

News Release

For release: 16 August 2017

ANZ Capital Notes 5 and CPS3 Buy-Back Facility

ANZ today announced that it intends to offer a new Additional Tier 1 capital security, ANZ Capital Notes 5, to raise up to A\$1 billion (**Offer**).

ANZ also announced a Buy-Back Facility under which Eligible CPS3 Holders¹ may apply to sell some or all of their CPS3 and reinvest the proceeds in ANZ Capital Notes 5 or receive cash.

Key points

- **Opening:** the Offer is expected to open on 24 August 2017.
- **Use of proceeds:** ANZ will use the proceeds of the Offer to refinance the convertible preference shares it issued in September 2011 (**CPS3**) and for general corporate purposes.
- **Regulatory capital:** ANZ Capital Notes 5 will constitute Additional Tier 1 Capital under current Australian Prudential Regulation Authority (**APRA**) standards.
- **Joint Lead Managers and Co-Managers:** ANZ Securities, J.P. Morgan, Morgans, Morgan Stanley, UBS and Westpac Institutional Bank have been appointed as Joint Lead Managers. Crestone Wealth Management and Ord Minnett have been appointed as Co-Managers on the transaction.
- **Offer Structure:** The Offer comprises:
 - an **ANZ Securityholder Offer**, open on 24 August 2017, under which:
 - Australian resident holders of ANZ Ordinary Shares, CPS3 and ANZ Capital Notes 1, 2, 3 and 4 who were on the Register for those securities at 7:00pm AET on 11 August 2017 can apply for ANZ Capital Notes 5; and
 - Eligible CPS3 Holders can apply to sell their CPS3 under the Buy-Back Facility and to either reinvest the Buy-Back Price in ANZ Capital Notes 5 or receive the Buy-Back Price in cash;
 - a **Broker Firm Reinvestment Offer**, open on 24 August 2017, under which clients of Syndicate Brokers who are Eligible CPS3 Holders can apply to sell their CPS3 under the Buy-Back Facility and to reinvest the Buy-Back Price in ANZ Capital Notes 5; and
 - a **Broker Firm New Money Offer**, open on 15 September 2017, under which retail clients of Syndicate Brokers, and Institutional Investors that have been invited by ANZ Securities, can apply for ANZ Capital Notes 5. ANZ will not open the Broker Firm New Money Offer if Allocations under the Broker Firm Reinvestment Offer and ANZ Securityholder Offer amount to in aggregate \$1 billion (or such lesser amount as ANZ determines) or for any other reason.

¹ To be an Eligible CPS3 Holder, you must: (1) be a registered holder of CPS3 at 7:00pm AET on 11 August 2017; (2) be shown on the CPS3 register as having an address in Australia; and (3) not be in the United States or acting as a nominee for, or for the account or benefit of, a US Person or not otherwise prevented from receiving the invitation to participate in the Buy-Back Facility and the Offer or receiving ANZ Capital Notes 5 under the laws of any jurisdiction.

- **Pro rata dividend:** CPS3 Holders will receive a dividend on the scheduled CPS3 dividend payment date on 1 September 2017 plus a Pro Rata Dividend on their CPS3 on the Buy-Back Settlement Date (expected to be 28 September 2017), subject to certain conditions (including ANZ resolving to pay each dividend).
- **Closing Dates:** The closing date for the ANZ Securityholder Offer and for the Broker Firm Reinvestment Offer is scheduled to be at 5:00pm AET on 13 September 2017. Should it proceed, the Broker Firm New Money Offer is scheduled to close at 10:00am AET on 27 September 2017.

Further information about the CPS3 Buy-Back Facility

A key element of the ANZ Capital Notes 5 offer is the Buy-Back Facility that will enable ANZ to refinance CPS3. Participation in the Buy-Back Facility by Eligible CPS3 Holders is optional.

- **Buy-Back Facility:** Eligible CPS3 Holders may elect for some or all of their CPS3 to be bought back early for \$100 each on 26 September 2017 (or, in the event that there is a higher market price available on that day for Participating CPS3, that higher market price)², and to have the buy-back proceeds either paid to them in cash or applied to the application payment for ANZ Capital Notes 5 on 28 September 2017.
- **Additional ANZ Capital Notes 5:** Eligible CPS3 Holders will also have the opportunity to apply for additional ANZ Capital Notes 5 under the ANZ Securityholder Offer or the Broker Firm New Money Offer, should it proceed.
- **Remaining CPS3:** As at the date of this release, ANZ has not made any decision how it will deal with the CPS3 which are not bought-back under the Buy-Back Facility. The Prospectus includes more information on the factors ANZ may take into account when determining how it will deal with CPS3 not bought-back under the Buy-Back Facility.
- **Amendment of CPS3 terms:** To facilitate the Buy-Back Facility, ANZ has made certain amendments to the CPS3 terms. The amended CPS3 terms were lodged with the ASX today and are also available on the ANZ website at <http://shareholder.anz.com/pages/convertible-preference-shares>.

ANZ Capital Notes 5 and further information

The ANZ Capital Notes 5 Prospectus, attached to this release (**Prospectus**), has been lodged with ASIC and is available within Australia at capitalnotes5.anz.com or by calling the ANZ Information Line. A replacement Prospectus, containing the Margin, will be made available on the ASX and at capitalnotes5.anz.com when the Offer opens.

Investors who wish to apply for ANZ Capital Notes 5 should read the Prospectus in its entirety and seek professional guidance which takes into account their particular investment objectives, financial situation and needs from a professional advisor who is licensed by ASIC to give such advice.

Applications may only be made during the Offer Period by either completing an online application via capitalnotes5.anz.com quoting your SRN/HIN and pay using BPay[®], or completing a paper application form and returning it, along with payment (by cheque or money order), to the Registry. During the Offer Period, paper copies of the replacement

² If any Participating CPS3 are sold for more than \$100, any amount in excess of \$100 will be allocated among participating CPS3 holders in proportion to the number of CPS3 sold on their behalf. This excess (if any) will be paid to the CPS3 holders in the same way in which distributions on CPS3 have previously been paid to those holders.

Prospectus and personalised Application Forms can be obtained free of charge by calling the ANZ Information Line on the number detailed below.

Key features of ANZ Capital Notes 5

- ANZ Capital Notes 5 are notes issued by ANZ.
- Distributions on ANZ Capital Notes 5 are based on a floating rate and are non-cumulative. Distributions are scheduled to be paid quarterly in arrears, subject to a Payment Condition not existing and ANZ exercising its discretion to pay.
- The Distribution Rate will be calculated as the sum of the 90 day BBSW rate plus the Margin, together multiplied by (1 – the Australian corporate tax rate, which is currently 30%). The Distributions are expected to be fully or substantially franked. If a Distribution is not fully franked, ANZ will pay an additional amount in cash to compensate holders.
- The Margin will be determined under the Broker Firm Reinvestment Offer Bookbuild scheduled for 23 August 2017 and is expected to be in the range of 3.80% to 4.00%.
- On 20 March 2025, ANZ has the right to Convert, Redeem or Resell ANZ Capital Notes 5, subject to certain conditions including APRA's prior written approval.
- ANZ Capital Notes 5 will Convert into a variable number of ANZ Ordinary Shares on 20 March 2027 (subject to certain conditions being satisfied), unless they are Converted, Redeemed or Resold earlier.
- Where a Trigger Event occurs (which includes where ANZ encounters severe financial difficulty), the Notes are subject to Conversion into Ordinary Shares or Write Off, in each case Holders are likely to suffer loss.
- ANZ must convert all ANZ Capital Notes 5 if a Change of Control Event occurs and may Convert, Redeem or Resell all or some ANZ Capital Notes 5 if a Tax Event or Regulatory Event occurs, in each case subject to certain conditions.

Capitalised terms in this release have the meaning given to them in the Prospectus.

For investor enquiries about ANZ Capital Notes 5 please refer to:

- capitalnotes5.anz.com; or
- call the ANZ Information Line on 1800 113 399 (Australia) or +61 3 9415 4010 (international) Monday to Friday 8.30am – 5.30pm AET.

For media enquiries only contact:

Stephen Ries, +61-409-655 551

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Key dates for the ANZ Capital Notes 5 Offer	
Lodgement of the Prospectus with ASIC	16 August 2017
Broker Firm Reinvestment Offer Bookbuild to determine the Margin	23 August 2017
Lodgement of the replacement Prospectus with ASIC and announcement of the Margin	24 August 2017
Opening Date for ANZ Securityholder Offer and Broker Firm Reinvestment Offer	24 August 2017
Closing Date for ANZ Securityholder Offer and Broker Firm Reinvestment Offer	5.00pm AET on 13 September 2017
Announcement of whether or not the Broker Firm New Money Offer will proceed	15 September 2017
Opening Date for Broker Firm New Money Offer (should it proceed)	15 September 2017
Bookbuild for Broker Firm New Money Offer (should it proceed)	20 September 2017
Closing Date for Broker Firm New Money Offer (should it proceed)	10.00am AET on 27 September 2017
Issue Date	28 September 2017
ANZ Capital Notes 5 commence trading on ASX (deferred settlement basis)	29 September 2017
Confirmation Statements despatched by	5 October 2017
ANZ Capital Notes 5 commence trading on ASX (normal settlement basis)	6 October 2017
First quarterly Distribution Payment Date	20 December 2017
Optional Exchange Date	20 March 2025
Mandatory Conversion Date	20 March 2027
Key dates for the CPS3 Buy-Back Facility	
Record date for determining Eligible CPS3 Holders for Buy-Back Facility (relevant CPS3 must also be held on the Closing Date for the Buy-Back Facility)	7:00pm AET on 11 August 2017
Record date for scheduled half yearly dividend for CPS3	17 August 2017
Opening Date for the Buy-Back Facility	24 August 2017
Scheduled half yearly dividend payment date for CPS3	1 September 2017
Closing Date for the Buy-Back Facility	5:00pm AET on 13 September 2017
Expected record date for the Pro Rata Dividend	20 September 2017
Buy-Back Date	26 September 2017
Payment date for Pro Rata Dividend on CPS3	28 September 2017
Buy-Back Settlement Date and payment of the Buy-Back Price or reinvestment of the Buy-Back Price into ANZ Capital Notes 5	28 September 2017

Expected record date for next scheduled half yearly dividend for remaining CPS3	14 February 2018
Scheduled half yearly dividend payment dates and optional redemption dates for remaining CPS3	1 March 2018, 1 September 2018, 1 March 2019, 1 September 2019
Mandatory conversion date for remaining CPS3 (unless otherwise exchanged before that date)	1 September 2019

The key dates and times for the Offer are indicative only and may change without notice.