

News Release

For release: 7 June 2016

ANZ launches US dollar hybrid capital offer

ANZ today announced it will launch an offer of US dollar denominated ANZ Capital Securities to wholesale investors, following the previously announced hybrid capital roadshow.

Initial price estimates are for a fixed US dollar interest rate in the 7.25% area applicable until the first reset date in June 2026, with the final interest rate and offer amount to be determined by a bookbuild.

ANZ Capital Securities will constitute Basel III-compliant Additional Tier 1 capital for ANZ. Final terms of the ANZ Capital Securities will be announced following completion of the offer.

A description of the ANZ Capital Securities is attached to this announcement.

For media enquiries contact:

Stephen Ries, +61 409 655551

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No ordinary shareholder approval is required for the offer and the offer is not being made to a class of ANZ's existing security holders.

DESCRIPTION OF THE NOTES

This section summarizes the material terms that will apply to the Notes.

For convenience and unless otherwise indicated, in this section references to “we,” “our,” “ANZ” and “us” refer to Australia and New Zealand Banking Group Limited (ABN 11 005 357 522), and references to the “Issuer” refer to ANZ acting through its London Branch.

Form of the Notes and ownership

The Notes will be issued in global registered form. The Notes will be represented by one or more global certificates registered in the name of a nominee for DTC (the “**Clearing System**,” which term includes any successor thereto) as Holder, which will be the Holder of all of the Notes represented by such global certificates. DTC is a Clearing System Holder (as defined herein) for the purposes of the Holders’ Nominee provisions described below.

Those investors who own beneficial interests in the Notes while in global form will do so through participants in the Clearing System, and the rights of these indirect owners will be governed by the applicable procedures of the Clearing System and of its participants. We describe the global certificates in a separate section of this Offering Memorandum entitled “*Book Entry, Delivery and Form.*”

In this section, references to “ **Holders**” mean those persons who own Notes registered in their own names, on the books that the Fiscal Agent, in its capacity as Registrar, maintains for this purpose, and not those persons who own beneficial interests in Notes held by a Clearing System Holder. Owners of beneficial interests in the Notes (including, without limitation, where the Notes are held in DTC) should read the separate section of this Offering Memorandum entitled “*Book Entry, Delivery and Form.*”

When we refer to “**your Note**,” this means the Note or Notes in which you are investing.

The Notes will be issued under a Fiscal and Paying Agency Agreement; this section is only a summary

The Notes will be issued pursuant to a document called a fiscal and paying agency agreement (the “**Fiscal and Paying Agency Agreement**”) which is a contract between the Issuer and The Bank of New York Mellon, which will initially act as fiscal agent, paying agent, transfer agent, calculation agent and registrar in relation to the Notes (referred to collectively in such capacities as the “**Agent**” and, in each of such several capacities, as the “**Fiscal Agent**,” “**Paying Agent**,” “**Transfer Agent**,” “**Calculation Agent**” and “**Registrar**,” respectively, which terms include successors thereto). The Fiscal Agent performs administrative duties for us such as sending you interest and notices.

See “—*Our relationship with the Fiscal Agent*” for more information about the Fiscal Agent.

The Notes and the Fiscal and Paying Agency Agreement and its associated documents, including your Note, contain the full legal text of the matters described in this section. This section summarizes all the material terms of the Fiscal and Paying Agency Agreement and your Note. They do not, however, describe every aspect of the Fiscal and Paying Agency Agreement and your Note. For example, in this section we use terms that have been given special meaning in the Fiscal and Paying Agency Agreement, but we describe the meaning of only the more important of those terms.

See the separate section of this Offering Memorandum entitled “*Available Information*” for information on how to obtain a copy of the Fiscal and Paying Agency Agreement.

Acting through London branch

The Notes will be issued by ANZ acting through its London branch. The London branch is not a separate legal entity and so, in insolvency proceedings relating to ANZ, creditors of ANZ acting through its London branch would not be limited to making claims on the assets of ANZ allocated to or booked in the London branch. Conversely, creditors of ANZ acting other than through the London branch will have a claim on the assets of ANZ acting through its London branch.

Further, if ANZ is unable to make payment on the Notes via its London branch it may make the payment via any other branch or through its head office and may do so from cash held anywhere in the world.

We may incur other indebtedness, issue other series of debt securities and increase the number of Notes in issue

The Fiscal and Paying Agency Agreement will not restrict us from incurring further indebtedness (including, without limitation, from issuing other securities) from time to time which indebtedness may rank equally with or senior to the Notes and may be issued in such amounts, at such times and on such terms as we wish. Also, we are not subject to financial or similar restrictions on incurring further indebtedness by the Conditions or the Fiscal and Paying Agency Agreement. Further, the Notes do not limit the amount of liabilities that our subsidiaries may incur or assume.

ANZ may, from time to time, without the consent of Holders, issue additional Notes (“**Additional Notes**”) having the same terms (other than as to their issue date and first scheduled Interest Payment Date), subject to us obtaining the prior written consent of APRA. Such additional Notes may be consolidated and form a single series with the Notes.

The Issuer shall not issue Additional Notes having the same CUSIP, ISIN or other identifying number as the outstanding Notes unless such Additional Notes are fungible with the outstanding Notes for United States federal income tax purposes.

The Issuer shall not issue Additional Notes where the First Reset Date (as defined herein) for the Additional Notes is less than five years from the date of issue of the Additional Notes.

No stated maturity

The Notes will be perpetual securities in respect of which there will be no stated maturity date or other fixed redemption date. Holders may not require any redemption or purchase of the Notes at any time.

Principal amount

As used herein, the “**prevailing principal amount**” of a Note means the initial principal amount of such Note, as it may from time to time be adjusted by endorsement on Schedule B to such Note or reduced due to Conversion or Write Off (as defined below) in accordance with “—*Conversion of the Notes.*”

Currency of Notes

Amounts that are scheduled to be paid on your Note in cash will be payable in U.S. dollars.

You will have to pay for your Notes by delivering the requisite amount of U.S. dollars for the principal unless other arrangements have been made between you and the Joint Lead Managers.

Status and Subordination of the Notes and how the Notes rank against other liabilities

The Notes will constitute our fully paid, direct, unsecured and subordinated obligations and, unless Converted or Written Off, will rank for payment of the prevailing principal amount of the Notes in a Winding Up, (i) in priority to holders of Ordinary Shares, (ii) *pari passu* without any preference among themselves and with the holders of Equal Ranking Instruments and (iii) junior to the claims of all Senior Creditors.

Ranking in a Winding Up

If an order is made by a court of competent jurisdiction in Australia (other than an order successfully appealed or permanently stayed within 60 days), or an effective resolution passed, for the Winding Up in Australia, the Notes will become payable at their prevailing principal amount as described below.

A Holder will have no further or other claim on ANZ in a Winding Up other than the claim for the prevailing principal amount described below. Accordingly, the Notes will not entitle a Holder or any beneficial owner to claim any unpaid scheduled interest on the Notes in a Winding Up.

Holders will rank for payment of the prevailing principal amount of each Note in a Winding Up in Australia:

- (a) in priority to the holders of Ordinary Shares;
- (b) equally among themselves and with all holders of Equal Ranking Instruments with respect to priority of payment in a Winding Up; and
- (c) junior to the claims of all Senior Creditors with respect to priority of payment in a Winding Up in that:
 - (i) all claims of Senior Creditors must be paid in full (including in respect of any entitlement to interest under section 563B of the Corporations Act) before the claims of the Holders are paid; and
 - (ii) until the Senior Creditors have been paid in full, the Holders must not claim in the Winding Up in competition with the Senior Creditors so as to diminish any distribution, dividend or payment which, but for that claim, the Senior 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 Winding Up, it had held an issued and fully paid Preference Share.

Accordingly, if proceedings with respect to the Winding Up were to occur, the Holders could recover less relatively than the holders of deposit liabilities or protected accounts, the holders of more senior securities and the holders of prior ranking subordinated liabilities of ANZ. For the purposes of the Banking Act, a “protected account” is broadly an account (i) kept with an ADI where the ADI is required to pay the account-holder, on demand or at an agreed time, the net credit balance of the account; or (ii) that is prescribed by regulation. Protected accounts include current accounts, savings accounts and term deposit accounts. Protected accounts must be recorded in Australian currency and must not be kept at a foreign branch of an ADI. For the avoidance of doubt, the Notes will not be deposit liabilities or protected accounts of ANZ for the purposes of the Banking Act, will not be covered deposits of ANZ pursuant to a deposit guarantee scheme for the purposes of the UK Banking Act and will not be insured by the FDIC, the UK Financial Services Compensation Scheme or any other government, government agency or compensation scheme of the Commonwealth of Australia, the United States, the United Kingdom or any other jurisdiction or by any party.

Nothing in the Conditions or the Fiscal and Paying Agency Agreement 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 Senior Creditor to any amendment of the Note or the Fiscal and Paying Agency Agreement made in accordance with the Fiscal and Paying Agency Agreement.

By its acquisition and holding of a Note, each Holder will irrevocably agree:

- (a) that the subordination of the Notes referred to above is a debt subordination for the purposes of section 563C of the Corporations Act;

- (b) that it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act to the extent that a holder of a Preference Share would not be entitled to such interest;
- (c) not to exercise any voting or other rights as a creditor in the Winding Up in any jurisdiction:
 - (i) until after all Senior Creditors have been paid in full; or
 - (ii) otherwise in a manner inconsistent with the subordination of the Notes contemplated above;
- (d) that it must pay or deliver to the liquidator any amount or asset received on account of its claim in the Winding Up in respect of a Note in excess of its entitlement as set out above; and
- (e) that the subordination of the Notes referred to above will not be affected by any act or omission of ANZ or a Senior Creditor which might otherwise affect it at law or in equity.

If, upon a return of capital in a Winding Up, there are insufficient funds to pay in full the prevailing principal amount of the Notes and the amounts payable in respect of any other 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. To the extent that Holders are entitled to any recovery with respect to the Notes in any Winding Up, such Holders might not be entitled in such proceedings to a recovery in U.S. dollars in respect of such Notes and might be entitled only to a recovery in Australian dollars.

Neither ANZ nor any Holder or any beneficial owner of a Note has any contractual right to set off any sum at any time scheduled to be paid to a Holder, such beneficial owner or ANZ (as applicable) under or in relation to such Note against amounts owing by the Holder or such beneficial owner to ANZ or by ANZ to the Holder or such beneficial owner (as applicable).

On a Winding Up, the Holder shall only be entitled to prove for any sums payable in respect of this Note as a debt which is subject to and contingent upon prior payment in full of the obligations of ANZ to the Senior Creditors, and the Holder waives to the fullest extent permitted by law any right to prove in the Winding Up as a creditor of ANZ ranking for payment in any other manner. Holders and beneficial owners of the Notes shall not be entitled to place ANZ in administration or to seek the appointment of a receiver, receiver and manager, liquidator or provisional liquidator to ANZ.

Further, the Notes (or a portion thereof) will be mandatorily Converted into Ordinary Shares or Written Off without delay following the occurrence of a Trigger Event, as further described under “—*Conversion of the Notes.*” Where a Note is Converted only in part, then the principal amount of the Note will be reduced by the amount Converted or Written Off. Where as a result of the Conversion of a Note you hold our Ordinary Shares, your claim in any future Winding Up will be that of a holder of Ordinary Shares. Where a Note is Written Off, you will have no claim in any future Winding Up.

As used herein:

- “**Capital Notes 1**” means the convertible notes issued by ANZ in 2013 under a prospectus dated July 10, 2013 (which replaced a prospectus dated July 2, 2013).
- “**Capital Notes 2**” means the convertible notes issued by ANZ in 2014 under a prospectus dated February 19, 2014 (which replaced a prospectus dated February 11, 2014).
- “**Capital Notes 3**” means the convertible notes issued by ANZ in 2015 under a prospectus dated February 5, 2015 (which replaced a prospectus dated January 23, 2015).
- “**CPS2**” means the convertible preference shares issued by ANZ in 2009 under a prospectus dated November 18, 2009 (which replaced a prospectus dated November 10, 2009).

- “**CPS3**” means the convertible preference shares issued by ANZ in 2011 under a prospectus dated August 31, 2011 (which replaced a prospectus dated August 23, 2011).
- “**Equal Ranking Instruments**” means, in respect of a return of capital in a Winding Up:
 - (a) CPS2;
 - (b) CPS3;
 - (c) each other preference share that ANZ may issue that ranks or is expressed to rank equally with the foregoing and the Notes in respect of a return of capital in a Winding Up (as the case may be);
 - (d) Capital Notes 1;
 - (e) Capital Notes 2;
 - (f) Capital Notes 3; and
 - (g) any securities or other instruments that rank or are expressed to rank equally with those preference shares and the Notes in respect of a return of capital in a Winding Up (as the case may be).
- “**Preference Share**” means a notional preference share in the capital of ANZ conferring a claim in the Winding Up equal to the prevailing principal amount of a Note and ranking equally in respect of return of capital in a Winding Up with each of the preference shares which is an Equal Ranking Instrument.
- “**Senior Creditors**” means all present and future creditors of ANZ (including but not limited to depositors), whose claims are (a) entitled to be admitted in the Winding Up and (b) not expressed to rank equally with, or subordinate to, the claims of a Holder.
- “**Winding Up**” means any procedure whereby ANZ may be wound up, dissolved, liquidated or cease to exist as a body corporate and whether or not involving insolvency or bankruptcy, but shall exclude any winding up under or in connection with a scheme of amalgamation or reconstruction not involving our bankruptcy or insolvency where our obligations are assumed by a successor to which all, or substantially all, of our property, assets and undertaking are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented.

At March 31, 2016, ANZ was subject to outstanding claims of its Senior Creditors (including depositors) in an aggregate principal amount of approximately U.S.\$583,221 million.

At March 31, 2016, ANZ was subject to outstanding claims of holders of its Equal Ranking Instruments in an aggregate principal amount of approximately U.S.\$5,381 million.

Interest on the Notes

Subject to the Conditions and the Fiscal and Paying Agency Agreement, each Note entitles the Holder on the Regular Record Date falling prior to the relevant Interest Payment Date (as defined below) to a cash interest payment.

Initial Interest Rate

From and including [], 2016 (the “**Issue Date**”) to but excluding [], [] (the “**First Reset Date**”), interest will be scheduled to be paid in arrears on the prevailing principal amount of the Notes at an initial rate equal to []% per annum (the “**Initial Interest Rate**”).

Subject to the provisions for the non-payment of interest set out below, interest, if any, will be scheduled to be paid semi-annually in arrears on [] and [] in each year, commencing on [], 2016

(each, whether or not such interest is, or is able to be, paid on that date in accordance with the Conditions, an “**Interest Payment Date**”) until (but not including) the date on which a redemption of such Note occurs.

Interest Rate Reset

From and including each Reset Date (as defined below) to but excluding the next succeeding Reset Date, interest will be scheduled to be paid on the prevailing principal amount of the Notes at a rate per annum (each a “**Subsequent Interest Rate**” and, together with the Initial Interest Rate, the “**Interest Rate**”) equal to the sum of the then prevailing Mid-Market Swap Rate on the relevant Reset Determination Date and []% (being the margin determined at the time of the bookbuilding for the Notes) (rounded to three decimal places, with 0.0005 rounded upwards). The First Reset Date and every fifth anniversary thereafter shall be a “**Reset Date.**”

As used herein:

- The “**Mid-Market Swap Rate**” is the mid-market U.S. dollar swap rate having a 5-year maturity appearing on Bloomberg page “USISDA05 Index” (or such other page as may replace such page on Bloomberg, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) at 11.00 a.m. (New York time) on the Reset Determination Date, as determined by the Calculation Agent. If such swap rate does not appear on such page (or such other page or service), the Mid-Market Swap Rate shall instead be determined by the Calculation Agent on the basis of (a) quotations provided by the principal office of each of four major banks in the U.S. dollar swap rate market (which banks shall be selected by the Calculation Agent in consultation with the Issuer (the “**Reference Banks**”)) of the rates at which swaps in U.S. dollars are offered by it at approximately 11.00 a.m. (New York time) (or thereafter on such date, with the Calculation Agent acting on a best efforts basis) on the Reset Determination Date to participants in the U.S. dollar swap rate market for a five-year period and (b) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001% (0.0005% being rounded upwards) of such quotations. If the Mid-Market Swap Rate is not able to be determined on the relevant Reset Determination Date in accordance with the foregoing procedures, the Mid-Market Swap Rate shall be the mid-market U.S. dollar swap rate having a 5-year maturity that appeared most recently on Bloomberg “USISDA05 Index” (or such other page as may replace such page on Bloomberg, or such other page as may be nominated by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) that was last available prior to 11.00 a.m. (New York time) on such Reset Determination Date, as determined by the Calculation Agent.
- The “**Reset Determination Date**” shall be the second Business Day immediately preceding the relevant Reset Date.

Calculation of interest

Any interest scheduled to be paid on any Interest Payment Date or the date for payment of the prevailing principal amount of the Note in accordance with the Conditions, as the case may be, shall be the amount of interest in respect of the period from, and including, the immediately preceding Interest Payment Date (or, if no Interest Payment Date has yet occurred, from and including the Issue Date (as defined below)), to, but excluding, such Interest Payment Date or the date for payment of the prevailing principal amount of the Note in accordance with the Conditions, as the case may be (each such period is referred to as an “**Interest Period**”).

The relevant day-count fraction for determining interest payable for any Interest Period shall be determined on the basis of the number of days in the relevant Interest Period, from and including the first day in such

period to but excluding the last day in such period, such number of days being calculated on the basis of a 360-day year consisting of 12 months of 30 days each, divided by 360.

As used herein, the term “**Business Day**” means any weekday, other than one on which banking institutions are authorized or obligated by law, regulation or executive order to close in each of London, United Kingdom, New York, New York, United States and Sydney, New South Wales, Australia.

All calculations of the Calculation Agent, in the absence of manifest error, will be conclusive for all purposes and binding on the Issuer and on the Holders.

Non-payment of interest

Payments of interest on the Notes will be non-cumulative.

The payment of any interest on the Notes is subject to:

- (a) the Issuer’s absolute discretion; and
- (b) no Payment Condition existing in respect of the Notes as at the relevant Interest Payment Date.

If all or any part of any interest payment is not paid because of subsection (a) or (b) above or because of any applicable law, ANZ will have no liability to pay the unpaid amount of interest, neither Holders nor any other person will have a claim or entitlement in respect of such non-payment and such non-payment will not constitute a breach of the Conditions or give any Holder or any other person a right to apply for a Winding Up, to place ANZ in administration or to seek the appointment of a receiver, receiver and manager, liquidator or provisional liquidator to ANZ or exercise any remedies in respect of the Notes. Neither Holders nor any other person shall have any rights to receive any additional interest or compensation as a result of such non-payment.

See also “—*Conversion of the Notes*” below in relation to the mandatory and automatic termination of any right to interest on the principal amount of each Note which is converted or written off upon Conversion or Write Off.

Further, by its acquisition and holding of a Note, each Holder acknowledges and agrees that:

- (a) the Notes do not confer any claim on ANZ except as set out in the Notes;
- (b) the Notes do not confer on Holders any right to subscribe for new securities in ANZ or to participate in any bonus issues of securities of ANZ; and
- (c) nothing in the terms of the Notes prevents ANZ from issuing securities of any kind or, except as provided in “—*Interest on the Notes— Restrictions in the case of non-payment of interest,*” redeeming, buying back, returning capital on or converting any securities, other than the Notes.

As used herein, “**Payment Condition**” means, with respect to any payment of interest on the Notes on any Interest Payment Date:

- (a) making such interest payment on the Notes on such Interest Payment Date would result in the ANZ Level 1 Group or the ANZ Level 2 Group (or, if applicable the ANZ Group on a Level 3 basis) not complying with APRA’s then current capital adequacy requirements;
- (b) making such interest payment on the Notes on such Interest Payment Date would result in ANZ becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- (c) APRA objecting to the interest payment on the Notes on such Interest Payment Date.

Restrictions in the case of non-payment of interest

For so long as the Notes remain outstanding, if for any reason a payment of interest on the prevailing principal amount of a Note is not paid in full on an Interest Payment Date (the “**Relevant Interest Payment Date**”), ANZ must not from (and including) the Relevant Interest Payment Date to (and including) the next following Interest Payment Date:

- (a) resolve to pay or pay any Ordinary Share Dividend; or
- (b) undertake any Buy Back or Capital Reduction,

provided that such restrictions shall not apply:

- (i) if the relevant payment of interest on the Notes is made to each Holder within 3 Business Days of the Relevant Interest Payment Date;
- (ii) if Holders approve the relevant Ordinary Share Dividend, Buy Back or Capital Reduction pursuant to a Special Resolution;
- (iii) to a Buy Back or Capital Reduction in connection with any employment contract, employee share scheme, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of ANZ or any Controlled Entity; or
- (iv) to the extent that at the time a payment of interest on the Notes has not been made on the Relevant Interest Payment Date, ANZ is legally obliged to pay on or after that date an Ordinary Share Dividend or complete on or after that date a Buy Back or Capital Reduction.

Nothing in the Conditions or the Fiscal and Paying Agency Agreement prohibits ANZ or a Controlled Entity from purchasing ANZ Shares (or an interest therein) in connection with transactions for the account of customers of ANZ or customers of entities that ANZ Controls or, with the prior written approval of APRA, in connection with the distribution or trading of ANZ Shares in the ordinary course of business. This includes (for the avoidance of doubt and without affecting the foregoing) any acquisition resulting from:

- (A) taking security over ANZ Shares in the ordinary course of business; and
- (B) acting as trustee for another person where neither ANZ nor any entity it Controls has a beneficial interest in the trust (other than a beneficial interest that arises from a security given for the purposes of a transaction entered into in the ordinary course of business).

As used herein:

- “**ANZ Shares**” means Ordinary Shares or any other shares in the capital of ANZ.
- “**Buy Back**” means a transaction involving the acquisition by ANZ of its Ordinary Shares pursuant to the provisions of Part 2J of the Corporations Act.
- “**Capital Reduction**” means a reduction in capital by ANZ of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act.
- “**Control**” has the meaning given in the Corporations Act.
- “**Ordinary Share Dividend**” means any interim, final or special dividend payable in accordance with the Corporations Act and the constitution of ANZ in relation to Ordinary Shares.

Payment of additional amounts

The Issuer will make all payments of interest in respect of the Notes to all Holders of such Notes without withholding or deduction for, or on account of, any taxes, assessments or other governmental charges

(“**relevant tax**”) imposed or levied by, or on behalf of Australia or any political subdivision or taxing authority in, or of, Australia and, where the Notes remain issued through a branch outside Australia, the jurisdiction in which the branch is located or any political subdivision or taxing authority in, or of, that jurisdiction (each a “**Relevant Jurisdiction**”) unless the withholding or deduction is required by law. In that event, the Issuer will increase the amount of any interest that is scheduled to be paid by such additional amounts (each an “**Additional Amount**”) as may be necessary so that the net amount received by the Holder of the Notes, after such withholding or deduction, will equal the amount that the Holder would have received in respect of the Notes without such withholding or deduction. However, the Issuer will pay no Additional Amounts:

- to the extent that the relevant tax is imposed or levied by virtue of the Holder, or the beneficial owner, of the Notes having some connection (whether present, past or future) with Australia or a Relevant Jurisdiction, other than mere receipt of such payment or being a Holder, or the beneficial owner, of the Notes;
- to the extent that the relevant tax is imposed or levied by virtue of the Holder, or the beneficial owner, of the Notes not complying with any statutory requirements or not having made a declaration of non-residence in, or lack of connection with, Australia or a Relevant Jurisdiction or any similar claim for exemption (including supplying an appropriate tax file number or Australian Business Number, as applicable), if the Issuer or its agent has provided the Holder, or the beneficial owner, of the Notes with at least 60 days’ prior written notice of an opportunity to comply with such statutory requirements or make a declaration or claim;
- to the extent that the relevant tax is imposed or levied by virtue of the Holder, or the beneficial owner, of the Notes having presented for payment more than 30 days after the date on which the payment in respect of the Notes was first scheduled to be paid;
- to the extent that the relevant tax is imposed or levied as a result of the Holder, or the beneficial owner, of the Notes being party to or participating in a scheme to avoid tax, being a scheme which the Issuer was neither a party to nor participated in; or
- any combination of the above.

In addition, notwithstanding any other provision of these conditions, any amounts to be paid on the Notes will be paid, and any Ordinary Shares to be issued to a Holder on Conversion of a Note will be issued to the Holder net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation of Sections 1471 through 1474 of the Code (or any fiscal or regulatory legislation, rules or practices adopted pursuant to such an intergovernmental agreement) (a “**FATCA Withholding**”), and no Additional Amounts will be required to be paid and no additional Ordinary Shares will be required to be issued on account of any such deduction or withholding.

No Additional Amounts shall be paid with respect to any payment of, or in respect of, interest on a Note to any such Holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would, under the laws of the Commonwealth of Australia or any political subdivision or taxing authority thereof or therein, be treated as being derived or received for tax purposes by a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had it been the Holder of such Note.

Whenever we refer in this Offering Memorandum, in any context, to the payment of interest on any Note, we mean to include the payment of Additional Amounts to the extent that, in that context, Additional Amounts are, were or would be payable.

Redemption and repurchase

The Notes will be perpetual securities in respect of which there will be no stated maturity date or other fixed redemption date. Holders may not require any redemption or purchase of the Notes at any time.

Your Note will not be entitled to the benefit of any sinking fund and we will not deposit money on a regular basis into any separate custodial account to repay your Note.

Optional redemption

Subject as set out below under “—*Conditions to redemption and repurchase*,” the Issuer will have the right to redeem the Notes, in whole but not in part, on the First Reset Date or any Reset Date thereafter at a redemption price equal to 100% of the prevailing principal amount of the Notes, together with any unpaid interest on the prevailing principal amount of the Notes for the period from (and including) the most recent Interest Payment Date to (but excluding) the date of redemption, except to the extent that the Issuer has determined not to pay or ANZ is obliged not to pay such interest as described under “—*Interest on the Notes—Non-payment of interest*.”

If we exercise our option to redeem the Notes, we will give to the Holders written notice thereof not less than 30 days nor more than 60 days before the applicable redemption date. We will give the notice in the manner described below in “—*Notices*.”

Redemption for taxation reasons

Subject as set out below under “—*Conditions to redemption and repurchase*,” the Issuer will have the right to redeem the Notes as a whole, but not in part, at its option at any time at a redemption price equal to 100% of the prevailing principal amount of the Notes together with any unpaid interest on the prevailing principal amount of the Notes for the period from (and including) the most recent Interest Payment Date to (but excluding) the date of redemption, except to the extent that the Issuer has determined not to pay or ANZ is obliged not to pay such interest as described under “—*Interest on the Notes—Non-payment of interest*,” if a Tax Event occurs; provided, however, that ANZ shall deliver to the Fiscal Agent an opinion of reputable legal counsel confirming that the conditions that must be satisfied for such redemption have been satisfied or have occurred.

Immediately prior to the giving of any notice of such a redemption of Notes, the Issuer will deliver to the Fiscal Agent a certificate of an Authorized Officer (as defined in the Fiscal and Paying Agency Agreement) (an “**Officer’s Certificate**”) stating that the Issuer is entitled to effect such redemption and setting forth in reasonable detail a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem the Notes have occurred.

As used herein, “**Tax Event**” means the receipt by the directors of ANZ of an opinion from a reputable legal counsel or other tax adviser in Australia or the applicable Relevant Jurisdiction experienced in such matters to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announcement of a change that will be introduced) in, the laws or treaties or any regulations affecting taxation in Australia or a Relevant Jurisdiction;
- (b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice, announcement or communication (including any notice, announcement or communication of intent to adopt such procedures or regulations) affecting taxation in Australia or a

Relevant Jurisdiction or affecting the taxation treatment of the Notes in Australia or a Relevant Jurisdiction (“**Administrative Action**”); or

- (c) any amendment to, clarification of, or change in, an Administrative Action that provides for a position that differs from the current generally accepted position,

in each case, by any legislative body, court, governmental authority (including, without limitation, a tax authority) or regulatory body in Australia or a Relevant Jurisdiction, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective, or which pronouncement or decision is announced, on or after the Issue Date and which on the Issue Date is not expected by ANZ to come into effect, it is likely that:

- (i) the Issuer would be required to increase the amount of any interest scheduled to be paid on the Notes by payment of an Additional Amount in respect of any withholding tax and such an increase cannot be avoided within 60 days of such Tax Event by ANZ by filing a form, making an election or taking some reasonable measure that in ANZ’s sole judgment will not be adverse to ANZ and will involve no material cost to ANZ;
- (ii) the Issuer is or would be no longer entitled to claim a deduction for any payments in respect of the Notes in computing its taxation liabilities in or relating to such Relevant Jurisdiction or the amount of such deduction is materially reduced;
- (iii) where the United Kingdom is such Relevant Jurisdiction, the Notes are or would be prevented from being treated as loan relationships for United Kingdom tax purposes;
- (iv) where the United Kingdom is such Relevant Jurisdiction, the Notes or any part thereof are or would be treated as a derivative or an embedded derivative for United Kingdom tax purposes; or
- (v) any interest scheduled to be paid on the Notes would be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act.

If, after the Issue Date, (A) as a result of a Branch Change Notice, the Notes are issued through a branch located in a jurisdiction different from the jurisdiction of the branch through which the Notes were issued immediately before such notice, the references to “Issue Date” in the preceding paragraph shall be deemed to be to the date the Branch Change Notice is given or (B) ANZ is merged into or consolidated with another entity, or all or substantially all of ANZ’s assets are sold or transferred to another entity (each, a “**Relevant Transaction**”) and in each case the home jurisdiction for tax purposes of such other entity is not Australia (or if such jurisdiction has already become a jurisdiction other than Australia, is different to the jurisdiction which it is immediately prior to the Relevant Transaction), the references to “Issue Date” in the preceding paragraph shall be deemed to be the date the Relevant Transaction is completed, provided that, the Issue Date will not be so amended if the location of the branch through which the Notes are issued is unchanged as a result of the Relevant Transaction.

Redemption of Notes for Regulatory Event

Subject as set out below under “—*Conditions to redemption and repurchase*,” the Issuer will have the right to redeem the Notes as a whole, but not in part, at its option at any time at a redemption price equal to 100% of the prevailing principal amount of the Notes together with any unpaid interest on the prevailing principal amount of the Notes for the period from (and including) the most recent Interest Payment Date to (but excluding) the date of redemption, except to the extent that the Issuer has determined not to pay or ANZ is obliged not to pay such interest as described under “—*Interest on the Notes—Non-payment of Interest*,” if a Regulatory Event occurs; provided, however, that ANZ shall deliver to the Fiscal Agent an opinion of

reputable legal counsel confirming that the conditions that must be satisfied for such redemption have been satisfied or have occurred.

Immediately prior to the giving of any notice of such a redemption of Notes, the Issuer will deliver to the Fiscal Agent an Officer's Certificate stating that the Issuer is entitled to effect such redemption and setting forth in reasonable detail a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem the Notes have occurred.

As used herein, "**Regulatory Event**" means the receipt by the directors of ANZ of an opinion from a reputable legal counsel, that, as a result of any amendment to, clarification of or change (including any announcement of a change that will be introduced) in, any law or regulation in Australia or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations or any statement of APRA, which amendment, clarification or change is effective, or pronouncement, action or decision is announced, or statement is made, on or after the Issue Date and which on the Issue Date is not expected by ANZ to come into effect (each, a "**Regulatory Change**"), the directors of ANZ determine that ANZ is not or will not be entitled to treat all Notes as Additional Tier 1 Capital in whole.

Repurchases

Subject as set out below under "*Conditions to redemption and repurchase*," ANZ (or any Related Entities) may, to the extent permitted by applicable laws and regulations, repurchase your Note at any time and at any price in the open market, in private negotiated transactions or otherwise.

At the date of this Offering Memorandum, a related entity is one over which an authorized deposit-taking institution (as defined in the Banking Act) or parent entity exercises control or significant influence and can include a parent company, a sister company, a subsidiary or any other affiliate.

Conditions to redemption and repurchase

Notwithstanding anything to the contrary in this Offering Memorandum, the Issuer may not redeem and ANZ may not repurchase any Notes without the prior written approval of APRA.

Holders should not expect that APRA's approval will be given for any redemption or repurchase of a Note.

Additionally, the Issuer will not be permitted to redeem and ANZ will not be permitted to repurchase any Notes unless:

- (a) the Notes are replaced concurrently or beforehand with a Tier 1 Capital instrument of the same or better quality and the replacement of the Notes is done under conditions that are sustainable for ANZ's income capacity; or
- (b) APRA is satisfied that the capital position of the ANZ Level 1 Group and the ANZ Level 2 Group is well above its minimum capital requirements after the Issuer elects to redeem or ANZ repurchases the Notes.

Notice will be given once not more than 60 days nor less than 30 days prior to the date fixed for redemption. If by reason of the suspension of regular mail service, or by reason of any other cause, it shall be impracticable to give notice to the Holders in the manner prescribed herein, then such notification in lieu thereof as shall be made by the Issuer or by the Fiscal Agent on behalf of and at the instruction of the Issuer shall constitute sufficient provision of such notice, if such notification shall, so far as may be practicable, approximate the terms and conditions of the mailed notice in lieu of which it is given. Neither the failure to give notice nor any defect in any notice given to any particular Holder shall affect the sufficiency of any notice with respect to that Holder or any other Holders. Such notices will be deemed to have been given on the date of such mailing.

Conversion of the Notes

Trigger Events

(a) As used herein:

- a “**Common Equity Capital Trigger Event**” means that ANZ determines, or APRA has notified ANZ in writing that it believes, that a Common Equity Capital Ratio is equal to or less than 5.125% (such determination or notification being a “**Capital Deficiency Determination**”). ANZ must immediately notify APRA in writing if ANZ makes a Capital Deficiency Determination.
- a “**Non-Viability Trigger Event**” means the earlier of:
 - the issuance of a notice in writing by APRA to ANZ that conversion or write off of Relevant Securities (including, without limitation, the Notes) is necessary because, without it, APRA considers that ANZ would become non-viable; or
 - a determination by APRA, notified to ANZ in writing, that without a public sector injection of capital, or equivalent support, ANZ would become non-viable,

each such determination being a “**Non-Viability Determination.**”

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

See “—*Certain defined terms*” for the meanings of certain other capitalized terms used in this Section.

For so long as the Notes are held by a nominee for DTC, promptly following receipt of the Trigger Event Notice (as defined below) by DTC (the “**Trigger Event Notice Receipt Date**”), DTC will post the Trigger Event Notice on its Reorganization Inquiry for Participants System pursuant to DTC’s procedures then in effect (or such other system as DTC uses for providing notices to holders of securities) and will suspend all clearance and settlement of the Notes that are specified by the Trigger Event Notice to be Notes that have been Converted (“**Relevant Notes**”), with such suspension commencing no later than the close of the next day following the Trigger Event Notice Receipt Date that is a Business Day in New York City (the date of such suspension, the “**Suspension Date**”). Promptly following its receipt of the Trigger Event Notice, DTC will, pursuant to its procedures currently in effect, post the Trigger Event Notice to its Reorganization Inquiry for Participants System.

Holders of Relevant Notes will not be able to settle the transfer of any Relevant Notes from the Suspension Date, and any sale or transfer of the Relevant Notes that a Holder of Relevant Notes may have initiated prior to the Suspension Date that is scheduled to settle after the Suspension Date will be rejected by DTC and will not be settled within DTC.

The Trigger Event Notice shall request that (to the extent not previously provided) Holders of Relevant Notes provide to ANZ or the Holders’ Nominee (as defined below) a notice (a “**Conversion Shares Settlement Notice**”), containing the information specified in subsection (b) of the subsection “—*Conversion following a Trigger Event.*”

For so long as the Notes are held by a nominee of DTC, the Conversion Shares Settlement Notice must be given in accordance with the standard procedures of DTC (which may include the notice being given to ANZ by electronic means) and in a form acceptable to DTC and to ANZ. In order to obtain delivery of Ordinary Shares in respect of Relevant Notes, a Holder of Relevant Notes must (subject as set out below) deliver its Conversion Shares Settlement Notice on or before the date that is 30 days after the Trigger Event Notice Receipt Date (the “**Notice Cut-off Date**”).

Conversion following a Trigger Event

(b) If a Trigger Event occurs:

- (i) on the Trigger Event Conversion Date, subject only to subsection (f) below, such principal amount of the Notes as is required by the relevant Capital Deficiency Determination or Non-Viability Determination, as applicable, to be Converted will immediately Convert, provided that:
 - (A) where a Common Equity Capital Trigger Event occurs and such Capital Deficiency Determination does not require all Relevant Securities to be converted into Ordinary Shares or written off, such principal amount of the Notes shall Convert as is sufficient (determined by ANZ in accordance with subsection (b)(ii) below) to increase each relevant Common Equity Capital Ratio of ANZ to a percentage above 5.125%, as determined by ANZ in consultation with APRA; or
 - (B) where a Non-Viability Trigger Event occurs under limb (i) of the definition of Non-Viability Trigger Event and such Non-Viability Determination does not require all Relevant Securities to be converted into Ordinary Shares or written off, such principal amount of the Notes shall Convert as is sufficient (determined by ANZ in accordance with subsection (b)(ii) below) to satisfy APRA that ANZ is viable without further conversion or write off; or
 - (C) where a Non-Viability Trigger Event occurs under limb (ii) of the definition of Non-Viability Trigger Event, all the principal amount of all of the Notes will be Converted; and
- (ii) on the Trigger Event Conversion Date, the rights of each Holder (including to payment of principal and of interest with respect to such Note or portion thereof) in relation to each Note or the relevant portion thereof that is being Converted will be immediately and irrevocably terminated for an amount equal to the relevant prevailing principal amount of that Note that is being Converted and ANZ will apply that amount by way of payment for subscription for the Ordinary Shares to be allotted to such Holder in accordance with this section.

In determining the number of Notes that must be Converted, ANZ will:

- (A) first, convert into Ordinary Shares or write off Relevant Securities whose terms require or permit them to be converted into Ordinary Shares or written off before Conversion of the Notes or in full; and
- (B) second, if conversion into Ordinary Shares or write off of those Relevant Securities is not sufficient to satisfy the requirements of subsection (b)(i) above, Convert Notes and convert into Ordinary Shares or write off other Relevant Securities on an approximately pro rata basis or in a manner that is otherwise, in the opinion of ANZ, fair and reasonable (subject to such adjustment as ANZ may determine to take into account the effect on marketable parcels and the need to round to whole numbers the number of Ordinary Shares and any Notes or other Relevant Securities remaining on issue or outstanding, as the case may be, and the need to effect the conversion immediately) and, for the purposes of this subsection (b)(ii)(B), where the specified currency of the principal amount of Relevant Securities is not the same for all Relevant Securities, ANZ may treat them as if converted into a single currency of ANZ's choice at such rate of exchange for each such specified currency as, in each case, ANZ in good faith considers reasonable,

- provided that such determination does not impede the immediate Conversion of the relevant number of Notes;
- (iii) on the Trigger Event Conversion Date, ANZ shall determine the Holders whose Notes or portions thereof will be Converted at the time and on the 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 and date 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 or delay the immediate Conversion of the relevant principal amount of Notes;
 - (iv) ANZ must give notice of its determination pursuant to subsection (b)(iii) above (a “**Trigger Event Notice**”) as soon as practicable to the Fiscal Agent and, for so long as the Notes are held by a nominee of DTC, to Holders via DTC which must specify:
 - (A) the Trigger Event Conversion Date;
 - (B) the principal amount of the Notes Converted; and
 - (C) the relevant number or principal amount of other Relevant Securities converted or written off;
 - (v) for so long as the Notes are held by a nominee of DTC, ANZ shall request that DTC post the Trigger Event Notice on its Reorganization Inquiry for Participants System pursuant to DTC’s procedures then in effect (or such other system as DTC uses for providing notices to holders of securities) and suspend all clearance and settlement of the Relevant Notes, with such suspension commencing no later than the Suspension Date;
 - (vi) for so long as the Notes are held by a nominee of DTC, the procedures set forth in subsections (b)(iv) and (b)(v) above are subject to change to reflect changes in DTC practices, and ANZ may make changes to the procedures set forth in this subsection “—*Conversion following a Trigger Event,*” to the extent reasonably necessary, in the opinion of ANZ, to reflect such changes in DTC practices;
 - (vii) none of the following events shall prevent, impede or delay the Conversion of Notes as required by subsection (b)(i) above:
 - (A) any failure or delay in the conversion or write off of other Relevant Securities;
 - (B) any failure or delay in giving a Trigger Event Notice or in any delay by DTC in posting such notice as contemplated by subsection (b)(v) above;
 - (C) any failure or delay in the quotation of Ordinary Shares to be issued on Conversion; or
 - (D) any failure by a Holder or any other party to comply with subsection (c) or subsection (i) below; and
 - (viii) from the Trigger Event Conversion Date, subject to subsection (f) and subsection (g)(iii)(C) below, ANZ shall treat the Holder of any Note or portion thereof which is required to be Converted as the holder of the relevant number of Ordinary Shares and will take all such steps, including updating any register, required to record the Conversion and the issuance of such Ordinary Shares.
- (c) Where a principal amount of Notes is required to be Converted pursuant to the terms described in this subsection “—*Conversion following a Trigger Event,*” a Holder of Notes or portion thereof that are

subject to Conversion wishing to receive Ordinary Shares must, no later than the Trigger Event Conversion Date (or, in the case where subsection (e)(vii) below applies, within 30 days of the date on which Ordinary Shares are issued upon such Conversion), have provided to ANZ or (if then appointed) the Holders' Nominee a Conversion Shares Settlement Notice setting out:

- (i) its name and address (or the name and address of any person in whose name it directs the Ordinary Shares to be issued) for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares;
- (ii) the security account details of such Holder of Notes in the Clearing House Electronic Subregister System of Australia, operated by the ASX or its affiliates or successors ("CHESS"), or such other account to which the Ordinary Shares may be credited; and
- (iii) such other information as is reasonably requested by ANZ for the purposes of enabling it to issue the Conversion Number (as defined below) of Ordinary Shares to the Holder of Notes,

and ANZ has no duty to seek or obtain such information.

- (d) Subject to the terms described in subsections (e) and (f) below, if, in respect of a Conversion of Notes, ANZ fails to issue, on the Trigger Event Conversion Date, the Conversion Number of Ordinary Shares in respect of the relevant principal amount of such Notes to, or in accordance with the instructions of, the relevant Holder of Notes on the Trigger Event Conversion Date or any Holders' Nominee thereof where subsection (e) below applies, the principal amount of such Notes which would otherwise be subject to Conversion shall remain in issue and outstanding until the Ordinary Shares are issued to, or in accordance with the instructions of, the Holder of such Notes or such Notes are Written Off in accordance with the terms hereof, provided, however, that the sole right of the Holders (in respect of such Notes or the relevant portion thereof that is subject to Conversion) is the right to be issued Ordinary Shares upon Conversion (subject to its compliance with subsection (c) above or to receive the proceeds from their sale pursuant to subsection (e) below, as applicable) and the remedy of such Holder in respect of ANZ's failure to issue the Ordinary Shares is limited (subject always to subsection (f) below) to seeking an order for specific performance of ANZ's obligation to issue the Ordinary Shares to the Holder, or where subsection (e) below applies, to the Holders' Nominee and to receive such proceeds of sale (if any), in each case, in accordance with the Conditions. This Section does not affect the obligation of ANZ to issue the Ordinary Shares when required in accordance with the terms hereof.
- (e) If, in respect of a Note and a Holder of that Note, the Note or portion thereof is required to be Converted and:
 - (i) the Holder of the Note has notified ANZ that it does not wish to receive Ordinary Shares as a result of the Conversion (whether entirely or to the extent specified in the notice), which notice may be given at any time prior to the Trigger Event Conversion Date;
 - (ii) the Notes are held by a registered Holder of the Note whose address in the register is a place outside Australia or who ANZ otherwise believes is not a resident of Australia (a "**Foreign Holder**");
 - (iii) the Holder of that Note is a Clearing System Holder;
 - (iv) for any reason (whether or not due to the fault of the Holder of the Note) ANZ has not received the information required by subsection (c) above prior to the Trigger Event Conversion Date and the lack of such information would prevent ANZ from issuing the Ordinary Shares to the Holder of the Note on the Trigger Event Conversion Date; or

- (v) a FATCA Withholding is required to be made in respect of the Ordinary Shares issued on the Conversion,

then, on the Trigger Event Conversion Date:

- (vi) where subsections (e)(i), (e)(ii) or (e)(v) above apply, ANZ shall issue the Ordinary Shares to the Holder of the Note only to the extent (if at all) that:

- (A) where subsection (e)(i) above applies, the Holder of the Note has notified ANZ that it wishes to receive them;

- (B) where subsection (e)(ii) above applies, ANZ is satisfied that the laws of both the Commonwealth of Australia and the Foreign Holder's country of residence permit the issue of Ordinary Shares to the Foreign Holder (but as to which ANZ is not bound to enquire), either unconditionally or after compliance with conditions which ANZ in its absolute discretion regards as acceptable and not unduly onerous; and

- (C) where subsection (e)(v) above applies, the issue is net of the FATCA Withholding,

and to the extent ANZ is not obliged to issue Ordinary Shares directly to the Holder of the Note, ANZ will issue the balance of the Ordinary Shares to the Holders' Nominee in accordance with subsection (e)(vii) below;

- (vii) otherwise, subject to applicable law, ANZ will issue the balance of Ordinary Shares in respect of the Holder of the Note to a competent nominee (which may not be ANZ or any of its Related Entities) (the "**Holder's Nominee**") and will promptly notify such Holder of the name of and contact information for the Holders' Nominee and the number of Ordinary Shares issued to the Holders' Nominee on its behalf and, subject to applicable law and:

- (A) subject to subsection (e)(vii)(B) below, the Holders' Nominee will as soon as reasonably possible and no later than 35 days after issue of the Ordinary Shares sell those Ordinary Shares and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to the Holder of the Note;

- (B) where subsection (e)(iii) or (iv) above applies, the Holders' Nominee will hold such Ordinary Shares and will transfer Ordinary Shares to such Holder (or, where subsection (e)(iii) above applies, the person for whom the Clearing System Holder holds the Note) promptly after such person provides the Holders' Nominee with the information required to be provided by such Holder (as if a reference to ANZ is a reference to the Holders' Nominee and a reference to the issue of Ordinary Shares is a reference to the transfer of Ordinary Shares) but only where such information is provided to the Holders' Nominee within 30 days of the date on which Ordinary Shares are issued to the Holders' Nominee upon Conversion of such Note and, where such Holder fails to provide the Holders' Nominee with the information required to be provided by such Holder, the Holders' Nominee will sell the Ordinary Shares and pay the proceeds to such person in accordance with subsection (e)(vii)(A) above; and

- (C) where subsection (e)(v) above applies, the Holders' Nominee shall deal with Ordinary Shares the subject of a FATCA Withholding and any proceeds of their disposal in accordance with FATCA;

- (viii) nothing in this subsection (e) shall affect the Conversion of the Notes of a Holder who is not a person to which any of subsections (e)(i) to (e)(v) above (inclusive) described in this subsection "*—Conversion following a Trigger Event*" applies; and

- (ix) for the purpose of this subsection (e), neither ANZ nor the Holders' Nominee owes any obligations or duties to the Holders in relation to the price at which Ordinary Shares are sold or has any liability for any loss suffered by a Holder as a result of the sale of Ordinary Shares.
- (f) Notwithstanding any other provision of this subsection "*—Conversion following a Trigger Event,*" where Notes are required to be Converted on the Trigger Event Conversion Date and Conversion of the relevant principal amount of the Notes that are subject to Conversion has not been effected within five Trading Days after the relevant Trigger Event Conversion Date for any reason (including an Inability Event), (i) the principal amount of each Note which, but for this subsection (f), would be Converted, will not be Converted and instead will be Written Off with effect on and from the Trigger Event Conversion Date and (ii) ANZ shall notify the Fiscal Agent and the Holders of the foregoing as promptly as practically possible.
- (g) Each Holder of Notes irrevocably:
 - (i) consents to becoming a member of ANZ upon the Conversion of the relevant principal amount of the Notes required to be Converted as described in this subsection "*—Conversion following a Trigger Event*" and agrees to be bound by the constitution of ANZ, in each case, in respect of the Ordinary Shares issued to such Holder on Conversion;
 - (ii) acknowledges and agrees that it (or where subsection (e) so requires, the Holders' Nominee on its behalf) is obliged to accept Ordinary Shares upon a Conversion of the Notes it holds, notwithstanding anything that might otherwise affect a Conversion of such principal amount of Notes, including:
 - (A) any change in the financial position of ANZ since the issue of such Notes;
 - (B) any disruption to the market or potential market for the Ordinary Shares or to capital markets generally;
 - (C) any breach by ANZ of any obligation in connection with such Notes; and
 - (D) any dispute as to the calculation of the Common Equity Capital Ratio;
 - (iii) acknowledges and agrees that where subsection (a) and subsection (b) above apply:
 - (A) there are no other conditions to a Trigger Event or to Conversion occurring as and when provided in this Section;
 - (B) Conversion must occur immediately on the Trigger Event Conversion Date and that may result in disruption or failures in trading or dealings in the Notes;
 - (C) it will not have any rights to vote in respect of any Conversion and the Note does not confer a right to vote at any meeting of members of ANZ; and
 - (D) the Ordinary Shares issued on Conversion may not be listed or quoted at the time of issue, or at all;
 - (iv) acknowledges and agrees that where subsection (f) above applies, no conditions or events other than those referred to in that subsection will affect the operation of that subsection and such Holder will not have any rights to vote in respect of any Write Off under that subsection and has no claim against ANZ arising in connection with the application of that subsection;
 - (v) acknowledges and agrees that, save as set out herein in relation to specific performance following the delivery of a Trigger Event Notice, such Holder of Notes has no right to request a

Conversion of any principal amount of any Notes or to determine whether (or in what circumstances) the principal amount of Notes it holds are Converted;

- (vi) acknowledges and agrees that none of the following shall prevent, impede or delay the Conversion or (where relevant) Write Off of the prevailing principal amount of Notes:
 - (A) any failure to or delay in the conversion or write off of other Relevant Securities;
 - (B) any failure or delay in giving a Trigger Event Notice or other notice required as described in this subsection “—*Conversion following a Trigger Event*”;
 - (C) any failure or delay in the listing or quotation of the Ordinary Shares to be issued on Conversion;
 - (D) any failure or delay by a Holder or any other party in complying with the provisions of subsection (c) above or subsection (i) below; and
 - (E) any requirement to select or adjust the number or principal amount of Notes to be Converted in accordance with subsection (b)(ii)b or (b)(iii) above.
 - (vii) acknowledges and agrees that ANZ is authorized on behalf of the Holder to execute any transfer form or perform any other act as ANZ considers appropriate to reflect the transfers contemplated hereby;
 - (viii) authorizes, directs and requests DTC and any direct participant in DTC or other intermediary through which such Holder holds Notes to take any and all necessary actions, if required, to implement the Conversion or Write Off, as applicable, without any further action or direction on the part of such Holder or the Fiscal Agent;
 - (ix) acknowledges and agrees that the transfer of any Relevant Notes will not be able to be settled from the Suspension Date, and any sale or transfer of the Relevant Notes that a Holder of Relevant Notes may have initiated prior to the Suspension Date that is scheduled to settle after the Suspension Date will be rejected by DTC and will not be settled within DTC; and
 - (x) acknowledges and agrees to any change of branch of ANZ as Issuer and/or payor in the manner and in the circumstances contemplated hereby.
- (h) For the purposes of this “—*Conversion following a Trigger Event*” subsection, “**Written Off**” shall mean that, in respect of a Note or portion thereof that is otherwise subject to Conversion and a Trigger Event Conversion Date:
- (i) the Note or portion thereof that is otherwise subject to Conversion will not be Converted on that date and will not be Converted or redeemed under the terms hereof on any subsequent date; and
 - (ii) with effect on and from the Trigger Event Conversion Date, the relevant Holders’ rights (including to payment of interest and the relevant principal amount) in relation to such Note or portion thereof are immediately and irrevocably terminated and written off; and

“**Write Off**” has a corresponding meaning.

- (i) Subject to the terms described in subsection (c)(ii) of “—*Approved Acquisition Events*,” any Note which is to be Converted or Written Off only in part shall be surrendered with, if ANZ or the Fiscal Agent so requires, due endorsement by, or a written instrument of transfer in form satisfactory to ANZ and the Fiscal Agent duly executed by, the Holder thereof or his attorney duly authorized in writing, and the Issuer shall execute, and the Fiscal Agent shall authenticate and deliver to the registered

Holder of such Note without service charge, a new Note or Notes of like form, of any aggregate principal amount equal to and in exchange for the non-Converted or non-Written Off portion of the principal amount of the Note so surrendered.

- (j) If a Capital Deficiency Determination or a Non-Viability Determination takes effect, ANZ must perform any obligations in respect of the determination immediately on the day it is made or received by ANZ, whether or not such day is a Trading Day.
- (k) Where a Note is Converted or Written Off only in part, then the amount of any interest scheduled to be paid in respect of that Note on each Interest Payment Date falling after that Trigger Event Conversion Date will be reduced and calculated on the prevailing principal amount of that Note as so reduced on the date of the Conversion or Write Off.

Approved Acquisition Events

For so long as any Note remains outstanding,

- (a) where either of the following occurs:
 - (i) a takeover bid (as defined in the Corporations Act) is made to acquire all, or some of, the Ordinary Shares and such offer is, or becomes, unconditional and either:
 - (A) the bidder has at any time during the offer period, a relevant interest in more than 50% of the Ordinary Shares in issue; or
 - (B) the directors of ANZ, acting as a board, issue a statement that at least a majority of its directors who are eligible to do so have recommended acceptance of such offer (in the absence of a higher offer); or
 - (ii) 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 Ordinary Shares that will be in issue after the scheme is implemented and:
 - (A) all classes of members of ANZ pass all resolutions required to approve the scheme by the majorities required under the Corporations Act, to approve the scheme;
 - (B) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares; and
 - (C) 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,(each an “**Acquisition Event**”); and
- (b) the bidder (or its ultimate holding company) or the person having a relevant interest in the Ordinary Shares in ANZ after the scheme is implemented (or any entity that Controls the bidder or the person having the relevant interest) is an Approved Acquirer,

each Holder shall, by its purchase and acceptance of such Note, agree that, upon the occurrence of any of the foregoing events, without further authority, assent or approval of the Holders (but with the prior written approval of APRA):

- (c) the Issuer may amend the Conditions such that, unless APRA otherwise agrees, on any date the prevailing principal amount (or any part thereof) of the Notes is to be Converted:

- (i) each Note that is being Converted in whole will be automatically transferred by each Holder free from encumbrance to the Approved Acquirer on the date the Conversion is to occur;
- (ii) each Note that is being Converted only in part shall be surrendered with, if the Issuer or the Fiscal Agent so requires, due endorsement by, or a written instrument of transfer in a form satisfactory to the Issuer and the Fiscal Agent duly executed by, the Holder thereof or his attorney duly authorized in writing, and the Issuer shall execute, and the Fiscal Agent shall authenticate and deliver to:
 - (A) the Holder of such Note without service charge, a new Note or Notes of like form and of the aggregate principal amount equal to and in exchange for the portion of the principal amount of the Note so surrendered that is not to be Converted; and
 - (B) the Approved Acquirer without service charge, a new Note of like form and of the aggregate principal amount equal to and in exchange for the principal amount of the Note so surrendered that is to be Converted,

provided that any failure or delay by any party in complying with these provisions shall not prevent, impede or delay the Conversion or Write Off of the Notes;

- (iii) each Holder (or Holders' Nominee in accordance with subsections (c) or (e) of "*—Conversion following a Trigger Event*" (as applicable), which provisions shall apply, *mutatis mutandis*, to such Approved Acquirer Ordinary Shares) of the Note or portion thereof being Converted will be issued a number of Approved Acquirer Ordinary Shares equal to the Conversion Number and the Conversion mechanics that would have otherwise been applicable to the determination of the number of Ordinary Shares shall apply (with any necessary changes) to the determination of the number of such Approved Acquirer Ordinary Shares; and
 - (iv) as between ANZ and the Approved Acquirer, each Note held by the Approved Acquirer as a result of the transfer will be automatically Converted into a number of Ordinary Shares the aggregate market value of which equals the prevailing principal amount of that Note (determined on the basis set out in "*—Conversion Mechanics*" using a VWAP calculated on the basis of the last period of 5 Trading Days on which trading in Ordinary Shares took place preceding, but not including, the Trigger Event Conversion Date (whether such period occurred before or after the Acquisition Event occurred) and subject in all cases to the Maximum Conversion Number); and
- (d) the Issuer may make such other amendments as in the Issuer's reasonable opinion are necessary and appropriate in order to effect the substitution of an Approved Acquirer as the provider of the ordinary shares to be delivered upon Conversion in the manner contemplated by the terms hereof and consistent with the requirements of APRA in relation to Additional Tier 1 Capital, including, without limitation:
- (i) to the definitions of "Conversion," "Inability Event," "Ordinary Shares," "Relevant Security" and/or "Trigger Event" and to the procedures relating to Conversion and Write Off as contemplated herein to reflect the identity of the Approved Acquirer as the provider of the ordinary shares to be delivered upon Conversion;
 - (ii) to cause any necessary adjustment to be made to the Maximum Conversion Number and to any relevant VWAP or Issue Date VWAP consistent with the principles of adjustment set out in "*—Conversion Mechanics*" below; and

- (iii) to the terms hereof such that any right of Holders to require delivery of ordinary shares of the Approved Acquirer is consistent with the limited right of Holders to require delivery of Ordinary Shares following a Conversion as set out herein.

The Issuer shall give a notice to the Fiscal Agent and to Holders as soon as practicable after such amendments as described herein specifying the amendments to the terms hereof which will be made as described herein to effect the substitution of an Approved Acquirer as the issuer of Ordinary Shares on Conversion.

After a substitution, as described herein, the Approved Acquirer may without the authority, approval or assent of the Holder of Notes, effect a further substitution as described herein (with necessary changes).

A Holder has no right (a) to require the Issuer to make any such amendment or to effect any such substitution or (b) to vote upon, or otherwise require that its approval is obtained prior to the occurrence of, any Acquisition Event, and acknowledges and agrees that there is no provision for any automatic adjustment to the Conditions or the Fiscal and Paying Agency Agreement on account of an Acquisition Event other than by an Approved Acquirer as described above.

If an Acquisition Event occurs and the Issuer does not make any such amendment or substitution prior to the occurrence of a Trigger Event, Holders will remain entitled to Ordinary Shares in ANZ upon Conversion, calculated on the basis of the VWAP for the five Trading Days on which trading in Ordinary Shares last took place (subject as set out above in relation to Write Off) and Holders shall have no right or remedy against the Issuer or ANZ on account of such Acquisition Event occurring or as a result of any subsequent inability to further adjust the VWAP in the manner and at the times set out below.

Conversion Mechanics

1 Conversion

If ANZ must Convert a Principal Amount of a Note, or any part thereof, then, subject to the terms described in “—Conversion of the Notes” the following provisions apply:

- (a) ANZ will allot and issue on the Trigger Event Conversion Date a number of Ordinary Shares in respect of the Principal Amount (as defined below) of that Note (or part thereof) equal to the lower of (i) the Conversion Number and (ii) the Maximum Conversion Number,

where the “**Conversion Number**” is a number calculated according to the following formula:

$$\text{Conversion Number} = \frac{\text{Principal Amount}}{(99\% \times \text{VWAP})}$$

where:

“**Principal Amount**” means in relation to a Note the prevailing principal amount of that Note at the relevant time or the relevant proportion thereof to be Converted, as applicable

“**VWAP**” means the VWAP (expressed in U.S. dollars) during the VWAP Period

and where the

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

$$\text{Maximum Conversion Number} = \frac{\text{Principal Amount}}{\text{Issue Date VWAP} \times 0.2}$$

- (b) on the Trigger Event Conversion Date, the rights of each Holder (including to payment of interest with respect to such Principal Amount) in relation to each Note or portion thereof that is being Converted will be immediately and irrevocably terminated for an amount equal to the Principal Amount of that Note that is being Converted and ANZ will apply that Principal Amount by way of payment for

subscription for the Ordinary Shares to be allotted and issued under subsection 1(a) above. Each Holder is taken to have irrevocably directed that any amount scheduled to be paid under the terms described herein is to be applied as provided for under the terms described herein and no Holder of the Note has any right to payment in any other way;

- (c) any calculation under subsection 1(a) above shall be, unless the context requires otherwise, rounded to four decimal places, provided that, if the total number of additional Ordinary Shares to be allotted to a Holder of the Note in respect of the aggregate Principal Amount of the Notes it holds which is being Converted includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded; and
- (d) the rights attaching to Ordinary Shares issued as a result of Conversion do not take effect until 5.00 p.m. (Melbourne, Australia time) on the Trigger Event Conversion Date (unless another time is required for Conversion on that date). At that time all other rights conferred or restrictions imposed on that Note under the terms hereof will no longer have effect to the extent of the Principal Amount of that Note being Converted (except for the right to receive the Ordinary Shares as set forth in this part 1 and the subsection entitled “—*Conversion following a Trigger Event*” above).

2 *Adjustments to VWAP*

For the purposes of calculating VWAP in the terms hereof:

- (a) where, on some or all of the Trading Days in the relevant VWAP Period, Ordinary Shares have been quoted on the ASX as cum dividend or cum any other distribution or entitlement and the relevant Principal Amount of the Notes will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Trading Days on which those Ordinary 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 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 Tax Act;
 - (ii) (in the case of any other entitlement that is not a dividend or other distribution under subsection 2(a)(i) above which is traded on the ASX on any of those Trading Days) the volume weighted average sale price of all such entitlements sold on the ASX during the VWAP Period on the Trading Days on which those entitlements were traded; or
 - (iii) (in the case of any other entitlement which is not traded on the ASX during the VWAP Period) the value of the entitlement as reasonably determined by the directors of ANZ; and
- (b) where, on some or all of the Trading Days in the VWAP Period, Ordinary Shares have been quoted on the ASX as ex dividend or ex any other distribution or entitlement, and the relevant Principal Amount of the Notes will Convert into Ordinary Shares which would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the Trading Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

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 Ordinary Shares in issue as a result of a division, consolidation or reclassification of ANZ’s share capital (not involving any cash payment or other distribution or compensation to or by holders of Ordinary Shares) (a

“**Reorganization**”), 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 Ordinary Shares is conducted on a post Reorganization basis shall be adjusted by multiplying such daily VWAP by the following formula:

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

where:

“**A**” means the aggregate number of Ordinary Shares immediately before the Reorganization; and

“**B**” means the aggregate number of Ordinary Shares immediately after the Reorganization.

- (b) Any adjustment made by ANZ in accordance with subsection 3(a) above will, absent manifest error, be effective and binding on Holders under the Conditions and the terms described herein will be construed accordingly. Any such adjustment must be promptly notified to all Holders.

4 *Adjustments to Issue Date VWAP*

For the purposes of determining the Issue Date VWAP, corresponding adjustments to VWAP will be made in accordance with parts 2 and 3 above during the 20 Trading Day period over which VWAP is calculated for the purposes of determining the Issue Date VWAP. On and from the Issue Date adjustments to the Issue Date VWAP:

- (a) may be made in accordance with parts 5 to 7 below (inclusive); and
 (b) if so made, will cause an adjustment to the Maximum Conversion Number.

5 *Adjustments to Issue Date VWAP for bonus issues*

- (a) Subject to subsection 5(b) below, if at any time after the Issue Date ANZ makes a pro rata bonus issue of Ordinary Shares to holders of Ordinary 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 Ordinary Shares issued pursuant to the bonus issue; and

“**RD**” means the number of Ordinary Shares in issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue.

- (b) Subsection 5(a) above does not apply to Ordinary 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 subsection 5(a) above, an issue will be regarded as a pro rata issue notwithstanding that ANZ does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing ANZ is not in contravention of the ASX Listing Rules.

- (d) No adjustments to the Issue Date VWAP will be made under this part 5 for any offer of Ordinary Shares not covered by subsection 5(a) above, including a rights issue or other essentially pro rata issue.
- (e) The fact that no adjustment is made for an issue of Ordinary Shares except as covered by subsection 5(a) shall not in any way restrict ANZ from issuing Ordinary Shares at any time on such terms as it sees fit nor require any consent or concurrence of any Holders.

6 *Adjustment to Issue Date VWAP for divisions and similar transactions*

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

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

where:

“**A**” means the aggregate number of Ordinary Shares immediately before the Reorganization; and

“**B**” means the aggregate number of Ordinary Shares immediately after the Reorganization.

- (b) Any adjustment made by ANZ in accordance with subsection 6(a) above will, absent manifest error, be effective and binding on Holders under the terms described herein and these terms will be construed accordingly.
- (c) Each Holder acknowledges that ANZ may, consolidate, divide or reclassify securities so that there is a lesser or greater number of Ordinary Shares at any time in its absolute discretion without any such action requiring any consent or concurrence of any Holders.

7 *No adjustment to Issue Date VWAP in certain circumstances*

Despite the provisions of part 5 and part 6 above, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than 1% of the Issue Date VWAP then in effect.

8 *Announcement of adjustment to Issue Date VWAP*

ANZ will notify the Holder of Notes (an “**Adjustment Notice**”) of any adjustment to the Issue Date VWAP under the terms described herein within 10 Trading Days of ANZ determining the adjustment and the adjustment set out in the announcement will be final and binding.

9 *Ordinary Shares*

Each Ordinary Share issued or arising upon Conversion will rank *pari passu* with all other fully paid Ordinary Shares. The Holders agree not to trade Ordinary Shares issued on Conversion (except as permitted by the Corporations Act, other applicable laws, the ASX Listing Rules or, following an Approved Acquisition Event, any listing rules of any applicable Recognized Exchange) until ANZ has taken such steps as are required by the Corporations Act, other applicable laws, the ASX Listing Rules and/or, following an Approved Acquisition Event, any listing rules of any applicable Recognized Exchange, for the Ordinary Shares to be freely tradeable without such further disclosure or other action and agree to allow ANZ to impose a holding lock or to refuse to register a transfer in respect of Ordinary Shares until such time. See “*Risk Factors—Risk Factors Relating to the Notes.*”

Shareholders hold Ordinary Shares of ANZ through CHESS. We do not issue share certificates to shareholders. Instead, following transfer, we provide shareholders with a shareholding statement (similar to a bank account statement) that sets out the number of Ordinary Shares of ANZ registered in such shareholder’s

name. Shareholders receive subsequent statements at the end of any month in which their shareholding changes and may also request statements at any other time subject to payment of a small administration fee.

10 *Listing Ordinary Shares issued upon Conversion*

ANZ shall use all reasonable endeavors to list the Ordinary Shares issued upon Conversion of the Notes on the ASX (or, following an Approved Acquisition Event, the relevant Recognized Exchange).

11 *Certain definitions*

For the purposes of this “*Conversion Mechanics*” Section the following terms shall have the following meanings:

- “**ASX Operating Rules**” means the market operating rules of the ASX as amended, varied or waived (whether in respect of ANZ or generally) from time to time.
- “**ASX**” means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor.
- “**Issue Date VWAP**” means the VWAP during the Issue Date VWAP Period;
- “**Issue Date VWAP Period**” means the period of 20 Trading Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date, as adjusted in accordance with parts 5 to 7 (inclusive) above.
- “**Tax Act**” means:
 - the Income Tax Assessment Act 1936 of Australia or the Income Tax Assessment Act 1997 of Australia as the case may be and a reference to any Section of the Income Tax Assessment Act 1936 of Australia includes a reference to that Section as rewritten in the Income Tax Assessment Act 1997 of Australia; and
 - any other Act setting the rate of income tax payable and any regulation promulgated under it.
- “**VWAP**” means the arithmetic average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of Ordinary Shares sold on ASX during the VWAP Period or on the relevant days (with each such daily price (if applicable, as adjusted in accordance with parts 2 and 3 above) converted into U.S. dollars on the basis of the spot rate for the sale of the Australian dollar against the purchase of U.S. dollars in the New York foreign exchange market quoted by any leading international bank selected by ANZ on the relevant day of calculation) 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 Ordinary Shares;
- “**VWAP Period**” means:
 - the period of five Trading Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Trigger Event Conversion Date; or
 - in the case of the Issue Date VWAP, the Issue Date VWAP Period.

Mergers and similar transactions

We are generally permitted to consolidate or merge with another person. We are also permitted to convey, transfer or lease our properties and assets substantially as an entirety to any person or buy substantially all of the assets of another person.

However, we may not take any of these actions unless all the following conditions are met:

- Where ANZ consolidates with or merges into another person, or conveys, transfers or leases its properties and assets substantially as an entirety to any person, the person formed by such consolidation or into which ANZ is merged or the person which acquires by conveyance or transfer, or which leases, the properties and assets of ANZ substantially as an entirety shall be a corporation, partnership or trust and shall expressly assume the due and punctual payment of the prevailing principal amount of and interest on the Notes in accordance with the Conditions and the performance or observance of every covenant of the Notes and the Fiscal and Paying Agency Agreement applicable to the Note on the part of ANZ to be performed or observed.
- We deliver to the Holders an Officer's Certificate and opinion of counsel, each stating that the consolidation, merger, lease, conveyance or transfer of assets complies with the Conditions.

If the successor company or entity is not organized and validly existing under the laws of Australia or any State or Territory of Australia, it must expressly agree:

- to indemnify the Holder of the Notes against any tax, assessment or governmental charge required to be withheld or deducted from any payment to such Holder as a consequence of such consolidation, merger, sale of assets or other transaction; and
- that all payments pursuant to the Notes must be made without withholding or deduction for or on account of any tax of whatever nature imposed or levied on behalf of the jurisdiction of organization of such successor company or entity, or any political subdivision or taxing authority thereof or therein, unless such tax is required by such jurisdiction or any such subdivision or authority to be withheld or deducted, in which case, such successor company or entity will increase the relevant interest scheduled to be paid on the Notes by such Additional Amounts in order that the net amounts received by the Holders after such withholding or deduction will equal the amount which would have been received in respect of the Notes in the absence of such withholding or deduction, subject to the same exceptions as would apply with respect to the payment by the Issuer of Additional Amounts in respect of the Notes (substituting the jurisdiction of organization of such successor company or entity for the Commonwealth of Australia),

provided, however, that this indemnity shall not apply to any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and shall not require the payment of Additional Amounts on account of any such withholding or deduction.

If the conditions described above are satisfied with respect to the Notes, and we deliver an Officer's Certificate and an opinion of counsel to that effect, we will not need to obtain the approval of the Holders in order to merge or consolidate or sell our assets. Also, these conditions will apply only if we wish to merge or consolidate with another entity or sell our assets substantially as an entirety to another entity. We will not need to satisfy these conditions if we enter into other types of transactions, including any transaction in which we acquire the stock or assets of another entity, any transaction that involves a change of control of us, but in which we do not merge or consolidate and any transaction in which we sell less than substantially all of our assets.

Also, if we merge, consolidate or sell our assets substantially as an entirety and the successor is a non-Australian entity, neither we nor any successor would have any obligation to compensate you for any resulting adverse tax consequences relating to the Notes.

Notwithstanding the above, the Conditions do not prevent ANZ from consolidating with or merging into any other person or conveying, transferring or leasing its properties and assets substantially as an entirety to any person, or from permitting any person to consolidate with or merge into ANZ or to convey, transfer or lease its properties and assets substantially as an entirety to ANZ where such consolidation, merger, transfer or lease is:

- required by APRA (or any statutory manager or similar official appointed by it) under law and prudential regulation applicable in the Commonwealth of Australia (including, without limitation, the Banking Act or the Financial Sector Transfer (Business Transfer and Group Restructure) Act 1999 of Australia, which terms, as used herein, include any amendments thereto, rules thereunder and any successor laws, amendments and rules)); or
- determined by the board of directors of ANZ or by APRA (or any statutory manager or similar official appointed by it) to be necessary in order for ANZ to be managed in a sound and prudent manner or for ANZ or APRA (or any statutory manager or similar official appointed by it) to resolve any financial difficulties affecting ANZ, in each case in accordance with prudential regulation applicable in the Commonwealth of Australia.

See also “—*Approved Acquisition Events.*”

Modification of the Fiscal and Paying Agency Agreement and the Notes and waiver of covenants

There are several types of changes we can make to the Fiscal and Paying Agency Agreement and the Notes, and these changes may have tax consequences for Holders.

Changes requiring each Holder’s approval

First, there are changes that cannot be made without the written consent or the affirmative vote or approval of the Holders of all outstanding Notes.

Those types of changes are:

- changing the date scheduled for the payment of principal of or any interest on any Note;
- other than as set out above in relation to Conversion and Write Off of the Notes following a Trigger Event and the Issuer’s discretion and/or ANZ’s obligation not to pay interest otherwise scheduled to be paid on the Notes, reducing the principal amount of any Note or the Interest Rate(s) or methodology for determining any reset Interest Rate;
- changing the subordination provisions of a Note or the Conversion or Write Off features (other than adjustments contemplated by the Conditions) applicable thereto, in a manner adverse to the Holder of the Note;
- changing the coin or currency of any payment on a Note;
- changing the Issuer’s obligation to pay Additional Amounts;
- shortening the period during which redemption of the Notes is not permitted or permitting redemption during a period not previously permitted;
- changing the place of payment on a Note;
- reducing the percentage of principal amount of the Notes outstanding necessary to modify, amend or supplement the Fiscal and Paying Agency Agreement or the Notes or to make, take or give any request, demand, authorization, direction, notice, consent, waiver or other action provided in the Fiscal

and Paying Agency Agreement or the Conditions to be made, taken or given or to waive past non-compliance or future compliance;

- reducing the percentage of principal amount of the Notes outstanding required to adopt a resolution or the required quorum at any meeting of Holders at which a resolution is adopted;
- changing any obligation of the Issuer to maintain an office or agency in the places and for the purposes specified in the Conditions or Section 9.1 of the Fiscal and Paying Agency Agreement; or
- changing any of the provisions under this Section “—*Changes requiring each Holder’s approval.*”

Changes requiring a Special Resolution

Changes to or a waiver of the restrictions on Ordinary Share Dividends, Buy Backs and Capital Reductions set forth in “—*Interest on the Notes—Restrictions in the case of non-payment of interest*” may be made if approved by a Special Resolution. As used herein, “**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 and entitled to vote on the resolution at a meeting at which a quorum of Holders is present or (ii) the written consent of Holders representing at least 75% of the aggregate principal amount of the Notes outstanding.

Changes not requiring approval

The second type of change does not require any approval by Holders. These changes are limited to amending the Conditions and the Fiscal and Paying Agency Agreement in connection with an Approved Acquisition Event in the manner set out herein, curing any ambiguity or curing, correcting or supplementing any defective provision, modifying the Fiscal and Paying Agency Agreement or the Notes in any manner determined by the Issuer and the Fiscal Agent to be consistent with the Notes and not adverse to the interest of any Holder of Notes, and evidencing and providing for the acceptance of appointment of a successor or successors to the Agent in its capacity as fiscal agent, paying agent, transfer agent, calculation agent and registrar, as applicable.

Subject to receiving APRA’s prior written approval, ANZ may, by notice to Holders (a “**Branch Change Notice**”), change the branch through which it acts in respect of the Notes to another branch of ANZ in any jurisdiction, including in Australia with effect from the date specified in the notice. ANZ will not change the branch through which it acts in respect of the Notes to a branch in a jurisdiction where it would be illegal by the laws of that jurisdiction to have the Notes on issue or to perform its obligations in respect of the Notes. A Holder has no right to require ANZ to give a Branch Change Notice.

Changes requiring simple majority approval

Any other modification or amendment to the Fiscal and Paying Agency Agreement or the Notes and any other waiver of covenants set out in the Fiscal and Paying Agency Agreement or the Notes shall require:

- the written consent of the Holders of at least a majority of the aggregate principal amount of the Notes at the time outstanding; or
- the adoption of a resolution at a meeting at which a quorum of Holders is present by a majority of the aggregate principal amount of the Notes then outstanding represented at the meeting.

We will be entitled to set any day as a record date for determining which Holders of book-entry Notes are entitled to make, take or give requests, demands, authorizations, directions, notices, consents, waivers or other action, or to vote on actions, authorized or permitted by the Fiscal and Paying Agency Agreement. In addition, record dates for any book-entry Note may be set in accordance with procedures established by the Clearing System Holder from time to time. Therefore, record dates for book-entry Notes may differ from those for other Notes. Book-entry and other indirect owners should consult their banks or brokers for information on

how approval may be granted or denied if we seek to change the Fiscal and Paying Agency Agreement or any Notes or request a waiver.

Changes requiring approval of APRA

Notwithstanding any other provision in the Conditions, the prior written approval of APRA is required to modify, amend or supplement the Conditions or to give consents or waivers in respect of the Notes or take other actions where such modification, amendment, supplement, consent, waiver or other action described above may affect the eligibility of the Notes as Additional Tier 1 Capital. This applies regardless of whether such action would require Holder approval.

Special rules for action by Holders

When Holders take any action under the Fiscal and Paying Agency Agreement, such as approving any change or waiver or giving the Fiscal Agent an instruction, we will apply the following rules.

Only outstanding Notes are eligible

Only Holders of outstanding Notes will be eligible to participate in any action by Holders. Also, we will count only outstanding Notes in determining whether the various percentage requirements for taking action have been met. For these purposes, all Notes authenticated and delivered pursuant to the Fiscal and Paying Agency Agreement will be “outstanding,” except:

- Notes theretofore cancelled by the Registrar or delivered to the Registrar for cancellation or held by the Registrar for reissuance but not reissued by the Registrar;
- Notes, or portions thereof, that have been Converted or Written Off in accordance with the Conditions;
- Notes that have been called for redemption in accordance with the Conditions;
- Notes or portions thereof, for the payment of which moneys in the necessary amount shall have been deposited in trust with the Fiscal Agent;
- Notes in substitution for which other Notes shall have been authenticated and delivered pursuant to the terms of Section 6 of the Fiscal and Paying Agency Agreement unless proof satisfactory to the Registrar is presented that any such Note is held by a person in whose hands such Note is a legal, valid and binding obligation of the Issuer;

provided, however, that in determining whether the Holders of the requisite principal amount of outstanding Notes are present at a meeting of Holders of Notes for quorum purposes or have consented to or voted in favor of any request, demand, authorization, direction, notice, consent, waiver, amendment, modification or supplement to the Fiscal and Paying Agency Agreement, Notes owned directly or indirectly by ANZ or its affiliates shall be disregarded and deemed not to be outstanding.

Form, exchange and transfer of Notes

If the Notes cease to be issued in global form, they will be issued:

- only in fully registered form;
- without interest coupons; and
- in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (or the equivalent thereof in another currency or composite currency).

The Issuer has initially appointed the corporate trust office in the Borough of Manhattan, The City of New York of the Fiscal Agent as its Registrar and Transfer Agent where Notes may be surrendered for registration

of transfer or exchange and has agreed to cause to be kept at such office a register in which, subject to such reasonable regulations as it may prescribe, the Issuer will provide for the registration of Notes and registration of transfers of Notes. The Issuer reserves the right to vary or terminate the appointment of the Fiscal Agent as the Registrar and the Transfer Agent or of any other additional Registrars or Transfer Agents, to appoint additional or other Registrars or Transfer Agents and to approve any change in the office through which any Registrar or Transfer Agent acts, provided that there will at all times be a security registrar and transfer agent for the Notes in the Borough of Manhattan, The City of New York.

Holders will not be required to pay a service charge to transfer or exchange their Notes, but they may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange, and any replacement, will be made only if our Transfer Agent is satisfied with the Holder's proof of legal ownership. The Transfer Agent may require an indemnity before replacing any Notes.

We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

Only the Clearing System Holder (or its nominee) will be entitled to transfer and exchange the Note as described in this subsection, because the Clearing System Holder (or its nominee) will be the sole Holder of the Note.

Subsequent Holders' agreement

Each Holder shall, by its purchase and acceptance of such Note, acknowledge, agree to be bound by, and consent to, the same provisions specified herein to the same extent as the Holders that acquire the Notes upon their initial issuance.

Payment mechanics for Notes

Who receives payment?

If interest is scheduled to be paid on a Note on an Interest Payment Date, we will pay any interest to the person in whose name the Note is registered at the close of business in New York City, New York, United States on the 15th day (whether or not such day is a Business Day) next preceding such Interest Payment Date (the "**Regular Record Date**"). If interest is scheduled to be paid upon redemption, but on a day that is not an Interest Payment Date, we will pay the interest to the person entitled to receive the principal of the Note. If principal or another amount besides interest is due on a Note upon redemption, we will pay the amount to the Holder of the Note against surrender of the Note at a proper place of payment or, in the case of a Global Note, in accordance with the applicable policies of the Clearing System Holder. For the purpose of determining the Holder at the close of business on a Regular Record Date that is not a Business Day, the close of business will mean 5:00p.m. New York City time, on that day.

No payments in the Commonwealth of Australia

The Issuer will not make any payments of principal or any interest on the Notes at any office or agency of ANZ in the Commonwealth of Australia or by check to any address in the Commonwealth of Australia or by transfer to an account maintained with a bank located in the Commonwealth of Australia.

How we will make payments

Payments on global certificates. We will make payments on the global certificates in accordance with the applicable policies as in effect from time to time of the Clearing System Holder. Under those policies, we will pay directly to the Clearing System Holder, or its nominee, and not to any indirect owners who own beneficial interests in the global certificates. An indirect owner's right to receive those payments will be governed by the rules and practices of the Clearing System Holder and its participants, as described below in the section entitled "*Book Entry, Delivery and Form.*"

Payments on non-global Notes. We will make payments on a Note in non-global, registered form as follows. We will pay interest that is scheduled to be paid on an Interest Payment Date by check mailed on the Interest Payment Date to the Holder at his or her address shown on the Fiscal Agent's records as of the close of business on the Regular Record Date. We will make all other payments by check at the Paying Agent described below, against surrender of the Note. All payments by check will be made in next-day funds—i.e., funds that become available on the day after the check is cashed.

Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive payments on their Notes.

Payment when offices are closed

If any payment is otherwise scheduled to be paid on a Note on a day that is not a Business Day, the Issuer will make the payment on the next day that is a Business Day (and for the avoidance of doubt, such payment will be made without any additional interest or penalty). Payments postponed to the next Business Day in this situation will be treated under the Fiscal and Paying Agency Agreement and the Note as if they were made on the original date on which they were scheduled to be paid. Postponement of this kind will not result in a breach of the Conditions or the Fiscal and Paying Agency Agreement or entitle the Holders to exercise any remedies in respect of the Notes.

Paying Agents

We may appoint one or more financial institutions to act as our paying agents. We may add, replace or terminate paying agents from time to time, provided that at all times there will be a paying agent in the Borough of Manhattan, The City of New York. We may also choose to act as our own paying agent. Initially, we have appointed The Bank of New York Mellon, at its corporate trust office in New York City, as the sole paying agent. We must notify the Fiscal Agent of changes in the paying agents.

Unclaimed payments

Regardless of who acts as Fiscal Agent, Paying Agent or Registrar, all money paid by the Issuer to any Fiscal Agent, Paying Agent or Registrar that remains unclaimed at the end of two years after the amount is due to a Holder will be repaid to the Issuer. After that two-year period, the Holder may look only to us for payment and not to the Fiscal Agent, any other Paying Agent or Registrar or anyone else.

Notices

Notices to be given to Holders of a Global Note will be given only to the Clearing System Holder, in accordance with its applicable policies as in effect from time to time. Notices to be given to Holders of Notes not issued in global form will be sent by mail to the respective addresses of the Holders as they appear in the Fiscal Agent's records, and will be deemed given when mailed. Neither the failure to give any notice to a particular Holder, nor any defect in a notice given to a particular Holder, will affect the sufficiency of any notice given to another Holder. Book-entry and other indirect owners should consult their banks or brokers for information on how they will receive notices.

FATCA Information

Each Holder of this Note or an interest therein, by acceptance of this Note or such interest in this Note, agrees to provide the Fiscal Agent with the Noteholder Tax Identification Information and Noteholder FATCA Information (as defined below). If the Fiscal Agent determines that the Holder of this Note or beneficial interest therein has failed to provide such information, the Issuer shall at its sole option under the Conditions, amend the terms of this Note or of the Fiscal and Paying Agency Agreement to enable the Issuer to achieve FATCA Compliance (as defined below) provided that the prior written approval of APRA is required to modify, amend or supplement the terms of the Notes or the Fiscal and Paying Agency Agreement or to give consents or waivers or take other actions where such modification, amendment, supplement, consent, waiver

or other action described above may affect the eligibility of the Note as Additional Tier 1 Capital regardless of whether such action would require Holder approval. In addition, the Holder of this Note, by acceptance of this Note, understands and acknowledges that the Fiscal Agent has the right, under the Conditions and the Fiscal and Paying Agency Agreement, to withhold interest payable with respect to this Note (without any corresponding gross-up) on any beneficial owner of an interest in this Note who fails to comply with the foregoing requirements.

As used herein:

“Noteholder FATCA Information” means information sufficient to eliminate the imposition of U.S. withholding tax under FATCA.

“Noteholder Tax Identification Information” means properly completed and signed tax certifications (generally, in the case of U.S. Federal Income Tax, IRS Form W-9 (or applicable successor form) in the case of a person that is a “United States Person” within the meaning of Section 7701(a)(30) of the Code or the appropriate IRS Form W-8 (or applicable successor form) in the case of a person that is not a “United States Person” within the meaning of Section 7701(a)(30) of the Code).

“FATCA Compliance” means the requirement that foreign financial institutions, including any foreign subsidiaries of U.S.-based organizations, take all appropriate steps to comply with FATCA, including but not limited to:

- (a) entering into an Foreign Financial Institution Agreement with the United States Internal Revenue Service (“**IRS**”) which states an intent to comply with FATCA;
- (b) implementing adequate due diligence procedures on new and existing accounts to classify account Holders or investors as U.S. or non-U.S.;
- (c) withholding 30% in U.S. taxes when individuals fail to provide appropriate documentation or when undertaking business with non-FATCA compliant entities; and
- (d) reporting account information directly to the IRS or indirectly through the relevant national government in the applicable country.

Our relationship with the Fiscal Agent

The Bank of New York Mellon is initially serving as the Fiscal Agent for the Notes issued under the Fiscal and Paying Agency Agreement. The Bank of New York Mellon has provided services for us and our affiliates in the past and may do so in the future. Among other things, The Bank of New York Mellon serves as trustee or agent with regard to some of our other debt obligations.

The Fiscal and Paying Agency Agreement provides that the Issuer agrees to indemnify the Fiscal Agent for, and hold it harmless against, any loss, liability, claim, damage or expense, incurred without negligence, willful misconduct or bad faith, arising out of or that is in any way related to the Fiscal and Paying Agency Agreement or any Note in connection with its acting as Fiscal Agent of the Issuer under the Fiscal and Paying Agency Agreement, as well as the reasonable costs and expenses of defending against any claim of liability in the premises or in respect of any work undertaken as a result of a Trigger Event. The Fiscal and Paying Agency Agreement provides that no party shall be liable to another contracting party for consequential or indirect loss of any kind whatsoever or for loss of business, goodwill, opportunity or profit. The Fiscal and Paying Agency Agreement provides that the Fiscal Agent shall be protected and shall incur no liability for or in respect of any action taken or thing suffered by it in reliance upon any Note, notice, direction, consent, certificate, affidavit, statement, or other paper document (whether in original or facsimile form) believed by it,

in good faith and without negligence, to be genuine and to have been presented, signed or sent by an Authorized Representative of the Issuer.

The Fiscal Agent in its various capacities assumes no responsibility for the accuracy or completeness of the information concerning the Issuer or any other party contained in this Offering Memorandum or for any failure by the Issuer or any other party to disclose events that may have occurred and may affect the significance or accuracy of such information.

Except as expressly set out in the Fiscal and Paying Agency Agreement and this section, the Fiscal and Paying Agency Agreement does not impose any duties upon the Fiscal Agent with respect to any Conversion or Write Off of Notes following the occurrence a Trigger Event. In particular, the Fiscal Agent shall have no responsibility for (i) calculating the number of ordinary shares issuable upon any Conversion nor (ii) effecting any Conversion.

The Fiscal Agent has no responsibility for nor liability with respect to actions taken or not taken by the DTC or any other clearing system or its participants or members or any broker-dealers with respect to the notification or implementation of the Trigger Event Notice, nor any application of funds or delivery of notices prior to a Conversion or Write Off of Notes.

Whenever the Fiscal Agent shall have discretion or permissive power in accordance with the Fiscal and Paying Agency Agreement or the law, the Fiscal Agent may decline to exercise the same in the absence of approval by the Holders and shall have no obligation to exercise the same unless it has been indemnified or provided with security to its satisfaction against all actions proceedings, claims, actions or demands to which it may render itself liable and all costs, damages, charges, expenses and liabilities which it may incur by so doing.

The Fiscal Agent is permitted to engage in other transactions with the Issuer and can profit therefrom without being obliged to account for such profit. The Fiscal Agent shall not be under any obligation to monitor any conflict of interest, if any, which may arise between itself and the Issuer.

Governing law and jurisdiction

The Notes and the Fiscal and Paying Agency Agreement will be governed by, and construed in accordance with, the laws of the State of New York without reference to the State of New York principles regarding conflicts of laws, except as to authorization and execution by the Issuer of these documents and except for the provisions of the Conditions described under “—*Status and Subordination of the Notes and how the Notes rank against other liabilities*,” “—*Conversion of the Notes*,” “—*Approved Acquisition Events*,” “—*Conversion Mechanics*” and “—*Mergers and similar transactions*” and Section 11.7 and Section 12 of the Fiscal and Paying Agency Agreement (the “**Victorian Law Matters**”), which in each case will be governed by and shall be construed in accordance with the laws of the State of Victoria and the Commonwealth of Australia.

The courts of the Borough of Manhattan, The City of New York are to have jurisdiction to settle any disputes that may arise out of or in connection with the Notes and the Fiscal and Paying Agency Agreement and accordingly any legal action or proceedings arising out of or in connection with the Notes and the Fiscal and Paying Agency Agreement (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) (“**Proceedings**”) may be brought in such courts. The Issuer and ANZ have in the Fiscal and Paying Agency Agreement each irrevocably submitted to the non-exclusive jurisdiction of the courts of the Borough of Manhattan, The City of New York in respect of any such Proceedings and to the jurisdiction of the State of Victoria and the Commonwealth of Australia in respect of any Proceedings relating to Victorian Law Matters.

The Issuer and ANZ have each appointed Australia and New Zealand Banking Group Limited, New York branch, with its offices at 277 Park Avenue, New York, New York, 10172, as our agent for service of process in the City of New York in connection with any Proceedings in the City of New York.

Restrictions on transfer

The Joint Lead Managers propose to resell and/or place the Rule 144A Notes (as defined below) to certain institutions in the United States in reliance upon Rule 144A under the Securities Act. Notes that are initially offered and sold in the United States to “qualified institutional buyers” or “QIBs” (the “**Rule 144A Notes**”) may not be sold or otherwise transferred, except, in the United States, pursuant to registration under the Securities Act or in accordance with Rule 144A or, outside the United States to non-U.S. persons, pursuant to Rule 904 of Regulation S thereunder (the “**Regulation S Notes**”) or, in either case, in a resale transaction that is otherwise exempt from such registration requirements, and each of the Global Notes will bear a legend to this effect. In light of current U.S. securities laws, subject to certain exceptions, an exemption should be available for a sale or transfer of a Rule 144A Note after its Specified Date. The “**Specified Date**” means (A) with respect to any Rule 144A Note, the date following the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act (such period the “**applicable holding period**”) after the later of (i) the date of acquisition of such Rule 144A Note from ANZ or an affiliate of ANZ, or (ii) any resale of such Rule 144A Note in reliance on Rule 144 under the Securities Act for the account of either the acquiror or any subsequent holder of such Rule 144A Note, in each case demonstrated to the reasonable satisfaction of ANZ (which may require delivery of legal opinions); or (B) with respect to any Regulation S Note, the date which is 40 days after the later of the commencement of the offering or the closing date (such period the “**distribution compliance period**”).

Unless a holder of a Rule 144A Note holds such Rule 144A Note for the entire applicable holding period, such holder may not be able to determine the Specified Date because such holder may not be able to determine the last date on which ANZ, or any affiliate thereof, was the beneficial holder of such holder’s Rule 144A Note. The Transfer Agent and the Registrar will not be required to accept for registration or transfer any Rule 144A Notes, except upon presentation of satisfactory evidence (which may include legal opinions) that the restrictions on transfer have been complied with, all in accordance with such reasonable regulations as ANZ may from time to time agree with such Fiscal Agent.

Certain defined terms

“**Additional Tier 1 Capital**” means the additional tier 1 capital of the ANZ Level 1 Group or the ANZ Level 2 Group (or, if applicable, the ANZ Group on a Level 3 basis) as defined by APRA from time to time.

“**ANZ Group**” shall mean ANZ and its Controlled Entities.

“**ANZ Level 1 Group**” means ANZ and those of its Controlled Entities included by APRA from time to time in the calculation of ANZ’s capital ratios on a Level 1 basis.

“**ANZ Level 2 Group**” means ANZ together with each Related Entity included by APRA from time to time in the calculation of ANZ’s capital ratios on a Level 2 basis.

“**Approved Acquirer**” means the ultimate holding company of ANZ (whether incorporated in Australia or elsewhere) arising as a result of an Approved Acquisition Event.

“**Approved Acquisition Event**” means an Acquisition Event in respect of which each of the following conditions is satisfied:

- (a) the entity which has or is to become the Approved Acquirer has assumed all of ANZ’s obligations to Convert the Notes into Ordinary Shares by undertaking to convert such Notes into Approved Acquirer Ordinary Shares on any Trigger Event in respect of the Approved Acquirer;

- (b) the Approved Acquirer Ordinary Shares are listed on ASX or another Recognized Exchange; and
- (c) ANZ, in its sole and absolute discretion, has determined that the arrangements for the issuance of Approved Acquirer Ordinary Shares to Holders following a Trigger Event are in the best interests of ANZ having regard also to the interests of the Holders and are consistent with applicable law and regulation (including, but not limited to, the guidance of APRA or any other applicable regulatory authority).

“**Approved Acquirer Ordinary Share**” means a fully paid ordinary share in the capital of the Approved Acquirer.

“**ASX Listing Rules**” means the listing rules of the ASX, as amended, varied or waived (whether in respect of ANZ or generally).

“**APRA**” means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of ANZ, the ANZ Group or any authorized non-operating holding company in respect of the ANZ Group.

“**Banking Act**” means the Banking Act 1959 of Australia.

“**Clearing System Holder**” means that the Holder is the operator of a clearing system or a depository, or a nominee for a depository, for a clearing system.

“**Common Equity Capital Ratio**” means either of:

- (a) in respect of the ANZ Level 1 Group, the ratio of Common Equity Tier 1 Capital to risk weighted assets of the ANZ Level 1 Group; and
- (b) in respect of the ANZ Level 2 Group, the ratio of Common Equity Tier 1 Capital to risk weighted assets of the ANZ Level 2 Group,

in each case, as prescribed by APRA from time to time.

“**Common Equity Tier 1 Capital**” has the meaning given by APRA from time to time.

“**Control**” has the meaning given in the Corporations Act.

“**Controlled Entity**” shall mean, in respect of ANZ, an entity ANZ Controls.

“**Conversion**” means, in relation to a Note, the allotment and issue of Ordinary Shares and the termination of the Holder’s rights in relation to the relevant prevailing principal amount of that Note, in each case, as described in “—*Conversion of the Notes*” and “—*Conversion Mechanics*,” and in each case, “**Convert**,” “**Converting**” and “**Converted**” have corresponding meanings.

“**Corporations Act**” means the Corporations Act 2001 of Australia.

“**Inability Event**” shall mean ANZ 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 ANZ) or any other reason from Converting the Notes.

“**Level 1**,” “**Level 2**” and “**Level 3**” means those terms as defined by APRA from time to time.

“**Ordinary Share**” shall mean a fully paid ordinary share in the capital of ANZ and, where the context so requires, means an ordinary share of ANZ issuable upon Conversion of the Notes.

“**Recognized Exchange**” means a recognized stock exchange or securities market in an Organization for Economic Cooperation and Development (“**OECD**”) member state.

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

“**Relevant Security**” shall mean, where a Trigger Event occurs, an Additional Tier 1 Capital instrument that, in accordance with its terms or by operation of law, is capable of being converted into Ordinary Shares or written off where that event occurs (including, without limitation, the Notes, Capital Notes 1, Capital Notes 2, Capital Notes 3, and, where a Common Equity Capital Trigger Event occurs on account of the Common Equity Capital Ratio in respect of the ANZ Level 2 Group, CPS3).

“**Tier 1 Capital**” shall mean the Tier 1 capital of ANZ (on a Level 1 basis) or the ANZ Group (on a Level 2 basis or, if applicable, a Level 3 basis) as defined by APRA from time to time.

“**Trading Day**” means a day which is a business day within the meaning of the ASX Listing Rules.

A “**Trigger Event Conversion Date**” means:

- (a) in the case of a Common Equity Capital Trigger Event, the date on which the Capital Deficiency Determination is made or notified to ANZ; and
- (b) in the case of a Non-Viability Trigger Event, the date on which the Non-Viability Determination is notified to ANZ.

“**UK Banking Act**” means the UK Banking Act 2009 (as amended) of the United Kingdom.

DESCRIPTION OF THE ORDINARY SHARES

Holders may receive Ordinary Shares on Conversion.

ANZ intends to rely on the relief provided by ASIC Corporations (Regulatory Capital Securities) Instrument 2016/71 so that where Notes are converted into Ordinary Shares or ordinary shares of an Approved Acquirer that is an authorized deposit-taking institution, a general insurer, a life company, an authorized NOHC or a registered NOHC for the purposes of the Banking Act, the Insurance Act 1973 of Australia or the Life Insurance Act 1995 of Australia, those shares may be on-sold to investors in Australia without the lodgment of a prospectus being required at that time.

The rights and liabilities attaching to the Ordinary Shares are set out in ANZ's constitution (the "**Constitution**") and are also regulated by the Corporations Act, the ASX Listing Rules and the general law.

This section summarizes the key rights attaching to the Ordinary Shares. It is not intended to be an exhaustive summary of the rights and obligations of shareholders who hold Ordinary Shares of ANZ (the "**Shareholders**"). A description of ANZ's Ordinary Shares and constituent documents can be found under "Section 5: Major Shareholders, Description of Ordinary Shares and Constituent Documents and Related Party Transactions" on pages 63 to 65 of the 2016 Half Year U.S. Disclosure Document and pages 70 to 72 of the 2015 U.S. Disclosure Document, all of which is incorporated by reference herein.

Voting Rights

Subject to the Constitution, the Corporations Act and any rights or restrictions attached to any shares or class of shares, each Shareholder is entitled to attend and vote at a general meeting of ANZ. 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 Shareholder entitled to vote, present in person or by proxy, attorney or representative, has one vote.

On a poll, each Shareholder entitled to vote, present in person or by proxy, attorney or representative, has one vote for each Ordinary Share held. Partly paid Ordinary 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 Ordinary Share.

General Meetings

Notice of a general meeting must be given to each Shareholder in accordance with the Corporations Act. At least 28 days' notice must be given of a meeting of ANZ's Shareholders. Written notice must be given to all Shareholders entitled to attend and vote at a meeting. All Shareholders are entitled to attend to vote at general meetings of ANZ. Voting rights attaching to other classes of shares in the Company may differ. More information can be found under "Section 5: Major Shareholders, Description of Ordinary Shares and Constituent Documents and Related Party Transactions—Convening of and admission to general meetings" of the U.S. Disclosure Documents and is incorporated by reference herein.

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

Dividend Entitlement

Subject to the Corporations Act, the Constitution and the terms of issue of Ordinary Shares, ANZ's Board of Directors may resolve to pay dividends on Ordinary Shares which are considered by the Board to be

appropriate, in proportion to the capital paid up on the Ordinary Shares held by each Shareholder (subject to the rights of holders of shares carrying preferred rights).

Dividend Reinvestment Plan and Bonus Option Plan

Shareholders who are eligible may participate in ANZ'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. 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 otherwise determines, participation in ANZ'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 Ordinary 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. More information regarding ANZ's dividend reinvestment plan or bonus option plan can be found in the U.S. Disclosure Documents under "Section 6: Additional Information–Dividend distribution policy."

Rights of Shareholders on a Winding Up

If ANZ is wound up and its property is more than sufficient to pay all debts, share capital of ANZ and expenses of the Winding Up, the excess must be divided among Shareholders in proportion to the capital paid up on the Ordinary 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, including Notes). A partly paid Ordinary Share is counted as a fraction of a fully paid Ordinary Share equal to the proportion which the amount paid on it bears to the total issue price of the Ordinary Share.

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

Transfer of Ordinary Shares

Subject to the Constitution, Ordinary Shares may be transferred by any means permitted by the Corporations Act or by law. The Board 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 Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules. In addition, subject to the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules, the Board may decline to register a transfer if registration would create a new holding of less than a marketable parcel under the ASX Listing Rules. Transfers of Ordinary Shares may also be restricted by provisions of Australian law that restrict the ability of a person to acquire an interest in ANZ beyond the limits prescribed by those laws, as further described in the U.S. Disclosure Documents under "Major Shareholders, Description of Ordinary Shares and Constituent Documents and Related Party Transactions."

Issues of Further Shares

Subject to the Constitution, Corporations Act and ASX Listing Rules, the Board may issue or grant options in respect of Ordinary Shares on such terms as the Board decides. In particular, the Board may issue preference shares, including redeemable preference shares, or convertible notes with any rights attaching to them that the Board determines prior to issue.

Variation of Rights

ANZ 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 ANZ.

Variation of the Constitution

The Constitution can only be modified by a special resolution in accordance with the Corporations Act. Under the 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.