

News Release

For release: 16 August 2016

ANZ Capital Notes 4 and CPS2 Reinvestment Offer

ANZ today announced that it intends to issue a new Additional Tier-1 capital security, ANZ Capital Notes 4, to raise approximately A\$1 billion with the ability to increase or decrease the offer size.

Key points

- **Opening:** the offer is expected to open on 24 August 2016 and forms part of ANZ's ongoing capital management strategy.
- **Use of proceeds:** ANZ will use the proceeds of the offer to refinance the convertible preference shares it issued in December 2009 (**CPS2**) and for general corporate purposes.
- **Regulatory capital:** ANZ Capital Notes 4 will constitute Additional Tier 1 Capital under current Australian Prudential Regulation Authority (**APRA**) standards.
- **Joint Lead Managers and Co-Managers:** ANZ Securities, Commonwealth Bank of Australia, 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:
 - a **Reinvestment Offer** open on 24 August 2016 to Eligible CPS2 Holders who were on the Register for those securities at 7.00pm (AET) on 8 August 2016 having an address in Australia and not in, or acting as a nominee for a person in, the United States;
 - an **ANZ Securityholder Offer** open on 24 August 2016 to Australian resident holders of ANZ Ordinary Shares, ANZ Convertible Preference Shares 2 and 3, ANZ Capital Notes 1, 2 and 3 and ANZ Subordinated Notes issued in March 2012 who were on the Register for those securities at 7.00pm (AET) on 8 August 2016;
 - a **Broker Firm Offer**, open to clients of Syndicate Brokers invited to participate through the Broker Firm Offer; and
 - an **Institutional Offer**, open to investors that have been invited by ANZ Securities to bid for ANZ Capital Notes 4 through the Institutional Offer.
- **Closing Dates:** The closing date for the Reinvestment Offer (including applications in respect of Reinvestment CPS2 under the Broker Firm Offer) and ANZ Securityholder Offer is scheduled to be at 5:00pm (AET) on 19 September 2016. The Broker Firm Offer is scheduled to close at 10:00am (AET) on 26 September 2016.

Further information about the CPS2 Reinvestment Offer

A key element of the ANZ Capital Notes 4 offer is the Reinvestment Offer that will enable ANZ to refinance CPS2 and offer Eligible CPS2 Holders the opportunity to maintain an investment in securities issued by ANZ. Participation in the Reinvestment Offer is optional.

- **Reinvestment Offer:** Eligible CPS2 Holders may elect for some or all of their CPS2 to be bought back early for \$100 each on 27 September 2016, and to have the buy-back proceeds applied to the application payment for ANZ Capital Notes 4.
- **Pro rata dividend:** Eligible CPS2 Holders who have some or all of their CPS2 reinvested in ANZ Capital Notes 4 will receive a dividend on the scheduled CPS2 dividend payment date on 15 September 2016 plus a Pro Rata Dividend on their Reinvestment CPS2 on 27 September 2016, subject to certain conditions (including ANZ resolving to pay the relevant dividend).
- **Additional ANZ Capital Notes 4:** Eligible CPS2 Holders will also have the opportunity to apply for additional ANZ Capital Notes 4 under the ANZ Securityholder Offer.
- **Resale Notice:** Subject to APRA approval, ANZ expects to issue a CPS2 resale notice so that any CPS2 that are not bought-back by ANZ under the Reinvestment Offer will be mandatorily purchased by a Nominated Purchaser on 15 December 2016, being the initial mandatory conversion date for CPS2. On that date, CPS2 Holders who continue to hold their CPS2 will receive \$100 per CPS2, plus the final scheduled dividend, subject to certain conditions (including ANZ resolving to pay the relevant dividend). If APRA approval is not obtained or an appropriate Nominated Purchaser cannot be identified, the resale may not occur. If the resale does not occur, where the mandatory conversion conditions are satisfied on 15 December 2016, the CPS2 will convert into ANZ Ordinary Shares.
- **Amendment of CPS2 terms:** To facilitate the Reinvestment Offer, ANZ has made certain amendments to the CPS2 terms. The amended CPS2 terms were lodged with ASX today and are also available on the ANZ website at <http://shareholder.anz.com/pages/convertible-preference-shares>.

ANZ Capital Notes 4 and further information

The ANZ Capital Notes 4 Prospectus, attached to this release, has been lodged with ASIC and is available within Australia at capitalnotes4.anz.com or by calling the ANZ Information Line. A replacement Prospectus, containing the Margin and Application Forms, will be made available on the ASX and at capitalnotes4.anz.com when the Offer opens.

Investors who wish to apply for ANZ Capital Notes 4 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 using the Application Form attached to or accompanying the replacement Prospectus that will be available at capitalnotes4.anz.com.

Paper copies of the replacement Prospectus and personalised Application Forms also can be obtained free of charge by calling the ANZ Information Line.

Key features of ANZ Capital Notes 4

- ANZ Capital Notes 4 are notes issued by ANZ.
- Distributions on ANZ Capital Notes 4 are non-cumulative and based on a floating rate. 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 plus the Margin, together multiplied by (1 – the corporate tax rate, which is currently 30%). The Distributions are expected to be fully franked.
- The Margin will be determined following the Bookbuild scheduled for 23 August 2016 and is expected to be in the range of 4.7% to 4.9%.
- On 20 March 2024, ANZ has the right to Exchange ANZ Capital Notes 4, subject to certain conditions including APRA's prior written approval.
- ANZ Capital Notes 4 will Convert into a variable number of ANZ Ordinary Shares on 20 March 2026 (subject to certain conditions being satisfied), unless they are Exchanged earlier.
- Where a Trigger Event occurs (which includes where ANZ suffers significant losses), the Notes are subject to Conversion into Ordinary Shares or Write Off, in which case Holders are likely to suffer a material loss.
- ANZ must convert all ANZ Capital Notes 4 if a Change of Control Event occurs and may Exchange all or some ANZ Capital Notes 4 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 4 please refer to capitalnotes4.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:

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Key dates for the ANZ Capital Notes 4 Offer	
Lodgement of the Prospectus with ASIC	16 August 2016
Bookbuild to determine the Margin	23 August 2016
Announcement of the Margin	23 August 2016
Lodgement of the replacement Prospectus with ASIC	24 August 2016
Opening Date	24 August 2016
Closing Date for ANZ Securityholder Offer	5.00pm AET on 19 September 2016
Closing Date for Broker Firm Offer	10.00am AET on 26 September 2016
Issue Date	27 September 2016
ANZ Capital Notes 4 commence trading on ASX (deferred settlement basis)	28 September 2016
Confirmation Statements despatched by	4 October 2016
ANZ Capital Notes 4 commence trading on ASX (normal settlement basis)	5 October 2016
First quarterly Distribution Payment Date	20 December 2016
Optional Exchange Date	20 March 2024
Mandatory Conversion Date	20 March 2026
Key dates for the CPS2 Reinvestment Offer	
Record date for determining Eligible CPS2 Holders for Reinvestment Offer (relevant CPS2 must also be held on Closing Date for the Reinvestment Offer)	7:00pm AET on 8 August 2016
Opening Date for the Reinvestment offer	24 August 2016
Record date for scheduled quarterly dividend for CPS2	31 August 2016
Scheduled quarterly dividend payment date for CPS2	15 September 2016
Closing Date for the Reinvestment Offer	5:00pm AET on 19 September 2016
Closing Date for the Broker Firm Offer (applications in respect of Reinvestment CPS2)	5:00pm AET on 19 September 2016
Number of Reinvestment CPS2 confirmed and announced	23 September 2016
Reinvestment CPS2 cease trading on ASX (but remain quoted on ASX)	23 September 2016
Reinvestment CPS2 Buy-back Date and payment date for Pro Rata Dividend on Reinvestment CPS2	27 September 2016
Last day of trading for remaining CPS2 on ASX	28 November 2016
Remaining CPS2 cease trading (but remain quoted on ASX)	29 November 2016
Record date for scheduled quarterly dividend for remaining CPS2	30 November 2016
Expected resale of remaining CPS2 to Nominated Purchaser and scheduled quarterly dividend payment date for remaining CPS2	15 December 2016
Expected buy-back of CPS2 from Nominated Purchaser	15 December 2016

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