede the immediate Conversion of the relevant number of Notes;
- (c) on the Trigger Event Conversion Date ANZ must determine the Holders whose Notes will be Converted at the time on that date that the Conversion is to take effect and in making that determination may make any decisions with respect to the identity of the Holders at that time as may be necessary or desirable to ensure Conversion occurs immediately in an orderly manner, including disregarding any transfers of Notes that have not been settled or registered at that time and provided that such determination does not impede the immediate Conversion of the relevant number of Notes;
- (d) ANZ must give notice of that event (a **Trigger Event Notice**) as soon as practicable to Holders which must specify:
- (i) the Trigger Event Conversion Date;
 - (ii) the number of Notes Converted; and
 - (iii) the relevant number of other Relevant Securities converted or written off; and
- (e) none of the following events shall prevent, impede or delay the Conversion of Notes as required by clause 4.8(a):
- (i) any failure or delay in the conversion or write off of other Relevant Securities;
 - (ii) any failure or delay in giving a Trigger Event Notice;
 - (iii) any failure or delay in quotation of ANZBGL Shares to be issued on Conversion; and
 - (iv) any failure or delay in completion of any of the transactions between members of the ANZBGL Group set out in the Coordination Agreement.
- #### 4.9 PRIORITY OF CONVERSION OBLIGATIONS
- (a) Conversion on account of a Trigger Event is not subject to the matters described in clause 4.3 as Mandatory Conversion Conditions.
 - (b) Conversion on account of a Trigger Event takes place on the date, and in the manner, required by clause 4.8, notwithstanding anything in clauses 4.1, 4.10, 5 or 8.
- #### 4.10 MANDATORY CONVERSION ON CHANGE OF CONTROL
- (a) If a Change of Control Event occurs, ANZ must notify Holders as soon as practicable after becoming aware of that event by providing a notice to Holders (a **Change of Control Conversion Notice**) and Convert all (but not some only) Notes on the Change of Control Conversion Date, subject to and in accordance with this clause 4 and clause 6.
 - (b) A Change of Control Conversion Notice must specify:
 - (i) the details of the relevant Change of Control Event;
 - (ii) the date on which Conversion is to occur (the **Change of Control Conversion Date**), which must be:
 - (A) in the case of an ANZBGL Change of Control Event:
 - (aa) the Business Day prior to the date reasonably determined by ANZ (in consultation with ANZBGL) to be the last date on which holders of ANZBGL Shares can participate in the bid or scheme concerned or such other earlier date as ANZ may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or
 - (ab) such later date as the RBNZ or APRA may require; or
 - (ac) in the case of a Deferred Change of Control Conversion Notice, the immediately succeeding Interest Payment Date; and
 - (B) in the case of an ANZ Change of Control Event:

- (aa) the last Business Day prior to the date reasonably determined by ANZ (in consultation with ANZBGL) on which 100% of the ordinary shares in ANZ will cease to be owned beneficially directly or indirectly by ANZBGL; or
 - (ab) such later date as the RBNZ or APRA may require; or
 - (ac) in the case of a Deferred Change of Control Conversion Notice, the immediately succeeding Interest Payment Date; and
- (iii) whether any Interest Payment will be paid on the Change of Control Conversion Date.
- (c) A Change of Control Conversion Notice is taken to be revoked and Conversion will not occur if, on the Change of Control Conversion Date:
- (i) in the case of an ANZBGL Change of Control Event only, the NZD VWAP during the VWAP Period is equal to or less than 20.21% of the NZD Issue Date VWAP; or
 - (ii) in the case of any Change of Control Event:
 - (A) a Delisting Event applies in respect of the Change of Control Conversion Date; or
 - (B) an Inability Event subsists on the Change of Control Conversion Date.
- (d) If clause 4.10(c) applies, ANZ must:
- (i) notify Holders as soon as practicable that Conversion will not (or did not) occur (a **Deferred Change of Control Conversion Notice**); and
 - (ii) subject to this clause 4.10, give a new Change of Control Conversion Notice on or before the 25th Business Day prior to the immediately succeeding Interest Payment Date (under clause 3.4(a)) which is at least 25 Business Days after the date on which the Deferred Change of Control Conversion Notice was given.
- (e) If a new Change of Control Conversion Notice is revoked in accordance with clause 4.10(c), clause 4.10(d) shall be reapplied in respect of each subsequent Interest Payment Date (under clause 3.4(a)) until the applicable Change of Control Conversion Notice is not taken to be revoked in accordance with clause 4.10(c).
- (f) Nothing in clause 4.10 limits the operation of clause 4.8.

5 OPTIONAL EXCHANGE BY ANZ

5.1 OPTIONAL EXCHANGE BY ANZ

ANZ may by notice to Holders (an **Exchange Notice**) elect to Exchange all or some Notes:

- (a) following the occurrence of a Tax Event or a Regulatory Event; or
- (b) on the Optional Exchange Date.

An Exchange Notice once given is irrevocable.

5.2 CONTENTS OF EXCHANGE NOTICE

An Exchange Notice must specify:

- (a) the details of any Tax Event, or Regulatory Event to which the Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Exchange Date**), which:
 - (i) in the case of a Tax Event or Regulatory Event, will be the last Business Day of the month following the month in which the Exchange Notice was given by ANZ unless ANZ determines an earlier Exchange Date having regard to the best interests of Holders as a whole and the relevant event; or
 - (ii) in the case of the Optional Exchange Date, must fall no earlier than 25 Business Days after the date on which the Exchange Notice is given;
- (c) the Exchange Method, which may not be:
 - (i) Redemption unless the prior written approval of the RBNZ and APRA is obtained and Notes the subject of the Redemption are replaced concurrently or beforehand by:
 - (A) ANZ with Tier 1 Capital of the same or better quality and the replacement of the Notes is done under conditions that are sustainable for the ANZ Group's income capacity, unless the RBNZ is satisfied that the capital position of the ANZ Group would be sufficiently above the minimum capital requirements after the Redemption; and
 - (B) a member of the ANZBGL Group (which could be (without limitation) ANZ as contemplated by (A) above) with Tier 1 Capital of the same or better quality and the replacement of the Notes is done under conditions that are sustainable for the ANZBGL Group's income capacity, unless APRA is satisfied that the capital position of

the ANZBGL Group would be well above its minimum capital requirements after the Redemption;

- (ii) Conversion unless the conditions in clause 5.4 are satisfied;
- (d) if less than all Outstanding Notes are subject to Exchange, which Notes are subject to Exchange; and
- (e) whether any Interest Payment will be paid on the Exchange Date.

5.3 EXCHANGE METHOD

- (a) If ANZ elects to Exchange Notes in accordance with this clause 5, it must, subject to clause 5.2(c), elect which of the following (or which combination of the following) it intends to do in respect of Notes (the **Exchange Method**):
 - (i) Convert Notes into ANZBGL Shares in accordance with clause 6; or
 - (ii) Redeem Notes in accordance with clause 7.
- (b) If ANZ issues an Exchange Notice, ANZ may specify which of Conversion or Redemption applies to a particular Note. Without limitation to the foregoing:
 - (i) ANZ may select either of Conversion or Redemption to apply to the Notes held by a Holder; and
 - (ii) ANZ may select a different combination of Conversion or Redemption in respect of Notes held by different Holders,

but otherwise ANZ must endeavour to treat Holders on an approximately proportionate basis, although it may discriminate to take account of the effect on holdings which would be Non-marketable Parcels and any other reasonable considerations.

5.4 RESTRICTIONS ON ELECTION BY ANZ OF CONVERSION AS EXCHANGE METHOD

ANZ may not elect Conversion as the Exchange Method in respect of an Exchange under this clause 5 if:

- (a) on the second Business Day before the date on which an Exchange Notice is to be sent by ANZ (or, if trading in ANZBGL Shares did not occur on that date, the last Business Day prior to that date on which trading in ANZBGL Shares occurred) (the **Non-Conversion Test Date**) the NZD VWAP on that date is less than or equal to 22.50% of the NZD Issue Date VWAP;
- (b) a Delisting Event applies in respect of the Non-Conversion Test Date; or

- (c) an Inability Event subsists on the Non-Conversion Test Date.

5.5 CONDITIONS TO CONVERSION OCCURRING ONCE ELECTED BY ANZ

If ANZ has given an Exchange Notice in which it has elected Conversion as the Exchange Method but any of the Optional Conversion Conditions would not be satisfied on the Exchange Date then, notwithstanding any other provision of these Note Terms:

- (a) the Exchange Date will be deferred until the first Interest Payment Date (under clause 3.4(a)) on which the Optional Conversion Conditions would be satisfied (determined as if references in the Optional Conversion Conditions to Exchange Date were to that Interest Payment Date) (the **Deferred Conversion Date**);
- (b) ANZ must Convert the Notes on the Deferred Conversion Date (unless the Notes are earlier Exchanged in accordance with these Note Terms); and
- (c) until the Deferred Conversion Date, all rights attaching to the Notes will continue as if the Exchange Notice had not been given.

ANZ will notify Holders on or as soon as practicable after an Exchange Date in respect of which this clause 5.5 applies that Conversion did not occur on that Exchange Date (a **Deferred Conversion Notice**).

5.6 OPTIONAL CONVERSION CONDITIONS

The Optional Conversion Conditions are:

- (a) the NZD VWAP during the 20 Business Days on which trading in ANZBGL Shares took place immediately preceding (but not including) the Exchange Date is greater than 20.21% of the NZD Issue Date VWAP;
- (b) no Delisting Event applies in respect of the Exchange Date; and
- (c) no Inability Event subsists on the Exchange Date.

6 CONVERSION MECHANICS

6.1 CONVERSION

If ANZ elects to Convert Notes or is required to Convert Notes in accordance with these Note Terms, then, subject to this clause 6 and clause 10, the following provisions apply:

- (a) with effect from the Conversion Date, each Note that is to be Converted shall be:
 - (i) immediately and irrevocably transferred to ANZ Holdings free of any Encumbrance,

such transfer to occur automatically without any act or consent of the relevant Holder or any other person being required; and

- (ii) following that transfer, redeemed or written off in accordance with the Coordination Agreement,

but such transfer shall not affect the relevant Holder's entitlement:

- (iii) under clause 3 to an Interest Payment (if any) on the Conversion Date; or

- (iv) under clause 6.1(b) to be issued ANZBGL Shares.

- (b) ANZBGL shall immediately issue on the Conversion Date in accordance with the Coordination Agreement a number of ANZBGL Shares in respect of each Note that is to be Converted equal to the Conversion Number, where the Conversion Number (but subject to the Conversion Number being no more than the Maximum Conversion Number) is a number calculated according to the following formula:

$$\text{Conversion Number} = \frac{\text{Face Value}}{(99\% \times \text{NZD VWAP})}$$

where:

Maximum Conversion Number means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{\text{NZD Issue Date VWAP} \times \text{Relevant Number}}$$

where:

Relevant Number means:

if Conversion is occurring on a Mandatory Conversion Date, 0.5; and

if Conversion is occurring at any other time, 0.2;

- (c) if the total number of additional ANZBGL Shares to be issued to a Holder in respect of their aggregate holding of Notes upon Conversion includes a fraction of an ANZBGL Share, that fraction of an ANZBGL Share will be disregarded; and
- (d) the rights attaching to ANZBGL Shares issued as a result of Conversion do not take effect until 5.00pm (Melbourne time) on the Conversion Date (unless another time is required for Conversion on that date).

6.2 ADJUSTMENTS TO VWAP

For the purposes of calculating VWAP in these Note Terms:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, ANZBGL Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Notes will Convert into ANZBGL Shares after the date those ANZBGL Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those ANZBGL Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (**Cum Value**) equal to:

- (i) (in the case of a dividend or other distribution), the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Income Tax Assessment Act 1936 (Commonwealth of Australia) or Income Tax Assessment Act 1997 (Commonwealth of Australia) as the case may be;

- (ii) (in the case of any other entitlement that is not a dividend or other distribution under clause 6.2(a)(i) which is traded on ASX on any of those Business Days), the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or

- (iii) (in the case of any other entitlement which is not traded on ASX during the VWAP Period), the Australian dollar value of the entitlement as reasonably determined by the Directors of ANZBGL; and

- (b) where, on some or all of the Business Days in the VWAP Period, ANZBGL Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and Notes will Convert into ANZBGL Shares which would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the Business Days on which those ANZBGL Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

6.3 ADJUSTMENTS TO VWAP FOR DIVISIONS AND SIMILAR TRANSACTIONS

- (a) Where during the relevant VWAP Period there is a change in the number of the ANZBGL Shares on issue as a result of a division, consolidation or reclassification of ANZBGL's share capital (not involving any cash payment or other distribution or compensation to or by

ANZBGL Shareholders) (a **Reorganisation**), in calculating the VWAP for that VWAP Period the daily VWAP applicable on each day in the relevant VWAP Period which falls before the date on which trading in ANZBGL Shares is conducted on a post Reorganisation basis shall be adjusted by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of ANZBGL Shares immediately before the Reorganisation; and

B means the aggregate number of ANZBGL Shares immediately after the Reorganisation.

- (b) Any adjustment made by ANZ in accordance with clause 6.3(a) will be effective and binding on Holders under these Note Terms and these Note Terms will be construed accordingly. Any such adjustment must be promptly notified to all Holders.

6.4 ADJUSTMENTS TO ISSUE DATE VWAP

For the purposes of determining the Issue Date VWAP, adjustments to VWAP will be made in accordance with clause 6.2 and clause 6.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made in accordance with clauses 6.5 to 6.7 (inclusive); and
- (b) if so made, will correspondingly affect the application of the Mandatory Conversion Conditions (other than in clauses 4.3(c) or 4.3(d)), the Optional Conversion Conditions (other than in clauses 5.6(b) or 5.6(c)) and cause adjustments to calculations made under clauses 5.4(a) and 5.6(a) and to the Maximum Conversion Number.

6.5 ADJUSTMENTS TO ISSUE DATE VWAP FOR BONUS ISSUES

- (a) Subject to clause 6.5(b) below, if ANZBGL makes a pro rata bonus issue of ANZBGL Shares to holders of ANZBGL Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_o \times \frac{RD}{RD + RN}$$

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V_o means the Issue Date VWAP applying immediately prior to the application of this formula;

RN means the number of ANZBGL Shares issued pursuant to the bonus issue; and

RD means the number of ANZBGL Shares on issue immediately prior to the issue of new ANZBGL Shares pursuant to the bonus issue.

- (b) Clause 6.5(a) does not apply to ANZBGL Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purpose of clause 6.5(a), an issue will be regarded as a pro rata issue notwithstanding that ANZBGL does not make offers to some or all holders of ANZBGL Shares with registered addresses outside Australia, provided that in so doing ANZBGL is not in contravention of the ASX Listing Rules.
- (d) No adjustments to the Issue Date VWAP will be made under this clause 6.5 for any offer of ANZBGL Shares not covered by clause 6.5(a), including a rights issue or other essentially pro rata issue.
- (e) The fact that no adjustment is made for an issue of ANZBGL Shares except as covered by clause 6.5(a) shall not in any way restrict ANZBGL from issuing ANZBGL Shares at any time on such terms as it sees fit nor require any consent or concurrence of any Holders.

6.6 ADJUSTMENT TO ISSUE DATE VWAP FOR DIVISIONS AND SIMILAR TRANSACTIONS

- (a) If at any time after the Issue Date, a Reorganisation occurs, ANZ shall adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reorganisation by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of ANZBGL Shares immediately before the Reorganisation; and

B means the aggregate number of ANZBGL Shares immediately after the Reorganisation.

- (b) Any adjustment made by ANZ in accordance with clause 6.6(a) will be effective and binding on Holders under these Note Terms and these Note Terms will be construed accordingly.

- (c) Any such adjustment must be promptly notified to all Holders.
- (d) Each Holder acknowledges that ANZBGL may consolidate, divide or reclassify securities so that there is a lesser or greater number of ANZBGL Shares at any time in its absolute discretion without any such action requiring any consent or concurrence of any Holders.

6.7 NO ADJUSTMENT TO ISSUE DATE VWAP IN CERTAIN CIRCUMSTANCES

Despite the provisions of clauses 6.5 and 6.6, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

6.8 ANNOUNCEMENT OF ADJUSTMENT TO ISSUE DATE VWAP AND NZD ISSUE DATE VWAP

ANZ will notify Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP and, as a consequence, the NZD Issue Date VWAP under this clause 6 within 10 Business Days of ANZ determining the adjustment and the adjustment set out in the announcement will be final and binding.

6.9 ANZBGL SHARES

Each ANZBGL Share issued upon Conversion ranks *pari passu* with all other fully paid ANZBGL Shares.

6.10 FOREIGN HOLDERS

Where Notes held by a Foreign Holder are to be Converted, unless ANZ (in consultation with ANZBGL) is satisfied that the laws of the Foreign Holder's country of residence permit the issue of ANZBGL Shares to the Foreign Holder (but as to which neither ANZ nor ANZBGL has any obligation to enquire), either unconditionally or after compliance with conditions which ANZ (in consultation with ANZBGL) in its absolute discretion regards as acceptable and not unduly onerous, the ANZBGL Shares which the Foreign Holder is obliged to accept will be issued to a nominee (which may not be ANZBGL or a Related Entity of ANZBGL) (**Nominee**), who will sell those ANZBGL Shares and pay a cash amount equal to the Proceeds to the Foreign Holder.

6.11 LISTING ANZBGL SHARES ISSUED ON CONVERSION

ANZ shall procure ANZBGL to use all reasonable endeavours to list the ANZBGL Shares issued upon Conversion of the Notes on ASX.

6.12 WRITE OFF

- (a) Notwithstanding clause 8.2(a), where:

- (i) on or after a Conversion Date that is a Trigger Event Conversion Date, ANZBGL fails to issue ANZBGL Shares in accordance with these Note Terms for any reason (including an Inability Event); or

- (ii) on or after any Conversion Date, a Transfer Failure Event subsists,

and Conversion of a Note that ANZ has elected to Convert or is required to Convert in accordance with these Note Terms has not been effected within 5 Business Days after the Conversion Date, then to the extent Conversion has not occurred, the Note will be Written Off and the provisions of clauses 4.8(b), 4.8(c) and 4.8(d) shall apply in respect of that Write Off and those Notes as if each reference in those clauses to "Conversion" and "Convert" were a reference to "Write Off".

- (b) In this clause 6.12, **Written Off** means that, in respect of a Note and a Conversion Date:

- (i) that is a Trigger Event Conversion Date, if ANZBGL Shares have not been issued to the relevant Holder or the Nominee (as applicable) in accordance with these Note Terms within 5 Business Days after the Trigger Event Conversion Date for any reason (including an Inability Event) then:

- (A) ANZBGL Shares will not be issued to the relevant Holder on that date and will not be issued to the relevant Holder on any subsequent date; and
- (B) the relevant Holder's rights to be issued ANZBGL Shares in accordance with these Note Terms and the Coordination Agreement are automatically and irrevocably terminated and written off and such termination and write off will be taken to have occurred immediately upon the Conversion Date,

and the relevant Holder shall cease to have any rights in relation to the Note, either:

- (C) if the Note is transferred to ANZ Holdings in accordance with clause 6.1(a), immediately following that transfer; or
- (D) if the Note is not transferred to ANZ Holdings in accordance with clause 6.1(a), by operation of clause 6.12(b)(ii); and

- (ii) if, as a consequence of a Transfer Failure Event (and whether or not clause 6.12(b)(i) applies), the Note has not been

transferred to ANZ Holdings in accordance with clause 6.1(a) within 5 Business Days after the Conversion Date:

- (A) the Note will not be transferred on that date and will not be transferred or Redeemed under these Note Terms on any subsequent date; and
- (B) the relevant Holder's rights (including to payment of Interest Payments and Face Value) in relation to the Note are automatically and irrevocably terminated and written off and such termination and write off will be taken to have occurred immediately upon the Conversion Date,

but such termination and write off shall not affect the issue of ANZBGL Shares to the relevant Holder or Nominee (as applicable) in accordance with these Note Terms and the Coordination Agreement or affect the operation of clause 6.12(b)(i).

6.13 RIGHTS SUSPENDED PENDING CONVERSION

If a Note is to be Converted in accordance with these Note Terms then, with effect from the applicable Conversion Date, all rights of the relevant Holder in relation to the Note are suspended and, subject to clause 6.12(b)(i), the Holder of any Note that is to be Converted, or the Nominee (as applicable), shall be treated as the holder of the relevant number of ANZBGL Shares.

6.14 RIGHTS OF ANZ

If ANZ is made subject to statutory management by an Order in Council issued pursuant to section 117 of the RBNZ Act, ANZ shall have the right to require the Conversion of Notes in accordance with these Note Terms.

7 REDEMPTION MECHANICS

7.1 REDEMPTION MECHANICS TO APPLY TO REDEMPTION

If, subject to obtaining the prior written approval of the RBNZ and APRA and compliance with the other conditions in clause 5.2(c), ANZ elects to Redeem Notes in accordance with these Note Terms, the provisions of this clause 7 apply to that Redemption.

Holders should not expect that either the RBNZ's or APRA's approval will be given for any Exchange of Notes under the Note Terms.

7.2 REDEMPTION

Notes will be Redeemed by payment on the Exchange Date of the Face Value to the Holder.

7.3 EFFECT OF REDEMPTION ON HOLDERS

On the Exchange Date the only right Holders will have in respect of Notes will be to obtain the Face Value payable in accordance with these Note Terms and upon payment of the Face Value, all other rights conferred, or restrictions imposed, by the Notes will no longer have effect, other than its entitlement (if any) under clause 3 to an Interest Payment on the Exchange Date.

8 GENERAL RIGHTS IN RESPECT OF NOTES

8.1 RANKING WITH RESPECT TO INTEREST PAYMENTS

The Notes rank in respect of payment of Interest Payments:

- (a) senior to ordinary shares in ANZ;
- (b) equally among themselves and with all Equal Ranking Instruments; and
- (c) junior to any securities or instruments that rank senior to the Notes and to all ANZ's debts and liabilities to its depositors and all other creditors, both unsubordinated and subordinated, other than indebtedness that by its terms ranks equally with or junior to the Notes,

in the case of (b) and (c), in respect of payment of interest or like distributions.

8.2 RANKING IN A LIQUIDATION

- (a) If an order is made by a court of competent jurisdiction in New Zealand (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution passed, for the liquidation of ANZ in New Zealand, the Notes are redeemable for their Face Value in accordance with this clause 8.2.
- (b) In a liquidation of ANZ in New Zealand, a Note that is an Outstanding Note confers upon the Holder, subject to clause 6.12, the right to payment in cash of the Face Value on a subordinated basis in accordance with clause 8.2(c), but no further or other claim on ANZ in the liquidation of ANZ in New Zealand.
- (c) Holders will rank for payment of the Face Value in a liquidation of ANZ in New Zealand:
 - (i) in priority to ordinary shares of ANZ;
 - (ii) equally among themselves and with all Equal Ranking Instruments with respect to priority of payment in a liquidation; and
 - (iii) junior to the claims of all Higher Ranking Creditors with respect to priority of payment in a liquidation in that:

- (A) all claims of Higher Ranking Creditors must be paid in full before the claims of the Holders are paid; and
- (B) until the Higher Ranking Creditors have been paid in full, the Holders must not claim in the liquidation of ANZ in competition with the Higher Ranking Creditors so as to diminish any distribution or payment which, but for that claim, the Higher Ranking Creditors would have been entitled to receive,

so that the Holder receives, for each Note it holds, an amount equal to the amount it would have received if, in the liquidation of ANZ, it had held an issued and fully paid Preference Share.

8.3 NO CHARGE

Nothing in clause 8.2 or clause 8.4 shall be taken to:

- (a) create a charge or security interest on or over any right of the Holder; or
- (b) require the consent of any Higher Ranking Creditor to any amendment of these Note Terms made in accordance with clause 13.

8.4 AGREEMENTS OF HOLDERS AS TO SUBORDINATION

Each Holder irrevocably agrees:

- (a) that clause 8.2 is an agreement by the Holder to accept a lower priority in respect of a debt for the purposes of section 313(3) of the Companies Act and that nothing in sections 310 or 313 of the Companies Act will prevent these Note Terms from having effect according to their terms;
- (b) not to exercise any voting or other rights as a creditor in the liquidation of ANZ in any jurisdiction:
 - (i) until after all Higher Ranking Creditors have been paid in full; or
 - (ii) otherwise in a manner inconsistent with the subordination contemplated by clause 8.2;
- (c) that it must pay or deliver to the liquidator any amount or asset received on account of its claim in the liquidation of ANZ in respect of a Note in excess of its entitlement under clause 8.2; and
- (d) that the subordination effected by clause 8.2 is not affected by any act or omission of ANZ or a Higher Ranking Creditor which might otherwise affect it at law or in equity.

8.5 CALCULATIONS AND ROUNDING OF PAYMENTS

Unless otherwise specified in these Note Terms:

- (a) all calculations of amounts payable in respect of a Note will be rounded to six decimal places; and
- (b) for the purposes of making payment to a Holder in respect of the Holder's aggregate holding of Notes, any fraction of a cent will be disregarded.

8.6 NO SET-OFF OR OFFSETTING RIGHTS

A Holder:

- (a) may not exercise any right of set-off against ANZ in respect of any claim by ANZ against that Holder; and
- (b) will have no offsetting rights or claims on ANZ if ANZ does not pay an Interest Payment or the Face Value when scheduled under the Note Terms.

ANZ may not exercise any right of set-off against a Holder in respect of any claim by that Holder against ANZ.

8.7 NO SECURITY

Notes are unsecured.

8.8 SHORTFALL ON LIQUIDATION

If, upon a return of capital on a liquidation of ANZ, there are insufficient funds to pay in full the Face Value and the amounts payable in respect of any Equal Ranking Instruments, Holders and the holders of any such other instruments will share in any distribution of assets of ANZ in proportion to the amounts to which they are entitled respectively.

8.9 NO OTHER CLAIM

Notes do not confer on the Holders any claim on ANZ in a liquidation beyond payment of the Face Value.

8.10 POWER OF ATTORNEY

- (a) Each Holder appoints each of ANZ, its officers and any External Administrator of ANZ (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Note Terms including, but not limited to, effecting any transfers of Notes, making any entry in the

Register or exercising any voting power in relation to any consent or approval required for Conversion or Redemption or in respect of an Approved NOHC Event or the transfer of Conversion Obligations to an Approved NOHC (or to another entity other than a member of ANZBGL Group) as contemplated by clause 13.2.

- (b) The power of attorney given in this clause 8.10 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Note Terms and is irrevocable.

8.11 HOLDER ACKNOWLEDGMENTS

Each Holder irrevocably:

- (a) upon the issue of ANZBGL Shares on a Conversion Date, consents to becoming a member of ANZBGL and agrees to be bound by the Constitution, in each case in respect of those ANZBGL Shares (or, where an Approved NOHC Substitution Notice has been given, consents to becoming a member of that Approved NOHC and agrees to be bound by its constitution);
- (b) acknowledges and agrees that an Approved NOHC may be substituted for ANZBGL as provider of ordinary shares on Conversion and that if such a substitution is effected on the terms provided by the amendment in accordance with clause 13.2, the Holder is obliged to accept ordinary shares in that Approved NOHC on a Conversion, and will not receive ANZBGL Shares;
- (c) acknowledges and agrees that any amendment made in accordance with clause 13.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion does not require the consent of Holders;
- (d) acknowledges and agrees that it is obliged to accept ordinary shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of Notes including:
- (i) any change in the financial position of ANZBGL or any Approved NOHC since the Issue Date;
 - (ii) any disruption to the market or potential market for the ordinary shares or to capital markets generally;
 - (iii) any breach by ANZBGL or any Approved NOHC of any of the Conversion Obligations; or
 - (iv) a Transfer Failure Event subsisting;
- (e) acknowledges and agrees that:
- (i) where clause 4.8 applies, there are no conditions to Conversion occurring as and when provided in clauses 4.5 to 4.9 (inclusive);
 - (ii) the only conditions to a Mandatory Conversion are the Mandatory Conversion Conditions;
 - (iii) the only conditions to a Conversion pursuant to clause 4.10 or on account of an Exchange under clause 5 are the conditions expressly applicable to such Conversion as provided in clauses 4.10 and 5 of these Note Terms and no other conditions or events will affect Conversion; and
 - (iv) the Holder should not expect that the RBNZ's or APRA's approval will be given for any Redemption of Notes under the Note Terms;
- (f) agrees to provide to ANZ any information necessary to give effect to a Conversion and, if applicable, to surrender any certificate relating to the Notes on the occurrence of the Conversion;
- (g) acknowledges and agrees that a Holder has no right to request an Exchange or, if ANZ elects to Exchange Notes, the Exchange Method;
- (h) acknowledges it has no remedies against ANZ or any other member of the ANZBGL Group on account of a failure by ANZBGL to issue ANZBGL Shares in accordance with clause 6 other than (and subject always to clause 6.12) to seek specific performance of the obligation of ANZBGL in the Coordination Agreement, to issue the ANZBGL Shares;
- (i) acknowledges that it has no rights to compensation from, or any other remedies against, ANZ or any other member of the ANZBGL Group if the Notes are Written Off in accordance with these Note Terms;
- (j) acknowledges that, upon the transfer of Notes to ANZ Holdings in accordance with clause 6.1(a)(i), it shall cease to have any rights whatsoever under or in relation to those Notes, including (without limitation) on the grounds that there was some irregularity or invalidity in any part of the related Conversion (but without affecting its entitlement (if any) under clause 3 to an Interest Payment on the relevant Conversion Date or to be issued ANZBGL Shares under clause 6.1);

- (k) acknowledges that if it creates or permits to subsist any Encumbrance over any Notes, that Encumbrance takes effect subject to these Note Terms and the Coordination Agreement and the secured party will be taken to have authorised the dealing constituted by Conversion of those Notes for the purposes of section 45(1) of the Personal Property Securities Act 1999; and
- (l) acknowledges and agrees that:
 - (i) ANZ and ANZBGL may collect, use or disclose any information obtained about the Holder in connection with the Notes in accordance with the ANZ Privacy Statement or the ANZBGL Privacy Statement, respectively (as such statements may be amended or substituted from time to time). As at the date of the Deed Poll, ANZ's Privacy Statement is available at www.anz.co.nz and ANZBGL's Privacy Statement is available at www.anz.com; and
 - (ii) to the extent not otherwise permitted by the Privacy Statements referred to above, any information held by ANZ in relation to the Holder and in connection with the Notes may be shared with any other member of the ANZBGL Group (or an Approved NOHC) for any purpose in connection with the Notes including in relation to the issue and holding of ANZBGL Shares (or Approved NOHC Ordinary Shares).

8.12 NO OTHER RIGHTS

- (a) Notes do not confer any claim on ANZ or ANZBGL except as set out in these Note Terms and are not deposit liabilities of, or protected accounts with, ANZ or ANZBGL or any other members of the ANZBGL Group.
- (b) Notes do not confer on Holders any right to subscribe for new securities in ANZ or any other member of the ANZBGL Group or to participate in any bonus issues of securities of ANZ or any other member of the ANZBGL Group.
- (c) Nothing in these Note Terms prevents ANZ or any other member of the ANZBGL Group from issuing securities of any kind or, except as provided in clause 3.7, redeeming, buying back, returning capital on or converting any securities, other than the Notes.

8.13 SETTLEMENT SYSTEM

The Notes will be quoted on the NZX Debt Market. While the Notes remain quoted on the NZX Debt Market:

- (a) the rights and obligations of a person holding Notes; and
- (b) all dealings (including transfers (other than a transfer made in accordance with clause 6.1(a)(i))) in relation to the Notes,

will be subject to and governed by the Settlement System operated by NZX (but without affecting any provisions in these Note Terms which affect the eligibility of the Notes as Additional Tier 1 Capital).

No certificates will be issued to Holders unless ANZ determines that certificates should be available or are required by law.

8.14 INDEPENDENT OBLIGATIONS

Each entry in the Register constitutes a separate and individual acknowledgement to the relevant Holder of the indebtedness of ANZ to the relevant Holder. The Holder to whom those obligations are owed is entitled to enforce them without having to join any other Holder or any predecessor in title of a Holder.

8.15 EXEMPTION NOTICE

ANZ will, both before and after the Exemption Notice is revoked:

- (a) comply with the condition in clause 6(1)(e) of the Exemption Notice;
- (b) use reasonable endeavours to ensure ANZBGL or, if an Approved NOHC Substitution Notice is given in accordance with clause 10.1, the Approved NOHC, complies with the condition in clause 6(1)(f) of the Exemption Notice;
- (c) comply with the conditions in clause 6(1)(g)-(i) of the Exemption Notice to the extent the conditions relate to matters within the control of ANZ; and
- (d) use reasonable endeavours to ensure ANZBGL or, if an Approved NOHC Substitution Notice is given in accordance with clause 10.1, the Approved NOHC, complies with the conditions in clause 6(1)(g)-(i) of the Exemption Notice to the extent that the conditions relate to matters within the control of ANZBGL or the Approved NOHC (as applicable).

9 VOTING AND OTHER RIGHTS

9.1 MEETINGS

Meetings of Holders may be held in accordance with the Meeting Provisions. A meeting may consider any matter affecting the interests of Holders, including any amendment to these Note Terms proposed by ANZ in accordance with clause 13.

9.2 NO VOTING

Notes do not confer on Holders a right to vote at any meeting of members of ANZ.

9.3 NO RIGHT TO APPLY FOR LIQUIDATION

Each Holder acknowledges and agrees that a Holder has no right to apply for ANZ or any other member of the ANZBGL Group to be liquidated, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of ANZ or any other member of the ANZBGL Group in any jurisdiction merely on the grounds that ANZ does not pay an Interest Payment when scheduled in respect of Notes.

9.4 NO ACCELERATION

Each Holder acknowledges and agrees that, without limiting clause 8.2(a), a Holder has no right to seek to have any obligations of ANZ under these Note Terms accelerated.

9.5 NO EVENTS OF DEFAULT

Each Holder acknowledges and agrees that these Note Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, an Interest Payment on the scheduled Interest Payment Date will not constitute an event of default.

10 APPROVED NOHC EVENTS AND SUBSTITUTION

10.1 ANZ MAY GIVE APPROVED NOHC SUBSTITUTION NOTICE

If:

- (a) an Approved NOHC Event is proposed to occur; and
- (b) the Approved NOHC agrees for the benefit of Holders:
 - (i) to deliver Approved NOHC Ordinary Shares under all circumstances when ANZBGL would have otherwise been obliged under the Coordination Agreement to deliver ANZBGL Shares on a Conversion, subject to the same terms and conditions as set out in these Note Terms and the Coordination Agreement as amended by this clause 10; and
 - (ii) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of all Approved NOHC Ordinary Shares issued on a Conversion in accordance with these Note Terms and the Coordination Agreement (with all

necessary modifications) on the securities exchanges on which the other Approved NOHC Ordinary Shares are quoted at the time of a Conversion; and

- (c) the Approved NOHC agrees to subscribe immediately for ANZBGL Shares in such amount as may be necessary, or to take other steps acceptable to APRA to ensure the capital position of the ANZBGL Level 2 Group will not be adversely affected,

ANZ may give a notice (an **Approved NOHC Substitution Notice**) to Holders (which, if given, must be given as soon as practicable before the Approved NOHC Event and in any event no later than 10 Business Days before the Approved NOHC Event occurs) specifying the amendments to these Note Terms and the Coordination Agreement which will be made in accordance with clause 13.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion (the **Approved NOHC Substitution Terms**).

An Approved NOHC Substitution Notice, once given, is irrevocable.

10.2 CONSEQUENCES OF APPROVED NOHC SUBSTITUTION NOTICE

If ANZ gives an Approved NOHC Substitution Notice to Holders in accordance with clause 10.1, the Approved NOHC Substitution Terms will have effect on and from the date specified in the Approved NOHC Substitution Notice.

10.3 NO OBLIGATION TO SUBSTITUTE

A Holder has no right to require ANZ to give an Approved NOHC Substitution Notice.

11 NOTICES

11.1 NOTICES TO HOLDERS

All notices, certificates, consents, approvals, waivers and other communications in connection with a Note to the Holders must be in writing and may be:

- (a) sent by prepaid post (airmail if appropriate) or left at the address of the relevant Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the relevant notice or communication);
- (b) given by an advertisement published in the Dominion Post or the New Zealand Herald; or
- (c) in the case of a Non-Conversion Notice, a Deferred Conversion Notice, a Deferred Change of Control Conversion Notice, an Exchange Notice, a Change of Control Conversion Notice, a Trigger Event Notice, an

Adjustment Notice, an Approved NOHC Substitution Notice and an ANZ Details Notice, given to Holders by ANZ publishing the notice on its website and announcing the publication of the notice to NZX.

11.2 NON-RECEIPT OF NOTICES BY HOLDERS

The non-receipt of a notice by a Holder or an accidental omission by ANZ or any other party to give notice to a Holder will not invalidate the giving of that notice either in respect of that Holder or generally.

11.3 NOTICES TO ANZ

All notices or other communications by a Holder to ANZ in respect of these Note Terms must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:

Attention: The Treasurer
ANZ Bank New Zealand Limited

Address: Level 8
1 Victoria Street
Wellington 6011

Email address: nztreasurer@anz.com,

or to such other address or email address as ANZ notifies to Holders as its address or email address (as the case may be) for notices or other communications in respect of these Note Terms from time to time (an **ANZ Details Notice**);

- (c) signed or, in the case of email, emailed by the person making the communication or by a person duly authorised by that person; and
- (d) delivered or posted by prepaid post to the address, or sent by email to the email address, in accordance with clause 11.3(b).

11.4 RECEIPT

A notice or other communication will be taken to be received:

- (a) if sent by email, when actually received in its entirety in legible form, unless that day is not a Business Day, or is after 5.00pm (New Zealand time) on a Business Day, in which case that communication will be regarded as received at 9.00am (New Zealand time) on the next Business Day;
- (b) if sent by post, on the third Business Day after posting if posted to an address in New Zealand and on the seventh Business Day after posting if posted to an address outside of New Zealand;
- (c) if published by an announcement on NZX, when the announcement is made on NZX; and

- (d) if published in a newspaper, on the first date that publication has been made in the chosen newspaper.

11.5 NOTIFICATION OF A TRIGGER EVENT

Nothing in clauses 11.1-11.4 applies to the notification of a Trigger Event by the RBNZ or the statutory manager of ANZ or by APRA.

12 PAYMENTS

12.1 PAYMENTS TO HOLDERS ON THE RECORD DATE

Interest and Face Value amounts are only payable on an Interest Payment Date or Exchange Date (as applicable) to those persons registered as Holders on the Record Date for that Interest Payment or Redemption.

12.2 MANNER OF PAYMENT TO HOLDERS

Payments will be made by ANZ in its absolute discretion by:

- (a) crediting on the relevant payment date the amount due to a New Zealand dollar bank account maintained in New Zealand with a financial institution (excluding credit card accounts), notified by the Holder to the Registry by close of business on the Record Date in respect of that payment; or
- (b) at ANZ's option if no such account is notified, by sending a cheque through the post at the Holder's risk directed to:
 - (i) the address of the Holder (or in the case of a jointly held Note, the address of the joint Holder named first in the Register); or
 - (ii) to any other address the Holder (or in the case of a jointly held Note, all the joint Holders) directs in writing.

A cheque sent through the post on or before the date for payment is taken to have been received on the payment date.

12.3 UNCOMPLETED PAYMENTS

If:

- (a) a Holder has not notified the Registry of a New Zealand dollar bank account maintained with a financial institution (excluding credit card accounts) to which payments in respect of the Notes may be credited; or
- (b) the transfer of any amount for payment to the credit of the nominated account does not complete for any reason,

the amount of the uncompleted payment will be held in a special purpose account maintained by ANZ or the Registry until:

- (i) the Holder nominates a suitable New Zealand dollar account maintained in New Zealand with a financial institution to which the payment may be credited or ANZ elects to pay the amount by cheque;
- (ii) ANZ determines as permitted by clause 12.4 to refuse any claim in respect of that amount in which case ANZ may treat that amount as its own; or
- (iii) ANZ is entitled or obliged to deal with the amount in accordance with the law relating to unclaimed moneys.

A Holder is not entitled to any interest in respect of the account in which uncompleted payments are held or in respect of any delay in payment.

12.4 TIME LIMIT ON CLAIMS

Any payment under a Note unclaimed for 1 year from the date on which payment first became due may be invested or otherwise made use of by ANZ for ANZ's benefit until claimed. Any payment under a Note unclaimed for 5 years from the date on which payment first became due is taken to be forfeited to ANZ for ANZ's benefit.

12.5 DETERMINATION AND CALCULATION FINAL

Except where there is fraud or a manifest error, any determination or calculation which ANZ makes in accordance with these Note Terms is final and binds ANZ, the Registry and each Holder.

12.6 PAYMENT TO JOINT HOLDERS

A payment to any one of joint Holders will discharge ANZ's liability in respect of that payment irrespective of any notice to the contrary that may be provided to ANZ by any such Holder.

12.7 PAYMENT ON BUSINESS DAYS

If a payment is to be made to an account on a Business Day on which banks are not open for business in the place the account is located, payment will be made on the next day on which banks are open for business in that place, and no additional interest is payable in respect of that delay in payment.

12.8 NO INTEREST ACCRUES

No interest accrues on any unpaid amount in respect of any Note.

12.9 PAYMENTS SUBJECT TO LAW

All payments are subject to applicable law.

12.10 FATCA

- (a) ANZ may withhold or make deductions from payments or ANZBGL may withhold or make

deductions from the issue of ANZBGL Shares to a Holder where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of Notes may be subject to FATCA, and may deal with such payment, and any ANZBGL Shares, in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, ANZ will not be required to pay any further amounts and ANZBGL will not be required to issue any further ANZBGL Shares on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of Notes for or in respect of any such withholding or deduction. A dealing with such payment and any ANZBGL Shares in accordance with FATCA satisfies ANZ's obligations to that Holder to the extent of the amount of that payment or ANZBGL's obligations to that Holder to the extent of the issue of ANZBGL Shares.

- (b) A Holder will, within 10 Business Days of request by ANZ, supply to ANZ and to ANZBGL such forms, documentation and other information relating to its status under FATCA or any other matter as ANZ reasonably requests for the purposes of ANZ's and ANZBGL's compliance with FATCA.

13 AMENDMENT OF THESE NOTE TERMS

13.1 AMENDMENT WITHOUT CONSENT

Subject to complying with all applicable laws and clause 13.4, ANZ may amend these Note Terms, the Deed Poll or the Coordination Agreement without the authority, assent or approval of Holders where the amendment in the reasonable opinion of ANZ:

- (a) is made to correct a manifest error;
- (b) is of a formal, minor or technical nature;
- (c) is necessary to comply with any law, the provisions of any statute or the requirements of any statutory authority;
- (d) is made in accordance with ANZ's adjustment rights in clause 6;
- (e) is expedient for the purpose of enabling the Notes to be quoted or for the Notes or the ANZBGL Shares to remain quoted on a securities exchange (including, without limitation, in connection with any change in the principal securities exchange on which ANZBGL Shares are quoted) or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for

subscription under the laws for the time being in force in any place;

- (f) amends any date or time period stated, required or permitted in connection with any Exchange in a manner necessary to facilitate the Exchange;
- (g) is made in accordance with clause 13.2; or
- (h) in any other case, will not materially adversely affect the rights of Holders as a whole.

13.2 AMENDMENT WITHOUT CONSENT FOR SUBSTITUTION OF AN APPROVED NOHC

Subject to complying with all applicable laws and clause 13.4, if the circumstances described in clauses 10.1(a)-(c) apply, without the authority, assent or approval of Holders, ANZ may give an Approved NOHC Substitution Notice which:

- (a) amends the definition of "Conversion" such that, provided the RBNZ does not object and APRA otherwise agrees, on the date Notes are to be Converted each Holder will be issued a number of Approved NOHC Ordinary Shares equal to the Conversion Number instead of ANZBGL Shares;
- (b) makes such other amendments to these Note Terms as in ANZ's reasonable opinion are necessary and appropriate to effect the substitution of an Approved NOHC as the provider of the ordinary shares on Conversion in the manner contemplated by these Note Terms, including without limitation:
 - (i) amendments and additions to clause 10.1(c), the definition of "ANZBGL Group", "ANZBGL Shares", "ANZ Change of Control Event", "Conversion Obligations", "Regulatory Event", "Relevant Securities", "Tax Event" and "Tier 1 Capital";
 - (ii) amendments to the mechanics for adjusting the Conversion Number;
 - (iii) any term defining the rights of Holders if the Conversion is not effected which is appropriate for the Notes to remain as Tier 1 Capital of ANZ and the ANZBGL Level 2 Group; and
 - (iv) if ANZ ceases to be a direct or indirect subsidiary of ANZBGL or ceases to be a member of the ANZBGL Level 2 Group in connection with or following an Approved NOHC Event, such amendments to reflect that change including, without limitation, to clause 4.

13.3 AMENDMENT WITH CONSENT

Without limiting clause 13.1 or 13.2, but subject

to clause 13.4, ANZ may amend these Note Terms, the Deed Poll or the Coordination Agreement if the amendment has been approved by ANZBGL and a Special Resolution.

13.4 RBNZ NON-OBJECTION AND APRA APPROVAL

No amendment to these Note Terms, the Deed Poll or the Coordination Agreement is permitted if such amendment would impact, or potentially impact, the classification of Notes as Additional Tier 1 Capital for ANZ or for the ANZBGL Group on a Level 2 or (if applicable) Level 3 basis unless, prior to the amendment being made, the RBNZ has been notified of the proposed amendment and has not objected to the amendment and the written approval of APRA has been obtained.

13.5 MEANINGS

In this clause 13, amend includes modify, cancel, alter or add to, and amendment has a corresponding meaning.

14 QUOTATION ON NZX DEBT MARKET

ANZ must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of the Notes on the NZX Debt Market.

15 GOVERNING LAW AND JURISDICTION

15.1 GOVERNING LAW

The Notes and these Note Terms are governed by and shall be construed in accordance with the laws of New Zealand, other than clauses 4.5, 4.6, 4.7, 4.8, 4.9, 6 and 10 which shall be governed by the laws of the State of Victoria, Australia.

15.2 JURISDICTION

- (a) ANZ has irrevocably agreed, and each Holder is taken to have irrevocably agreed, that the courts of New Zealand are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly ANZ has submitted, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New Zealand and ANZ waives, and each Holder is taken to have waived, any objection to the courts of New Zealand on the grounds that they are an inconvenient or inappropriate forum.
- (b) In addition, ANZ has irrevocably agreed, and each Holder is taken to have irrevocably agreed, that the courts of the State of Victoria, Australia are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with clauses 4.5,

4.6, 4.7, 4.8, 4.9, 6 or 10 and accordingly ANZ has submitted, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of the State of Victoria, Australia in respect of any such disputes and ANZ waives, and each Holder is taken to have waived, any objection to the courts of the State of Victoria, Australia on the grounds that they are an inconvenient forum.

15.3 SERVICE OF PROCESS

- (a) ANZ agrees that process in respect of legal action or proceeding arising out of or in connection with the Notes in New Zealand may be served at the principal office of ANZ, which, as at the Issue Date is located at ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand.
- (b) ANZ agrees that process in respect of any legal action or proceeding arising out of or in connection with the Notes in the State of Victoria, Australia may be served at the principal office of ANZBGL, which, as at the Issue Date is located at ANZ Centre Melbourne, Level 9, 833 Collins Street, Docklands 3008 Victoria, Australia.
- (c) Nothing in these Note Terms affects the right to serve process in any other manner permitted by law.

16 CONTRACTS (PRIVITY) ACT 1982

- (a) Clauses 8.11, 8.12, 12.10, 13.1 and 13.3 are intended to confer a benefit on, and may be enforced by, ANZBGL under the Contracts (Privity) Act 1982 (New Zealand).
- (b) ANZ declares that it holds the benefit of clause 6.1(a) on trust for itself and ANZ Holdings, with the intent that ANZ Holdings have the benefit of, and be entitled to enforce, these provisions as if named as a party to the Deed Poll.
- (c) Clause 2.7(c) is intended to confer a benefit on, and may be enforced by ANZBGL, each Manager and the Registry under the Contracts (Privity) Act 1982 (New Zealand).

17 INTERPRETATION AND DEFINITIONS

17.1 INTERPRETATION

- (a) Unless otherwise specified, a reference to a clause is a reference to a clause of these Note Terms.
- (b) If a calculation is required under these Note Terms, unless the contrary intention is expressed, the calculation will be rounded to six decimal places.

- (c) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements of Australia will apply to ANZBGL only if ANZBGL is an entity, or the holding company of an entity, or is a direct or indirect Subsidiary of a NOHC, subject to regulation and supervision by APRA at the relevant time and will apply to ANZ for so long as it is a member of a group that is subject to the regulation and supervision by APRA.
- (d) Any provisions which refer to the requirements of the RBNZ will apply to ANZ only if ANZ is an entity, or the holding company of an entity, subject to regulation and supervision by the RBNZ at the relevant time.
- (e) Any provisions which require the RBNZ's or APRA's consent, approval or non-objection will apply only if the RBNZ or APRA requires that such consent, approval or non-objection be given at the relevant time.
- (f) Any provisions in these Note Terms requiring the prior consent, approval or non-objection of the RBNZ or APRA for a particular course of action to be taken by ANZ do not imply that the RBNZ or APRA has given its consent, approval or non-objection to the particular action as of the Issue Date.
- (g) A reference to any term defined by the RBNZ (including, without limitation, "Common Equity Tier 1 Capital", "Additional Tier 1 Capital" and "Tier 1 Capital") shall, if that term is replaced or superseded in any of the RBNZ's applicable prudential supervision department documents, be taken to be a reference to the replacement or equivalent term.
- (h) A reference to any term defined by APRA (including, without limitation, "Common Equity Tier 1 Capital", "Level 2", "Level 3", "Additional Tier 1 Capital" and "Tier 1 Capital") shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term.
- (i) If a term is defined by both the RBNZ and APRA it shall have the meaning given to it:
 - (i) by the RBNZ if the term is used in relation to any of the entities described in clause 17.1(d) above (other than the RBNZ); and
 - (ii) by APRA if the term is used in relation to any of the entities described in clause 17.1(c) above (other than APRA).

- (j) The terms takeover bid, relevant interest and scheme of arrangement when used in these Note Terms have the meanings given in the Corporations Act.
- (k) Headings and boldings are for convenience only and do not affect the interpretation of these Note Terms.
- (l) The singular includes the plural and vice versa.
- (m) 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.
- (n) Other than in relation to a Trigger Event and a Conversion on a Trigger Event Conversion Date, if an event under these Note Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (o) A reference to NZ dollars, NZ\$, or NZ cents is a reference to the lawful currency of New Zealand; and a reference to Australian dollars, A\$ or A cents is a reference to the lawful currency of Australia.
- (p) A reference to a term defined by the NZX Listing Rules or the ASX Listing Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.
- (q) If the principal securities exchange on which ANZBGL Shares are quoted becomes other than ASX, unless the context otherwise requires a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, the ASX Settlement Operating Rules, the ASX Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be).
- (r) Calculations, elections and determinations made by ANZ under these Note Terms are binding on Holders in the absence of fraud or manifest error.
- (s) So long as the Notes are quoted on the NZX Debt Market in accordance with the Settlement System operated by NZX, the Note Terms are to be interpreted in a manner consistent with the NZX Listing Rules except to the extent that an interpretation consistent with those rules would affect the eligibility of the Notes as Additional Tier 1 Capital.

17.2 DEFINITIONS

3 Month Bank Bill Rate has the meaning given in clause 3.1.

Additional Tier 1 Capital means either:

- (a) the additional tier 1 capital of ANZ as defined by the RBNZ from time to time; or
- (b) the additional tier 1 capital of the ANZBGL Level 2 Group (or, if applicable, the ANZBGL Group on a Level 3 basis) as defined by APRA from time to time.

Adjustment Notice has the meaning given in clause 6.8.

ANZ means ANZ Bank New Zealand Limited.

ANZ Capital Notes has the meaning given in clause 1.1.

ANZ Change of Control Event means an agreement is made by ANZBGL or another member of the ANZBGL Group under which ANZBGL or an Approved NOHC will cease to own beneficially directly or indirectly 100% of the ordinary shares in ANZ and:

- (a) the agreement becomes unconditional; and
- (b) all regulatory approvals necessary for the transaction to occur have been obtained.

ANZ Details Notice has the meaning given in clause 11.3.

ANZ Funds means ANZ Funds Pty Ltd (ACN 004 594 343).

ANZ Group means ANZ (as reporting entity) and all other entities included in the group as defined in section 5(1) of the Financial Reporting Act 2013 (New Zealand).

ANZ Holdings means ANZ Holdings (New Zealand) Limited.

ANZBGL means Australia and New Zealand Banking Group Limited (ABN 11 005 357 522).

ANZBGL Change of Control Event means:

- (a) a takeover bid is made to acquire all or some of the ANZBGL Shares and such offer is, or becomes, unconditional and:
 - (i) the bidder has at any time during the offer period, a relevant interest in more than 50% of the ANZBGL Shares on issue; or
 - (ii) the Directors of ANZBGL issue a statement that at least a majority of the Directors who are eligible to do so have recommended acceptance of such offer (in the absence of a higher offer),

and all regulatory approvals necessary for the acquisition to occur have been obtained; or

- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act, which scheme would result in a person having a relevant interest in more than 50% of the ANZBGL Shares that will be on issue after the scheme is implemented and:
- (i) all classes of members of ANZBGL pass all resolutions required to approve the scheme by the majorities required under the Corporations Act to approve the scheme;
 - (ii) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of ANZBGL Shares; and
 - (iii) all conditions to the implementation of the scheme, including any necessary regulatory or shareholder approvals (but not including approval of the scheme by the court) have been satisfied or waived.

Notwithstanding the foregoing, none of the events described above will constitute an ANZBGL Change of Control Event if the event would be a NOHC Event and:

- (i) the acquirer (or its ultimate holding company) assumes all of the Conversion Obligations by undertaking to convert each Note that is to be converted into ordinary shares of the acquirer (or its ultimate holding company) on any Conversion Date (for which purposes all references in this clause to ANZBGL will be read as a reference to the acquirer (or its ultimate holding company)); and
- (ii) the ordinary shares of the acquirer (or its ultimate holding company) are quoted on ASX.

ANZBGL Group means ANZBGL and its Controlled Entities.

ANZBGL Level 2 Group means ANZBGL together with each Related Entity included by APRA from time to time in the calculation of ANZBGL's capital ratios on a Level 2 basis.

ANZBGL Share means a fully paid ordinary share in the capital of ANZBGL.

ANZBGL Shareholder means a person whose name is registered as the holder of an ANZBGL Share.

Approved NOHC means a NOHC arising as a result of an Approved NOHC Event.

Approved NOHC Event means a NOHC Event in respect of which the proviso to the definition of "ANZBGL Change of Control Event" is satisfied.

Approved NOHC Ordinary Share means a fully paid ordinary share in the capital of the Approved NOHC.

Approved NOHC Substitution Notice has the meaning given in clause 10.1.

Approved NOHC Substitution Terms has the meaning given in clause 10.1.

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of ANZBGL, the ANZBGL Group or any NOHC in Australia.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor.

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of ANZBGL or generally) from time to time.

Attorney has the meaning given in clause 8.10.

Banking Act means the Banking Act 1959 (Commonwealth of Australia).

Bookbuild means the process conducted prior to the opening of the Offer whereby certain investors lodged bids for Notes and, on the basis of those bids, ANZ and the book runner to the Offer determined the Margin.

Broken Interest Period means:

- (a) the Interest Period that commences on (and includes) the Issue Date and ends on (but excludes) 25 May 2015; and
- (b) any Interest Period that either ends on (and excludes) or commences on (and includes) a date described in clause 3.4(b), but not including an Interest Period that ends on (and excludes) the Optional Exchange Date.

Business Day means:

- (a) for the purposes of giving notices and clause 6.12, a day which is a business day within the meaning of the NZX Listing Rules; or
- (b) for the purposes of determining the calculation or payment of an Interest Payment in respect of an Interest Payment Date that is not a Conversion Date, an Exchange Date (where the Exchange is solely by way of Redemption) or a Record Date and clauses 3.6(d), 3.7 and 12.7, a day on which banks are open for general business in Wellington and Auckland, New Zealand; or

- (c) for the purposes of determining the Mandatory Conversion Conditions, the Optional Conversion Conditions, the definitions of "Issue Date VWAP" and "VWAP Period" and clauses 5.4(a), 6.2 and 6.5, a day which is a business day within the meaning of the ASX Listing Rules; or
- (d) for the purposes of determining a Conversion Date (other than the Trigger Event Conversion Date) or the calculation or payment of an Interest Payment in respect of an Interest Payment Date that is a Conversion Date, a day on which banks are open for general business in Wellington and Auckland, New Zealand and which is also a business day within the meaning of the ASX Listing Rules.

Buy-Back means a transaction involving the acquisition by ANZ of its ordinary shares made in accordance with the Companies Act.

Capital Reduction means a reduction in capital initiated by ANZ in respect of its ordinary shares in any way permitted by law.

Change of Control Conversion Date has the meaning given in clause 4.10(b).

Change of Control Conversion Notice has the meaning given in clause 4.10(a).

Change of Control Event means an ANZ Change of Control Event or an ANZBGL Change of Control Event.

Common Equity Capital Ratio means:

- (a) in respect of the ANZ Group, the ratio of Common Equity Tier 1 Capital to risk weighted assets of the ANZ Group as prescribed by the RBNZ from time to time; and
- (b) in respect of the ANZBGL Level 2 Group, the ratio of Common Equity Tier 1 Capital to risk weighted assets of the ANZBGL Level 2 Group as prescribed by APRA from time to time.

Common Equity Capital Trigger Event has the meaning given in clause 4.5.

Common Equity Tier 1 Capital has:

- (a) in respect of ANZ, the meaning given by the RBNZ from time to time; and
- (b) in respect of the ANZBGL Level 2 Group, the meaning given by APRA from time to time.

Companies Act means the Companies Act 1993 (New Zealand).

Constitution means the constitution of ANZBGL as amended from time to time.

Control has the meaning given in the Corporations Act.

Controlled Entity means, in respect of ANZBGL, an entity ANZBGL Controls.

Conversion means, in relation to a Note:

- (a) the transfer of the Note to ANZ Holdings in accordance with clause 6.1(a); and
- (b) the issue of ANZBGL Shares to the relevant Holder or the Nominee (as applicable) in accordance with these Note Terms,

and **Convert** and **Converted** have corresponding meanings.

Conversion Date means:

- (a) the Mandatory Conversion Date;
- (b) the Trigger Event Conversion Date;
- (c) in the case of an Exchange by way of Conversion, the Exchange Date unless the Optional Conversion Conditions would not be met on that date, in which case the Conversion Date is the Deferred Conversion Date; or
- (d) in the case of a Change of Control Event, the Change of Control Conversion Date unless a Deferred Change of Control Conversion Notice is given, in which case the Conversion Date shall be the Interest Payment Date on which the applicable Change of Control Conversion Notice is not taken to be revoked in accordance with clause 4.10(c).

Conversion Number has the meaning given in clause 6.1.

Conversion Obligations means the obligation to deliver ANZBGL Shares to a Holder upon Conversion of a Note in accordance with these Note Terms and the Coordination Agreement.

Coordination Agreement means the agreement dated 23 February 2015 between ANZ, ANZBGL, ANZ Funds and ANZ Holdings.

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

Cum Value has the meaning given in clause 6.2.

Deed Poll means the deed poll relating to the Notes made by ANZ on or about 23 February 2015.

Deferred Change of Control Conversion Notice has the meaning given in clause 4.10(d).

Deferred Conversion Date has the meaning given in clause 5.5.

Deferred Conversion Notice has the meaning given in clause 5.5.

Delisting Event means, in respect of a date, that:

- (a) ANZBGL Shares ceased to be quoted or admitted to trading on ASX on or before that

date (and where the cessation occurred before that date, ANZBGL Shares continue not to be quoted or admitted to trading on that date); or

- (b) trading of ANZBGL Shares on ASX is suspended for a period of consecutive days which includes:
 - (i) at least five consecutive Business Days prior to that date; and
 - (ii) that date.

Directors means some or all of the directors of ANZ or, as the case may be, ANZBGL acting as a board.

Dividend means any interim, final or special dividend payable in accordance with the Companies Act and the constitution of ANZ in relation to its ordinary shares.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 1999 (New Zealand) and any other arrangement of any kind having the same effect as any of the foregoing).

Equal Ranking Instruments means, in respect of the payment of interest or other distribution or the return of capital in a liquidation of ANZ, instruments that rank immediately ahead of ordinary shares in ANZ and include:

- (a) the preference shares issued by ANZ on 25 September 2013;
- (b) each other preference share that ANZ may issue that ranks or is expressed to rank equally with the Notes in respect of interest or for the return of capital in a liquidation of ANZ (as the case may be); and
- (c) any securities or other instruments that rank or are expressed to rank in respect of interest or for the return of capital in a liquidation (as the case may be) equally with those preference shares and the Notes.

Exchange means the Conversion or Redemption of the Notes, and **Exchanged** has a corresponding meaning.

Exchange Date has the meaning given in clause 5.2(b).

Exchange Method has the meaning given in clause 5.3.

Exchange Notice has the meaning given in clause 5.1.

Exchange Rate means, for the purposes of calculating:

- (a) NZD VWAP in respect of a Conversion on the Trigger Event Conversion Date, a simple average (rounded to 4 decimal places) of the spot A\$/NZ\$ exchange rate quoted by 2 or more independent market makers in that exchange rate selected by ANZ at approximately 10am (New Zealand time) on the Trigger Event Conversion Date (or if the A\$/NZ\$ exchange rate is not available on that date, on the first day prior to that date on which it is available), provided that if the rate is not able to be determined by ANZ in the manner described above on a Trigger Event Conversion Date, the Exchange Rate shall be the rate specified in good faith by ANZ as soon as practicable after it becomes aware of the Trigger Event, having regard to the extent possible to spot A\$/NZ\$ exchange rates quoted to it by two or more of such market makers; and
- (b) NZD VWAP in respect of a Conversion on any other Conversion Date, a simple average (rounded to 4 decimal places) of the spot A\$/NZ\$ exchange rate quoted by 2 or more independent market makers in that exchange rate selected by ANZ at approximately 10am (New Zealand time) on the day that is the first day of the applicable VWAP Period; and
- (c) NZD Issue Date VWAP, a simple average (rounded to 4 decimal places) of the spot A\$/NZ\$ exchange rate quoted by 2 or more independent market makers in that exchange rate selected by ANZ at approximately 10am (New Zealand time) on the Issue Date.

Exemption Notice means the Securities Act (Banks' Regulatory Capital) Exemption Notice 2014.

External Administrator means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or
- (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertaking of that person,

or in either case any similar official.

Face Value means the face value and denomination of the Notes as specified in clause 1.2.

FATCA means the Foreign Account Tax Compliance Act provisions, sections 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions).

First Mandatory Conversion Condition has the meaning given in clause 4.3.

First Test Date has the meaning given in clause 4.3.

Fixed Rate has the meaning given in clause 3.1.

Floating Rate has the meaning given to it in clause 3.1.

Foreign Holder means a Holder whose address in the Register is a place outside Australia or New Zealand or who ANZ otherwise believes may not be a resident of Australia or New Zealand.

Higher Ranking Creditors means all present and future creditors of ANZ, including depositors, whose claims are:

- (a) entitled to be admitted in the liquidation of ANZ; and
- (b) not expressed to rank equally with, or subordinate to, the claims of a Holder.

Holder means a person whose name is registered in the Register as the holder of a Note.

Inability Event means, in relation to a Note, ANZBGL is prevented by applicable law or order of any court or action of any government authority (including regarding the insolvency, winding up or other external administration of ANZBGL) or any other reason, from issuing ANZBGL Shares to the relevant Holder or the Nominee (as applicable) in accordance with these Note Terms.

Interest Payment has the meaning given in clause 3.1.

Interest Payment Date has the meaning given in clause 3.4 whether or not an Interest Payment is, or is able to be, paid on that date.

Interest Period means in respect of:

- (a) the first Interest Period, the period from (and including) the Issue Date until (but not including) the first Interest Payment Date following the Issue Date; and
- (b) each subsequent Interest Period, the period from (and including) the preceding Interest Payment Date until (but not including) the next Interest Payment Date.

Investment Statement means the investment statement for the Offer including these Note Terms.

Issue Date means the date on which Notes are issued.

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in ANZBGL Shares took place immediately

preceding (but not including) the first date on which any Notes were issued, as adjusted in accordance with clauses 6.5 to 6.7 (inclusive).

Manager means each person named as arranger, joint lead manager or co-manager in the Investment Statement.

Mandatory Conversion means the mandatory conversion of the Notes to ANZBGL Shares on the Mandatory Conversion Date.

Mandatory Conversion Conditions has the meaning given in clause 4.3.

Mandatory Conversion Date has the meaning given in clause 4.2.

Margin has the meaning given in clause 3.1.

Maximum Conversion Number has the meaning given in clause 6.1(b).

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

NOHC means the ultimate holding company of ANZBGL after a NOHC Event which must be a "non-operating holding company" within the meaning of the Banking Act.

NOHC Event means an event which:

- (a) is initiated by the Directors of ANZBGL; and
- (b) would otherwise be an ANZBGL Change of Control Event,

but the result of which would be that the person who would be the ultimate holding company of ANZBGL and ANZ would be a NOHC.

Nominee has the meaning given in clause 6.10.

Non-Conversion Notice has the meaning given in clause 4.4.

Non-Conversion Test Date has the meaning given in clause 5.4.

Non-marketable Parcel means a parcel of Notes registered in the same name or same joint names which has an aggregate Face Value of less than NZ\$5,000 or not in multiples having an aggregate Face Value of NZ\$1,000.

Non-Viability Trigger Event has the meaning given in clause 4.6.

Note has the meaning given in clause 1.1.

Note Terms means these terms of issue of Notes.

NZD Equivalent means, in relation to an amount denominated in Australian dollars, the NZ dollar equivalent of the amount determined in accordance with the following formula:

NZ dollar equivalent = Australian dollar amount x Exchange Rate.

NZD Issue Date VWAP (expressed in NZ dollars and NZ cents) means the NZD Equivalent of Issue Date VWAP.

NZD VWAP (expressed in NZ dollars and NZ cents) means the NZD Equivalent of VWAP.

NZX means NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited.

NZX Debt Market means the debt market operated from time to time by NZX.

NZX Listing Rules means the listing rules of NZX, as amended, varied or waived (whether in respect of ANZ or generally) from time to time.

Offer means the invitation under the Investment Statement made by ANZ for persons to subscribe for Notes and ANZBGL to issue ANZBGL Shares upon Conversion.

Opening Date means the date specified as such in the Investment Statement.

Optional Conversion Conditions has the meaning given in clause 5.6.

Optional Exchange Date means the Interest Payment Date falling on 25 May 2020.

Outstanding Notes has the meaning given in the Meeting Provisions.

Payment Condition means, with respect to an Interest Payment Date:

- (a) making the Interest Payment on that date would result in either:
 - (i) ANZ not complying with the RBNZ's then current capital adequacy requirements or its conditions of registration; or
 - (ii) the ANZBGL Group (on a Level 2 basis or, if applicable, Level 3 basis) not complying with APRA's then current capital adequacy requirements;
- (b) ANZ would not satisfy the solvency test (as defined in section 4 of the Companies Act) immediately following the payment of the Interest Payment;
- (c) APRA objecting to the Interest Payment on the Notes on the payment date;
- (d) making the Interest Payment on that date would result in ANZ not complying with the terms of any other capital instruments it then has on issue; or
- (e) the Interest Payment Date is the same date as a Trigger Event Conversion Date.

Preference Share means a notional preference share in the capital of ANZ conferring a claim in the liquidation of ANZ equal to the Face Value and ranking equally in respect of return of capital in a liquidation with each of the preference shares which is an Equal Ranking Instrument.

Proceeds means the net proceeds of a sale of ANZBGL Shares actually received by the Nominee calculated after deduction of any applicable brokerage, stamp duty and other taxes and charges, including the Nominee's reasonable out of pocket costs, expenses and charges properly incurred by it or on its behalf in connection with such sale from the sale price of the ANZBGL Shares.

Rate Set Date means the date specified as such in the Investment Statement.

RBNZ means the Reserve Bank of New Zealand or any successor body responsible for prudential regulation of ANZ in New Zealand.

RBNZ Act means the Reserve Bank of New Zealand Act 1989 (New Zealand).

Record Date means:

- (a) the date which is 10 calendar days before the relevant Interest Payment Date or Exchange Date (as applicable); or
- (b) such other date as is determined by the Directors of ANZ in their absolute discretion and communicated to NZX not less than seven Business Days before the specified Record Date,

or in either case such other date as may be required by NZX. If a Record Date is a day which is not a Business Day, then the Record Date will be the immediately preceding Business Day. For the purposes of determining the Record Date for an Interest Payment Date on which interest is payable at a Fixed Rate, the Business Day convention in clause 3.4 shall be disregarded.

Redeem means, in relation to a Note, redeem it in accordance with clause 7, and **Redeemed** and **Redemption** have corresponding meanings.

Register means a register of Holders of Notes established and maintained by or on behalf of ANZ. The term Register includes:

- (a) any sub-register maintained by, or on behalf of ANZ under the NZX Listing Rules; and
- (b) any branch register, provided that, in the event of any inconsistency, the principal register will prevail over any sub-register or branch register.

Registry means, initially, Computershare Investor Services Limited and thereafter such other person or persons resident in New Zealand as ANZ may from time to time appoint to maintain the Register.

Regulatory Event means a determination by ANZ (after having consulted with ANZBGL in the case of a change that has or will affect ANZBGL) that:

- (a) there has been, or there will be, a change in any New Zealand or Australian law, regulation or directive (including by way of the imposition of any New Zealand or Australian law, regulation or directive) that applies, or is to apply, after the Issue Date;
- (b) there has been, or there will be, a change in the interpretation or administration of any New Zealand or Australian law, regulation or directive by any authority (including the RBNZ or APRA) that applies, or is to apply, after the Issue Date; or
- (c) any member of the ANZBGL Group is or will be required to comply with a change in any New Zealand or Australian law, regulation or directive or changed interpretation or administration that applies, or is to apply, after the Issue Date,

the consequence of which adversely affects, or will adversely affect, ANZ or ANZBGL in relation to its regulatory capital treatment of the Notes (as determined by ANZ, after having consulted with ANZBGL in the case of a consequence affecting ANZBGL), provided such event is not minor and could not have been anticipated when the Notes were issued.

Related Entity has the meaning given by APRA from time to time.

Relevant Date has the meaning given in clause 4.2.

Relevant Interest Payment Date has the meaning given in clause 3.7.

Relevant Number has the meaning given in clause 6.1(b).

Relevant Security means, where a Trigger Event occurs:

- (a) in relation to ANZ, a Tier 1 Capital instrument of ANZ; and
- (b) in relation to ANZBGL, an instrument constituting Tier 1 Capital of the ANZBGL Level 2 Group (whether issued by ANZBGL or any other member of the ANZBGL Level 2 Group),

in each case that, in accordance with its terms or by operation of law, is capable of being converted into ordinary shares of ANZ or

ANZBGL (as applicable) or written off where that event occurs.

Reorganisation has the meaning given in clause 6.3(a).

Scheduled Mandatory Conversion Date means the Interest Payment Date falling on 25 May 2022.

Special Resolution means either (i) a resolution passed at a meeting of Holders by at least 75% of the votes validly cast by Holders in person or by proxy or (ii) a resolution signed by Holders of at least 75% of the aggregate Face Value of Outstanding Notes at that time.

Subsidiary has the meaning given in the Corporations Act.

Swap Rate has the meaning given to it in clause 3.1.

Tax has the meaning given in clause 3.6.

Tax Act means the Income Tax Act 2007 (New Zealand).

Tax Event means a determination by ANZ (after having consulted with ANZBGL in the case of a change that has or will affect ANZBGL) that:

- (a) there has been, or there will be, a change in any New Zealand or Australian law, regulation, ruling or directive (including by way of the imposition of, or any change to, any New Zealand or Australian law, ruling or directive) that applies, or is to apply, after the Issue Date;
- (b) there has been, or there will be, a change in the application, interpretation or administration of any New Zealand or Australian law, regulation, ruling or directive by any authority (including the New Zealand Inland Revenue Department or the Australian Taxation Office) that applies, or is to apply, after the Issue Date; or
- (c) any member of the ANZBGL Group is or will be required to comply with a change in any New Zealand or Australian law, regulation, ruling or directive or changed application, interpretation or administration that applies, or is to apply, after the Issue Date,

which affects the taxation treatment in relation to the Notes with the effect that any member of the ANZBGL Group would be exposed to a more than de minimis increase to its costs in relation to the Notes, provided such event could not have been anticipated when the Notes were issued.

Tier 1 Capital means either:

- (a) the tier 1 capital of ANZ as defined by the RBNZ from time to time; or

- (b) the tier 1 capital of the ANZBGL Level 2 Group (or, if applicable, the ANZBGL Group on a Level 3 basis) as defined by APRA from time to time.

Transfer Failure Event means, in relation to a Note, as a consequence of applicable law or order of any court or action of any government authority (including regarding the insolvency, liquidation, bankruptcy or other external administration of the relevant Holder or ANZ Holdings) or any other reason, the transfer of the Note to ANZ Holdings in accordance with clause 6.1(a) does not occur.

Trigger Event means a Common Equity Capital Trigger Event or a Non-Viability Trigger Event.

Trigger Event Conversion Date has the meaning given in clause 4.7.

Trigger Event Notice has the meaning given in clause 4.8(d).

VWAP means, subject to any adjustments under clause 6, the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of ANZBGL Shares sold on ASX:

- (a) for the purposes of applying the Conversion Number formula in clause 6.1(b), during the applicable VWAP Period; or
- (b) for any other purpose, during the relevant period or on the relevant day as specified in these Note Terms,

but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over ANZBGL Shares.

VWAP Period means:

- (a) in the case of a Conversion resulting from an ANZBGL Change of Control Event the lesser of:
 - (i) 20 Business Days on which trading in ANZBGL Shares took place; and
 - (ii) the number of Business Days after the occurrence of the ANZBGL Change of Control Event on which:
 - (A) the ANZBGL Shares are quoted for trading on ASX; and
 - (B) trading in ANZBGL Shares took place,
- in each case immediately preceding (but not including) the Business Day before the applicable Change of Control Conversion Date;

- (b) in the case of a Conversion resulting from a Trigger Event, the period of 5 Business Days on which trading in ANZBGL Shares took place immediately preceding (but not including) the Trigger Event Conversion Date; or
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in ANZBGL Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these Note Terms.

Written Off has the meaning given in clause 6.12 and **Write Off** has a corresponding meaning.

Section 6 – Glossary

In this investment statement:

- A reference to time is to New Zealand time unless otherwise stated.
- A reference to NZ\$, NZ dollars and NZ cents is to New Zealand currency and a reference to A dollars, A\$ or A cents is a reference to Australian currency unless otherwise stated.
- All figures have been rounded to two decimal places unless otherwise stated.

Term	Meaning
3 Month Bank Bill Rate	For an Interest Period, the "FRA" rate for bank bills having a term of 3 months (rounded, if necessary, to the nearest 4 decimal places with 5 being rounded up) as displayed on Reuters page BKBM (or any page which replaces that page) on the first business day of the Interest Period or if that rate is not displayed by 10.45am (New Zealand time) on that date, the rate specified in good faith by ANZ at or around that time on that date, having regard to the extent possible to rates quoted by each of 3 leading banks selected by ANZ, as being the average of the bid and offered rates for such bank bills at or around that time on that date
Additional Tier 1 Capital	Securities recognised by the RBNZ or APRA as additional tier 1 capital
ANZ	ANZ Bank New Zealand Limited
ANZBGL	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)
ANZBGL Change of Control Event	Has the meaning given to it in clause 17.2 of the Note Terms Broadly, means that certain takeover bids or schemes of arrangement occur in relation to ANZBGL and become unconditional
ANZBGL Group	ANZBGL and the entities ANZBGL "controls" (as defined in the Australian Corporations Act)
ANZBGL Level 2 Group	ANZBGL together with each related entity included by APRA from time to time in the calculation of ANZBGL's capital ratios on a Level 2 basis. This represents the consolidated banking group of ANZBGL, which includes its banking subsidiaries such as ANZ. However, it excludes certain entities, principally the insurance subsidiaries and associated offshore financial institutions
ANZBGL Share	A fully paid ordinary share in the capital of ANZBGL
ANZBGL Shareholder	A person whose name is registered as the holder of an ANZBGL Share

Term	Meaning
ANZ Change of Control Event	Has the meaning given in clause 17.2 of the Note Terms Broadly, means that ANZBGL or an approved NOHC will cease to own beneficially directly or indirectly 100% of the ordinary shares in ANZ under an unconditional agreement
ANZ Group	ANZ (as reporting entity) and all other entities included in the group as defined in section 2(1) of the Financial Reporting Act 2013 (New Zealand)
ANZ Holdings	ANZ Holdings (New Zealand) Limited
ANZ Perpetual Notes	Perpetual notes issued by ANZ to the public in April 2008
ANZ Preference Shares	Preference shares issued by ANZ to ANZ Holdings in September 2013
ANZ Senior Bonds	Unsecured unsubordinated bonds issued by ANZ from time to time
Approved NOHC Event	Has the meaning given to it in clause 17.2 of the Note Terms Broadly, means that: <ul style="list-style-type: none"> • ANZBGL's directors initiate a restructure of the ANZBGL Group that results in ANZBGL having an ultimate holding company which is a NOHC; • the ordinary shares of the NOHC are quoted on ASX; and • the NOHC assumes ANZBGL's obligations to issue ordinary shares on Conversion of the Notes
APRA	Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of ANZBGL, the ANZBGL Group or any NOHC of ANZBGL in Australia
Arranger	ANZ Bank New Zealand Limited
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor
ASX Listing Rules	The listing rules of ASX as amended, varied or waived (whether in respect of ANZBGL or generally) from time to time
Australian Banking Act	Banking Act 1959 (Commonwealth of Australia)
Australian Corporations Act	Corporations Act 2001 (Commonwealth of Australia)
Bookbuild	The process conducted prior to the opening of the Offer whereby certain investors lodge bids for Notes and, on the basis of those bids, ANZ and the Arranger determine the Margin
Branch AT1 Securities	Mandatory convertible, non-cumulative, perpetual, subordinated notes expected to be issued by ANZ to the New Zealand branch of ANZBGL in March 2015
Change of Control Event	An ANZ Change of Control Event or an ANZBGL Change of Control Event

Term	Meaning
Common Equity Capital Trigger Event	<ul style="list-style-type: none"> • ANZ determines, or the RBNZ notifies ANZ in writing that it believes, that a Common Equity Tier 1 Capital Ratio applicable to the ANZ Group is equal to or less than 5.125%; or • ANZBGL determines, or APRA notifies ANZBGL in writing that it believes, that a Common Equity Tier 1 Capital Ratio applicable to the ANZBGL Level 2 Group is equal to or less than 5.125%
Common Equity Tier 1 Capital	Ordinary shares, certain reserves and retained earnings recognised as capital by RBNZ or APRA less certain deductions
Common Equity Tier 1 Capital Ratio	The ratio of Common Equity Tier 1 Capital to risk weighted assets
Companies Act	Companies Act 1993 (New Zealand)
Conversion	<p>Has the meaning given to it in clause 17.2 of the Note Terms</p> <p>The effect of Conversion is that you will no longer hold your Notes and instead you will hold ANZBGL Shares. This is because, on the Conversion Date:</p> <ul style="list-style-type: none"> • ANZBGL will issue a number of ANZBGL Shares to you; and • your Notes will be automatically transferred to ANZ Holdings free of any encumbrance (or, if this does not occur for some reason, then all of your rights in those Notes will be terminated and written off). <p>“Convert” and “Converted” have corresponding meanings. See also “What happens if Notes are Converted?” in Section 2.5.4</p>
Conversion Conditions	<ul style="list-style-type: none"> • For Conversion on the Optional Exchange Date or following a Regulatory Event, Tax Event or ANZBGL Change of Control Event, means the Second Conversion Condition, the Third Conversion Condition and the Fourth Conversion Condition • For Conversion on the Mandatory Conversion Date, means the First Conversion Condition, the Second Conversion Condition, the Third Conversion Condition and the Fourth Conversion Condition • For Conversion following an ANZ Change of Control Event, means the Third Conversion Condition and the Fourth Conversion Condition <p>The Conversion Conditions are summarised in Section 2.5.4 and set out in clauses 4.3, 4.10(c), 5.5 and 5.6 of the Note Terms</p>
Conversion Date	The date on which your Notes will be, or were, Converted in accordance with the Note Terms
Coordination Agreement	The coordination agreement dated 23 February 2015 between ANZ, ANZBGL and other members of the ANZBGL Group, which sets out intragroup transactions between them that are intended to occur on Conversion
Deed Poll	The deed poll dated 23 February 2015 made by ANZ, under which the Notes are issued and which include the Note Terms in schedule 1
Early Bird Interest	Has the meaning given to it in Section 1.2
FATCA	The Foreign Account Tax Compliance Act provisions, sections 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions)

Term	Meaning
First Conversion Condition	The NZD VWAP on the 25th business day immediately preceding (but not including) the Conversion Date (the First Test Date , provided that if no trading in ANZBGL Shares took place on that date, the First Test Date is the first business day before the 25th business day immediately preceding (but not including) the Conversion Date on which trading in ANZBGL Shares took place) is greater than 56.00% of the NZD Issue Date VWAP
Fixed Rate	The sum of the Swap Rate on the Rate Set Date plus the Margin
Floating Rate	The 3 Month Bank Bill Rate plus the Margin
Fourth Conversion Condition	ANZBGL Shares are able to be issued to holders of the Notes on the Conversion Date
FMA	Financial Markets Authority
Interest Payment Date	Each 25 February, 25 May, 25 August and 25 November, commencing on 25 May 2015, and if a Note is Converted or repaid, the date on which the Conversion or repayment occurs If an Interest Payment Date is a day which is not a business day, then the Interest Payment Date will be the next day which is a business day
Interest Period	The period from (and including) an Interest Payment Date (or the Issue Date in the case of the first Interest Period) to (but excluding) the next Interest Payment Date
Issue Date	The date on which Notes are issued, which is expected to be 31 March 2015
Joint Lead Managers	ANZ Bank New Zealand Limited, Deutsche Craigs Limited, First NZ Capital Securities Limited, Forsyth Barr Limited, Goldman Sachs New Zealand Limited and Macquaire Capital (New Zealand) Limited
Mandatory Conversion Date	25 May 2022 (or, if the Conversion Conditions are not met on that date, the first Interest Payment Date after that date on which the Conversion Conditions are satisfied)
Margin	The rate (expressed as a percentage rate per annum) as determined under the Bookbuild and announced via NZX on or before the Opening Date
Maximum Conversion Number	The maximum number of ANZBGL Shares to be issued per Note on Conversion, as calculated according to the formula set out in clause 6.1(b) of the Note Terms and summarised in Section 2.5.4
NOHC	A "non-operating holding company" within the meaning of the Australian Banking Act
Non-Viability Trigger Event	Has the meaning given to it in clause 4.6 of the Note Terms Broadly, means: <ul style="list-style-type: none"> • the RBNZ gives ANZ a direction under the RBNZ Act requiring ANZ to exercise its right of conversion or write off of its Tier 1 Capital instruments; • ANZ is made subject to statutory management under the RBNZ Act and the statutory manager announces his or her decision to convert or write off ANZ's Tier 1 Capital instruments; • APRA notifies ANZBGL that conversion or write off of its Tier 1 Capital instruments is necessary because, without it, ANZBGL would become non-viable; or • APRA notifies ANZBGL that without a public sector injection of capital, or equivalent support, ANZBGL would become non-viable

Term	Meaning
Note Terms	The terms of the Notes, which form schedule 1 of the Deed Poll and which are set out in Section 5 of this investment statement
Notes	ANZ Capital Notes issued by ANZ under the Deed Poll
NZD Issue Date	Has the meaning given to it in clause 17.2 of the Note Terms
VWAP	Broadly, means the NZD VWAP during the 20 business days before the Issue Date
NZD VWAP	Has the meaning given to it in clause 17.2 of the Note Terms Broadly, means the NZ dollar equivalent of the average of the daily volume weighted average sale prices of ANZBGL Shares sold on ASX
NZX	NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited
NZX Listing Rules	The listing rules of NZX, as amended, varied or waived (whether in respect of ANZ or generally) from time to time
Offer	The offer made through this investment statement by ANZ of the Notes to raise up to NZ\$250 million with the ability to accept unlimited oversubscriptions
Opening Date	The opening date of the Offer, which is 6 March 2015
Optional Exchange Date	25 May 2020 (or, if ANZ chooses to Convert Notes on that date but the Conversion Conditions are not met, the first Interest Payment Date after that date on which the Conversion Conditions are satisfied)
Payment Condition	Has the meaning given to it in clause 17.2 of the Note Terms Broadly, means in relation to an Interest Payment Date: <ul style="list-style-type: none"> • paying interest would result in either: <ol style="list-style-type: none"> i. ANZ not complying with the RBNZ's then current capital adequacy requirements or its conditions of registration; or ii. the ANZBGL Group (on a Level 2 basis or, if applicable, Level 3 basis) not complying with APRA's then current capital adequacy requirements; • ANZ would not satisfy the solvency test (as defined in section 4 of the Companies Act) immediately following the interest payment; • APRA objects to the interest payment; • paying interest would result in ANZ not complying with the terms of any of its other capital instruments; or • the Interest Payment Date is a Conversion Date following a Trigger Event
Rate Set Date	The date on which the Swap Rate will be determined by ANZ and Margin will be set, which is 5 March 2015
RBNZ	Reserve Bank of New Zealand or any successor body responsible for prudential regulation of ANZ in New Zealand
RBNZ Act	Reserve Bank of New Zealand Act 1989 (New Zealand)
Record Date	Has the meaning given to it in clause 17.2 of the Note Terms Broadly, means the date which is 10 calendar days before the relevant payment date

Term	Meaning
Register	The register of holders of Notes established and maintained by or on behalf of ANZ
Registry	Initially, Computershare Investor Services Limited and thereafter such other person or persons resident in New Zealand as ANZ may from time to time appoint to maintain the Register
Regulatory Event	<p>A determination by ANZ (after having consulted with ANZBGL in the case of a change that has or will affect ANZBGL) that:</p> <ul style="list-style-type: none"> • there has been, or there will be, a change in any New Zealand or Australian law, regulation or directive (including by way of the imposition of any New Zealand or Australian law, regulation or directive) that applies, or is to apply, after the Issue Date; • there has been, or there will be, a change in the interpretation or administration of any New Zealand or Australian law, regulation or directive by any authority (including the RBNZ or APRA) that applies, or is to apply, after the Issue Date; or • any member of the ANZBGL Group is or will be required to comply with a change in any New Zealand or Australian law, regulation or directive or changed interpretation or administration that applies, or is to apply, after the Issue Date, <p>the consequence of which adversely affects, or will adversely affect, ANZ or ANZBGL in relation to its regulatory capital treatment of the Notes (as determined by ANZ, after having consulted with ANZBGL in the case of a consequence affecting ANZBGL), provided such event is not minor and could not have been anticipated when the Notes were issued</p>
Second Conversion Condition	<ul style="list-style-type: none"> • For Conversion on the Optional Exchange Date or following a Regulatory Event or Tax Event, means the NZD VWAP during the period of 20 business days on which trading in ANZBGL Shares took place immediately preceding (but not including) the Conversion Date is greater than 20.21% of the NZD Issue Date VWAP • For Conversion on the Mandatory Conversion Date, means the NZD VWAP during the period of 20 business days on which trading in ANZBGL Shares took place immediately preceding (but not including) the Conversion Date is greater than 50.51% of the NZD Issue Date VWAP • For Conversion following an ANZBGL Change of Control Event, means the NZD VWAP during the period of: <ul style="list-style-type: none"> – the 20 business days on which trading in ANZBGL Shares took place; or – the number of business days after the occurrence of the ANZBGL Change of Control Event on which ANZBGL Shares were quoted for trading on ASX and trading in ANZBGL Shares took place, before the business day before the Conversion Date (whichever is the lesser) is greater than 20.21% of the NZD Issue Date VWAP.
Standard & Poor's	Standard & Poor's (Australia) Pty Limited
Special Resolution	Has the meaning given to it in clause 17.2 of the Note Terms
Swap Rate	The rate per annum (expressed on a percentage yield basis rounded, if necessary, to the nearest 2 decimal places with 5 being rounded up) which is determined by ANZ by straight line interpolation to provide a rate for a term equal to the period from (and including) the Issue Date to (but excluding) the Optional Exchange Date by reference to the mid market swap rates for a 5 year term and a 6 year term, being the mean of the bid and offered swap rates as displayed on Reuters page ICAPKIWISWAP1 or its successor page on the Rate Set Date, adjusted as necessary to a quarterly rate
Tax Act	Income Tax Act 2007 (New Zealand)

Term	Meaning
Tax Event	<p>A determination by ANZ (after having consulted with ANZBGL in the case of a change that has or will affect ANZBGL) that:</p> <ul style="list-style-type: none"> • there has been, or there will be, a change in any New Zealand or Australian law, regulation, ruling or directive (including by way of the imposition of, or any change to, any New Zealand or Australian law, ruling or directive) that applies, or is to apply, after the Issue Date; • there has been, or there will be, a change in the application, interpretation or administration of any New Zealand or Australian law, regulation, ruling or directive by any authority (including the New Zealand Inland Revenue Department or the Australian Taxation Office) that applies, or is to apply, after the Issue Date; or • any member of the ANZBGL Group is or will be required to comply with a change in any New Zealand or Australian law, regulation, ruling or directive or changed application, interpretation or administration that applies, or is to apply, after the Issue Date, which affects the taxation treatment in relation to the Notes with the effect that any member of the ANZBGL Group would be exposed to a more than de minimis increase to its costs in relation to the Notes, provided such event could not have been anticipated when the Notes were issued
Third Conversion Condition	<p>Neither of the following events apply in respect of the Conversion Date:</p> <ul style="list-style-type: none"> • ANZBGL Shares ceased to be quoted or admitted to trading on ASX on or before that date (and where the cessation occurred before that date, ANZBGL Shares continue not to be quoted or admitted to trading on that date); or • trading of ANZBGL Shares on ASX is suspended for a period of consecutive days which includes at least five consecutive business days prior to that date and that date
Tier 1 Capital	Common Equity Tier 1 Capital plus Additional Tier 1 Capital
Tier 1 Capital Ratio	The ratio of Tier 1 Capital to risk weighted assets
Tier 2 Capital	Subordinated instruments recognised by the RBNZ or APRA as tier 2 capital
Total Capital	Tier 1 Capital plus Tier 2 Capital
Total Capital Ratio	The ratio of Total Capital to risk weighted assets
Trigger Event	A Common Equity Capital Trigger Event or a Non-Viability Trigger Event
VWAP Period	<p>Has the meaning given to it in clause 17.2 of the Note Terms</p> <p>Broadly, means:</p> <ul style="list-style-type: none"> • for Conversion on the Optional Exchange Date, on the Mandatory Conversion Date or following a Regulatory Event, Tax Event or ANZ Change of Control Event, the 20 business days on which trading in ANZBGL Shares took place before the Conversion Date; • for Conversion following an ANZBGL Change of Control Event: <ul style="list-style-type: none"> – the 20 business days on which trading in ANZBGL Shares took place; or – the number of business days after the occurrence of the ANZBGL Change of Control Event on which ANZBGL Shares were quoted for trading on ASX and trading in ANZBGL Shares took place, before the business day before the Conversion Date (whichever is the lesser); and • for Conversion following a Trigger Event, the 5 business days on which trading in ANZBGL Shares took place before the Conversion Date

Term	Meaning
Written Off	<p>In relation to a Note, the immediate and irrevocable termination of your rights in relation to that Note in accordance with clause 6.12 of the Note Terms</p> <p>In particular, if a Note is required to be Converted following a Trigger Event and within 5 business days after the Conversion Date:</p> <ul style="list-style-type: none">• ANZBGL Shares have not been issued to you, no ANZBGL Shares will be issued to you and your rights under that Note to receive ANZBGL Shares are automatically and irrevocably terminated and written off with effect from the date of the Trigger Event; or• that Note has not been transferred to ANZ Holdings free of any encumbrance, your rights (including to payment of interest and principal) in relation to the Note are automatically and irrevocably terminated and written off with effect from the date of the Trigger Event <p>“Write Off” has a corresponding meaning</p>

This application form is issued with the investment statement dated 23 February 2015 for the offer by ANZ Bank New Zealand Limited (ANZ) of ANZ Capital Notes (Notes). This application form represents an offer to purchase the Notes described in the investment statement. Capitalised terms used in this application form have the same meaning given to those terms in the investment statement.

You should read and understand the investment statement before completing your application. An application will constitute an irrevocable offer by the applicant to subscribe for and acquire the dollar amount of Notes specified on this application form (or such lesser amount which ANZ may determine) on the terms and conditions set out in the investment statement, the Deed Poll and this application form. An application cannot be withdrawn or revoked by the applicant once it has been submitted.

Broker Stamp

Please complete all relevant Sections of this application form using BLOCK LETTERS. There is no public pool for the Notes. Your completed application form must be returned to a financial adviser that participated in the Bookbuild in time for them to send your application to the Registry by **5.00 p.m.** on 27 March 2015. If your financial adviser did not participate in the Bookbuild, you should contact your financial adviser for details of how to submit your application.

A. APPLICANT DETAILS AND INFORMATION

Applications must be in the names of natural persons, companies or other legal entities, up to a maximum of three names per application.

Applications by trusts, funds, estates, partnerships or other unincorporated bodies must be made in the individual names of the persons who are the trustees, proprietors, partners or office bearers (as appropriate).

If you are applying on behalf of another person in respect of whom you have the required authority, you should complete the application form in their name.

Title:	First name(s):	Surname:
Title:	First name(s):	Surname:
Title:	First name(s):	Surname:

Company/Trust/Account Designation (if applicable)

Postal address

Street address or PO Box:	Suburb/Town:
City:	Postcode:
	Country:

Telephone

Mobile:	Daytime:
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B. COMMON SHAREHOLDER NUMBER

If you have a Common Shareholder Number (CSN) please enter it here:

A CSN is required to trade the Notes on the NZX Debt Market.

The CSN must match the name on this application form. If it does not, you will be allocated a new CSN under the name provided on this application form.

If you do not have a CSN, leave the spaces above blank and you will be allocated a CSN and Authorisation Code ((FIN) which is like a pin number for buying and selling shares) when your application is received.

C. ELECTRONIC COMMUNICATIONS

Please enter your email address below if you wish to receive, where applicable, all your communications (including transaction statements, payment advices, meeting documents and any other ANZ related information) by email.

I wish to receive communications via email:

Email:



D. APPLICATION PAYMENT

Applications must be accompanied by payment. The minimum amount you can apply for is NZ\$5,000 and multiples of NZ\$1,000 thereafter.

Enter the dollar amount of Notes you wish to apply for:

Choose ONE of the payment options below by ticking the box next to your selected option.

Option 1:

One-time direct debit from the following bank account.
Bank Branch Account number Suffix

Account Holder Name:

Name of bank:

By ticking Option 1 and signing this application form, you agree that the Registry is authorised to withdraw from this account the full dollar amount of Notes applied for (or any lesser amount determined by ANZ).

The direct debit will be processed on the first business day after your application is received by the Registry or, if received on the day the Offer closes, the same business day. Please confirm with your bank that payments can be withdrawn from this account and ensure that there are sufficient funds in the bank account. **Should your direct debit fail, your application will be rejected.**

Option 2:

Attached cheque for the full dollar amount of Notes applied for, made payable to "ANZ Capital Notes Offer". If the application is for Notes of an aggregate amount of NZ\$500,000 or more, this must be a bank cheque.

Your cheque will be banked on the business day it is received. If your cheque is post-dated or dishonoured, your application may be rejected.

Option 3:

Settle through the NZClear System.

NZClear Mnemonic: Trade with CISL90

Only institutional investors may settle through the NZClear System and must be agreed with the Registry in advance.

E. INTEREST PAYMENTS

ANZ may pay interest to you as a Noteholder.

Choose ONE of the INTEREST PAYMENT options below by ticking the box next to your selected option.

Option 1: Pay interest directly into the bank account provided in Section D above.

Or you can choose an alternate bank account for interest:

Bank Branch Account number Suffix

Account Holder Name:

Name of bank:

Option 2: Pay interest directly into a **Cash Management Account.**

Name of NZX Firm where Cash Management Account is held:

Cash Management Client Account number



4. You agree to provide your financial adviser, ANZ and their agents with all requested due diligence information that is required to satisfy applicable laws, such as the customer due diligence obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.
5. You agree that your financial adviser may provide ANZ and its agents with all due diligence information that is held by, or later provided to, your financial adviser in relation to you that is required by ANZ to satisfy applicable laws, including the customer due diligence obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.
6. You warrant that you received this offer in New Zealand and you are eligible to participate in the offer or you are an investor in a jurisdiction where the Notes may be lawfully offered in compliance with all applicable laws and regulations. You agree to indemnify ANZ, the Registry, the Arranger and each of the Joint Lead Managers in respect of any loss, cost, liability or expense sustained or incurred by any of them as a result of you breaching that warranty or the selling restrictions described in the investment statement.
7. You agree ANZ and ANZBGL may collect, use or disclose any information obtained about you in connection with the Notes in accordance with the ANZ Privacy Statement (available on www.anz.co.nz) or the ANZBGL Privacy Statement (available on www.anz.com).

Signature

Date

Signature

Date

Signature

Date

I. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY / AGENT

Please tick the box below:

- If you are acting on behalf of the applicant for whom you have power of attorney; or
- If you are acting as agent on behalf of the applicant.

I, (full name)

of (place and country of residence)

(occupation), certify:

That by deed / agency agreement dated (date of instrument creating the power of attorney)

(full name of person/body corporate which appointed you)

of (place and country of residence of person/body corporate which appointed you)*

Appointed me (his/her/its) attorney / agent;

That I have executed the application for Notes printed on this application form under that appointment and pursuant to the powers thereby conferred on me; and

That I have not received any notice or information of the revocation of my appointment as attorney / agent.

Signed at: (location where signed)

Date:

Signature of attorney/agent:

* If a donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.



This application form is issued with the investment statement dated 23 February 2015 for the offer by ANZ Bank New Zealand Limited (ANZ) of ANZ Capital Notes (Notes). This application form represents an offer to purchase the Notes described in the investment statement. Capitalised terms used in this application form have the same meaning given to those terms in the investment statement.

You should read and understand the investment statement before completing your application. An application will constitute an irrevocable offer by the applicant to subscribe for and acquire the dollar amount of Notes specified on this application form (or such lesser amount which ANZ may determine) on the terms and conditions set out in the investment statement, the Deed Poll and this application form. An application cannot be withdrawn or revoked by the applicant once it has been submitted.

Broker Stamp

Please complete all relevant Sections of this application form using BLOCK LETTERS. There is no public pool for the Notes. Your completed application form must be returned to a financial adviser that participated in the Bookbuild in time for them to send your application to the Registry by 5.00 p.m. on 27 March 2015. If your financial adviser did not participate in the Bookbuild, you should contact your financial adviser for details of how to submit your application.

A. APPLICANT DETAILS AND INFORMATION

Applications must be in the names of natural persons, companies or other legal entities, up to a maximum of three names per application.

Applications by trusts, funds, estates, partnerships or other unincorporated bodies must be made in the individual names of the persons who are the trustees, proprietors, partners or office bearers (as appropriate).

If you are applying on behalf of another person in respect of whom you have the required authority, you should complete the application form in their name.

Title:	First name(s):	Surname:
Title:	First name(s):	Surname:
Title:	First name(s):	Surname:

Company/Trust/Account Designation (if applicable)

Postal address

Street address or PO Box:	Suburb/Town:	
City:	Postcode:	Country:

Telephone

Mobile:	Daytime:
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B. COMMON SHAREHOLDER NUMBER

If you have a Common Shareholder Number (CSN) please enter it here:

A CSN is required to trade the Notes on the NZX Debt Market.

The CSN must match the name on this application form. If it does not, you will be allocated a new CSN under the name provided on this application form.

If you do not have a CSN, leave the spaces above blank and you will be allocated a CSN and Authorisation Code ((FIN) which is like a pin number for buying and selling shares) when your application is received.

C. ELECTRONIC COMMUNICATIONS

Please enter your email address below if you wish to receive, where applicable, all your communications (including transaction statements, payment advices, meeting documents and any other ANZ related information) by email.

I wish to receive communications via email:

Email:



D. APPLICATION PAYMENT

Applications must be accompanied by payment. The minimum amount you can apply for is NZ\$5,000 and multiples of NZ\$1,000 thereafter.

Enter the dollar amount of Notes you wish to apply for:

Choose ONE of the payment options below by ticking the box next to your selected option.

Option 1:

One-time direct debit from the following bank account.

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bank	Branch	Account number	Suffix

Account Holder Name:

Name of bank:

By ticking Option 1 and signing this application form, you agree that the Registry is authorised to withdraw from this account the full dollar amount of Notes applied for (or any lesser amount determined by ANZ).

The direct debit will be processed on the first business day after your application is received by the Registry or, if received on the day the Offer closes, the same business day. Please confirm with your bank that payments can be withdrawn from this account and ensure that there are sufficient funds in the bank account. **Should your direct debit fail, your application will be rejected.**

Option 2:

Attached cheque for the full dollar amount of Notes applied for, made payable to "ANZ Capital Notes Offer". If the application is for Notes of an aggregate amount of NZ\$500,000 or more, this must be a bank cheque.

Your cheque will be banked on the business day it is received. If your cheque is post-dated or dishonoured, your application may be rejected.

Option 3:

Settle through the NZClear System.

NZClear Mnemonic: Trade with CISL90

Only institutional investors may settle through the NZClear System and must be agreed with the Registry in advance.

E. INTEREST PAYMENTS

ANZ may pay interest to you as a Noteholder.

Choose ONE of the INTEREST PAYMENT options below by ticking the box next to your selected option.

Option 1: Pay interest directly into the bank account provided in Section D above.

Or you can choose an alternate bank account for interest:

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Bank	Branch	Account number	Suffix

Account Holder Name:

Name of bank:

Option 2: Pay interest directly into a **Cash Management Account.**

Name of NZX Firm where Cash Management Account is held:

Cash Management Client Account number



4. You agree to provide your financial adviser, ANZ and their agents with all requested due diligence information that is required to satisfy applicable laws, such as the customer due diligence obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.
5. You agree that your financial adviser may provide ANZ and its agents with all due diligence information that is held by, or later provided to, your financial adviser in relation to you that is required by ANZ to satisfy applicable laws, including the customer due diligence obligations under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009.
6. You warrant that you received this offer in New Zealand and you are eligible to participate in the offer or you are an investor in a jurisdiction where the Notes may be lawfully offered in compliance with all applicable laws and regulations. You agree to indemnify ANZ, the Registry, the Arranger and each of the Joint Lead Managers in respect of any loss, cost, liability or expense sustained or incurred by any of them as a result of you breaching that warranty or the selling restrictions described in the investment statement.
7. You agree ANZ and ANZBGL may collect, use or disclose any information obtained about you in connection with the Notes in accordance with the ANZ Privacy Statement (available on www.anz.co.nz) or the ANZBGL Privacy Statement (available on www.anz.com).

Signature

Date

Signature

Date

Signature

Date

I. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY / AGENT

Please tick the box below:

- If you are acting on behalf of the applicant for whom you have power of attorney; or
- If you are acting as agent on behalf of the applicant.

I, (full name)

of (place and country of residence)

(occupation), certify:

That by deed / agency agreement dated (date of instrument creating the power of attorney)

(full name of person/body corporate which appointed you)

of (place and country of residence of person/body corporate which appointed you)*

Appointed me (his/her/its) attorney / agent;

That I have executed the application for Notes printed on this application form under that appointment and pursuant to the powers thereby conferred on me; and

That I have not received any notice or information of the revocation of my appointment as attorney / agent.

Signed at: (location where signed)

Date:

Signature of attorney/agent:

* If a donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

Corporate Directory

ANZ

ANZ Bank New Zealand Limited
Ground Floor
ANZ Centre
23-29 Albert Street
Auckland 1010
New Zealand

ANZBGL

Australia and New Zealand Banking Group Limited
Level 8
1 Victoria Street
Wellington
New Zealand

Registry

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Auckland 1142
Phone: 09 488 8777

New Zealand Legal Adviser

Russell McVeagh
Level 24, Vodafone on the Quay
157 Lambton Quay
PO Box 10-214
Wellington 6143
New Zealand

Australian Legal Adviser

King & Wood Mallesons
Level 50, Bourke Place
600 Bourke Street
Melbourne VIC 3000
Australia

Arranger

ANZ Bank New Zealand Limited
Level 7, 1 Victoria Street
Wellington
New Zealand

Joint Lead Managers

ANZ Bank New Zealand Limited
Level 7, 1 Victoria Street
Wellington
New Zealand

Deutsche Craigs Limited

Level 36, Vero Centre
48 Shortland Street
Auckland 1010

First NZ Capital Securities Limited

Level 14
171 Featherston Street
Wellington 6011

Forsyth Barr Limited

Level 9, Forsyth Barr House
The Octagon
Dunedin 9054

Goldman Sachs New Zealand Limited

Level 39, Vero Centre
48 Shortland Street
Auckland 1010

Macquarie Capital (New Zealand) Limited

Level 17, Lumley Centre
88 Shortland Street
Auckland 1010

