

## News Release

For release: 16 August 2017

### **ANZ CPS3 (ANZPC) – Amendments to terms**

ANZ today announced that it has amended the terms of the convertible preference shares issued by ANZ in September 2011 (**CPS3**). The amendments have been made to facilitate the Buy-Back Facility for ANZ Capital Notes 5 under which Eligible CPS3 Holders may apply to sell some or all of their CPS3 and reinvest the proceeds in ANZ Capital Notes 5 or receive cash.

Specifically, the changes permit the payment of a Pro Rata Dividend to all CPS3 Holders, including Eligible CPS3 Holders who elect to have some or all of their CPS3 bought-back under the Buy-Back Facility. Payment of the Pro Rata Dividend will be on the day that the buy-back of the CPS3 under the Buy-Back Facility settles, subject to the payment conditions in the CPS3 terms (including that the Board resolves to pay the relevant dividend).

Further details about the offer of ANZ Capital Notes 5, the Buy-Back Facility and the Pro Rata Dividend are set out in a prospectus that was lodged with the ASX and the Australian Securities and Investments Commission today (**Prospectus**).

The amendments to the CPS3 terms are highlighted in the attachment and take effect from today. The amendments have been approved by the Australian Prudential Regulation Authority.

Defined terms referred to in this announcement have the meaning given to them in the Prospectus.

**For investor enquiries about the amendments to the CPS3 terms, ANZ Capital Notes 5 and the Buy-Back Facility please 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

**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION IN WHOLE OR IN PART IN OR INTO THE U.S. This statement does not constitute an offer of any securities for sale. The securities offered will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements.**

# CPS3 TERMS

## 1 CPS3

---

### 1.1 CPS3

CPS3 are fully paid mandatorily convertible preference shares in the capital of ANZ (CPS3). They are issued, and may be Redeemed or Converted, according to these CPS3 Terms. The CPS3 are designated the "September 2011 CPS3" for identification purposes.

CPS3 are not deposit liabilities of ANZ, are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of the Banking Act and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction.

### 1.2 ISSUE PRICE

The issue price of each CPS3 (Issue Price) is \$100.

## 2 TITLE AND TRANSFER

---

### 2.1 TITLE

Title to a CPS3 passes when details of the transfer are entered in the Register.

### 2.2 REGISTER CONCLUSIVE AS TO OWNERSHIP

Entries in the Register in relation to a CPS3 constitute conclusive evidence that the person so entered is the absolute owner of the CPS3 subject to correction for fraud or error.

### 2.3 NON-RECOGNITION OF INTERESTS

Except as required by law and as provided in this clause 2.3, ANZ must treat the person whose name is entered in the Register as the CPS3 Holder in respect of a CPS3 as the absolute owner of that CPS3.

No notice of any trust, Encumbrance or other interest in, or claim to, any CPS3 will be entered in the Register. Neither ANZ nor the Registrar need take notice of any trust, Encumbrance or other interest in, or claim to, any CPS3, except as ordered by a court of competent jurisdiction or required by law, and no trust, Encumbrance or other interest in, or claim to, any CPS3 will in any way affect any provision of these CPS3 Terms.

This clause 2.3 applies whether or not a payment has been made when scheduled on a CPS3 and despite any notice of ownership, trust or interest in the CPS3.

### 2.4 DEALINGS IN WHOLE

At all times, the CPS3 may be held or transferred only in whole CPS3.

### 2.5 TRANSFER IN ACCORDANCE WITH CONSTITUTION

The Constitution contains provisions relating to the transfer of shares and the relevant provisions apply with all necessary modifications to a transfer of CPS3.

### 2.6 REFUSAL TO REGISTER

The Constitution contains provisions allowing the Directors to refuse to register transfers and the relevant provisions apply with all necessary modifications to refusals to register transfers of CPS3 in those circumstances.

### 2.7 TRANSFEROR TO REMAIN HOLDER UNTIL REGISTRATION

The Constitution contains provisions relating to the effect of registration on a transfer and the relevant provisions apply with all necessary modifications to a transfer of CPS3.

### 2.8 TRANSMISSION OF CPS3

The Constitution contains provisions relating to the transmission of shares in certain circumstances (including without limitation on the death of a holder) and the relevant provisions apply with all necessary modifications to the transmission of CPS3 in those circumstances.

## 3 DIVIDENDS

---

### 3.1 DIVIDENDS

Subject to these CPS3 Terms, each CPS3 entitles the CPS3 Holder on a Record Date to receive on the relevant Dividend Payment Date a dividend (Dividend) calculated according to the following formula:

$$\text{Dividend} = (\text{Issue Price} \times \text{Dividend Rate} \times N)$$

where:

Dividend Rate (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Dividend Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

Bank Bill Rate (expressed as a percentage per annum) means, for a Dividend Period, the average mid-rate for bills of a term of 180 days which average mid-rate is displayed on Reuters page BBSW (or any page which replaces that page) on the first Business Day of the Dividend Period or if there is a manifest error in the calculation of that average mid-rate or that average mid-rate is not displayed by 10.30am (Melbourne time) on that date, the rate specified in good faith by ANZ at or around that time on that date having regard, to the extent possible, to:

- (a) the rates otherwise bid and offered for bills of a term of 180 days or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at that time on that date; or
- (b) if bid and offer rates for bills of a term of 180 days are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date.

[provided that in the case of the Dividend Period that commences on the Settlement Date, the Bank Bill Rate is the Bank Bill Rate for the Dividend Period commencing on the Dividend Payment Date that precedes the Settlement Date;](#)

Margin (expressed as a percentage per annum) means the margin determined under the Bookbuild; and

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of ANZ as at the relevant Dividend Payment Date; and

N means in respect of:

- (a) the first Dividend Payment Date, the number of days from (and including) the Issue Date until (but not including) the first Dividend Payment Date; and
- (b) each subsequent Dividend Payment Date, the number of days from (and including) the preceding Dividend Payment Date until (but not including) the relevant Dividend Payment Date.

### 3.2 FRANKING ADJUSTMENTS

If any Dividend is not franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), the Dividend will be calculated according to the following formula:

$$\text{Dividend} = \frac{D}{(1 - [\text{Tax Rate} \times (1 - F)])}$$

where:

D means the Dividend calculated under clause 3.1;

Tax Rate has the meaning given in clause 3.1; and

F means the applicable Franking Rate.

### 3.3 PAYMENT OF A DIVIDEND

Each Dividend is subject to:

- (a) the Directors [\(or their delegates\)](#), at their absolute discretion, resolving to pay that Dividend on the relevant Dividend Payment Date; and
- (b) no APRA Condition existing in respect of the relevant Dividend Payment Date.

### 3.4 DIVIDENDS ARE NON-CUMULATIVE

Dividends are non-cumulative. If all or any part of a Dividend is not paid because of clause 3.3 or because of any applicable law, ANZ has no liability to pay the unpaid amount of the Dividend and CPS3 Holders have no claim or entitlement in respect of such non-payment and such non-payment does not constitute an event of default.

No interest accrues on any unpaid Dividends and the CPS3 Holders have no claim or entitlement in respect of interest on any unpaid Dividends.

### 3.5 DIVIDEND PAYMENT DATES

Subject to this clause 3, Dividends in respect of a CPS3 will be payable in arrears on the following dates (each a Dividend Payment Date):

- (a) each 1 March and 1 September commencing on 1 March 2012 until (but not including) the date on which a Redemption or Conversion of that CPS3 occurs in accordance with these CPS3 Terms; and
- (b) each date on which:
  - (i) a Conversion of that CPS3 occurs; and
  - (ii) subject to clause 8.3(a)(iii), a Redemption of that CPS3 occurs,

in each case in accordance with these CPS3 Terms; [and](#)

[\(c\) the Settlement Date, provided that before the Buy-Back Offer is made, the Directors \(or their delegates\) have declared that Dividend on terms that payment of the Dividend shall be made on the Settlement Date, subject only to clause 3.3\(b\).](#)

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

### 3.6 RECORD DATES

A Dividend is only payable on a Dividend Payment Date to those persons registered as CPS3 Holders on the Record Date for that Dividend.

### 3.7 DEDUCTIONS

- (a) ANZ may deduct from any Dividend payable the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by ANZ to the relevant revenue authority and the balance of the Dividend payable has been paid to the relevant CPS3 Holder, then the full amount payable to such CPS3 Holder shall be deemed to have been duly paid and satisfied by ANZ.
- (b) ANZ shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring any penalty under the applicable law and shall, if required by any CPS3 Holder, deliver to that CPS3 Holder a copy of any relevant receipt issued by the revenue authority (to the extent issued) without delay after it is received by ANZ.

### 3.8 RESTRICTIONS IN THE CASE OF NON-PAYMENT

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

- (a) declare or pay a dividend or make any distribution on any Ordinary Shares; or
- (b) buy back or reduce capital on any Ordinary Shares;

unless the Dividend is paid in full within 3 Business Days of the Relevant Dividend Payment Date.

### 3.9 EXCLUSIONS FROM RESTRICTIONS IN CASE OF NON-PAYMENT

The restrictions in clause 3.8 do not apply to:

- (a) repurchases (including buy-backs), or other acquisitions of Ordinary Shares in connection with:
  - (i) 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;
  - (ii) a dividend reinvestment or bonus option plan or shareholder share purchase plan; or
  - (iii) the issuance of Ordinary Shares, or securities convertible into or exercisable for such shares, as consideration in an acquisition transaction entered into prior to non-payment of the Dividend;
- (b) an exchange, buy-back or conversion of any Ordinary Shares, or any securities of a Subsidiary or of any other entity whose financial results are required to be consolidated with ANZ's financial statements, for any class or series of ANZ Shares;
- (c) the purchase of fractional interests in Ordinary Shares under the conversion or exchange provisions of the shares or the security being converted or exchanged;
- (d) any payment, distribution or declaration of a dividend in connection with any shareholder's rights plan, or the issuance of rights, shares or other property under any shareholder's rights plan, or the redemption or repurchase of rights pursuant to the plan;
- (e) any dividend in the form of shares, warrants, options or other rights where the dividend shares or the shares issuable upon exercise of such warrants, options or other rights are the same class or series of shares as those on which the dividend is being paid or rank equal or junior to those shares; or
- (f) a capital raising by way of a rights or entitlement issue made to holders of one or more capital instruments of ANZ.

Nothing in these CPS3 Terms 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 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).

## 4 MANDATORY CONVERSION

---

#### 4.1 MANDATORY CONVERSION

Subject to clause 4.5, on the Mandatory Conversion Date ANZ must Convert all (but not some) CPS3 on issue at that date into Ordinary Shares in accordance with clause 7 and this clause 4.

#### 4.2 MANDATORY CONVERSION DATE

The Mandatory Conversion Date will be the earlier of:

- (a) 1 September 2019 (the Scheduled Mandatory Conversion Date); and
  - (b) the first Dividend Payment Date after the Scheduled Mandatory Conversion Date (a Subsequent Mandatory Conversion Date),
- (each a Relevant Date) on which the Mandatory Conversion Conditions are satisfied.

#### 4.3 MANDATORY CONVERSION CONDITIONS

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the VWAP on the 25th Business Day immediately preceding (but not including) the Relevant Date (the First Test Date, provided that if no trading in Ordinary Shares took place on that date, the First Test Date is the first Business Day before the 25th Business Day immediately preceding (but not including) the Relevant Date on which trading in Ordinary Shares took place) is greater than 56.00% of the Issue Date VWAP (the First Mandatory Conversion Condition);
- (b) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the Second Test Period) is greater than 50.51% of the Issue Date VWAP (the Second Mandatory Conversion Condition); and
- (c) no Delisting Event applies in respect of the Relevant Date (the Third Mandatory Conversion Condition and, together with the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition, the Mandatory Conversion Conditions).

#### 4.4 NON-CONVERSION NOTICES

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, ANZ will notify CPS3 Holders between the 25th and the 21st Business Day before the Relevant Date; or
- (b) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, ANZ will notify CPS3 Holders on or as soon as practicable after the Relevant Date,

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

#### 4.5 COMMON EQUITY CAPITAL TRIGGER EVENT

A Common Equity Capital Trigger Event means:

- (a) ANZ's Common Equity Capital Ratio as reported in its most recent Relevant Disclosure is equal to or less than 5.125%; or
- (b) ANZ determines, or APRA has notified ANZ in writing that it believes that ANZ's Common Equity Capital Ratio is equal to or less than 5.125%.

#### 4.6 COMMON EQUITY CAPITAL TRIGGER EVENT NOTICE

If a Common Equity Capital Trigger Event occurs:

- (a) ANZ must give notice of that event (a Common Equity Capital Trigger Event Notice) to CPS3 Holders within 1 Business Day of that event occurring;
- (b) ANZ must state in that notice a date on which the CPS3 will Convert (the Common Equity Capital Conversion Date) being, no later than the Business Day after the earliest date allowable for Conversion under the ASX Listing Rules following the date the Common Equity Capital Event Notice is given; and
- (c) on the Common Equity Capital Conversion Date the CPS3 will Convert.

#### 4.7 PRIORITY OF CONVERSION OBLIGATIONS

- (a) Conversion on account of the occurrence of a Common Equity Capital Trigger Event is not subject to the matters described in clause 4.3 as Mandatory Conversion Conditions.
- (b) A Conversion required on account of a Common Equity Capital Trigger Event takes place on the date, and in the manner, required by clause 4.6, notwithstanding anything in clauses 4.1, 5 or 6.

## 5 OPTIONAL EXCHANGE BY ANZ

---

### 5.1 OPTIONAL EXCHANGE BY ANZ

ANZ may by notice to CPS3 Holders (an Exchange Notice) elect to Exchange:

- (a) all or some CPS3 on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event;
- (b) all (but not some only) CPS3 on an Exchange Date following the occurrence of an Acquisition Event; or
- (c) all or some CPS3 on an Optional Exchange Date.

An Exchange Notice once given is irrevocable.

## 5.2 CONTENTS OF EXCHANGE NOTICE

An Exchange Notice must specify:

- (a) the details of the Acquisition Event, Tax Event or Regulatory Event to which the Exchange Notice relates;
- (b) the date on which Exchange is to occur (the Exchange Date), which:
  - (i) in the case of an Acquisition Event:
    - (A) if the Exchange Notice provides that CPS3 are to be Converted, is the Business Day prior to the date reasonably determined by ANZ to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as ANZ may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or
    - (B) otherwise, must be no later than 35 Business Days after the date on which the Acquisition Event occurred, or in either case such later date as APRA may require; or
  - (ii) in the case of a Tax Event or a Regulatory Event, will be the last Business Day of the month following the month in which the Exchange Notice was given by ANZ unless ANZ determines an earlier Exchange Date having regard to the best interests of CPS3 Holders as a whole and the relevant event;
  - (iii) in the case of an Optional Exchange Date, the next Optional Exchange Date falling no earlier than 25 Business Days after the date on which the Exchange Notice is given;
- (c) the Exchange Method, which may not be Redemption unless:
  - (i) in the case of an Acquisition Event, the Acquisition Event has occurred on or after the fifth anniversary of the Issue Date; and
  - (ii) in any case, either:
    - (A) CPS3 the subject of the Exchange are replaced concurrently or beforehand with Tier 1 Capital of the same or better quality; or
    - (B) APRA is satisfied that ANZ's capital position is well above its minimum capital requirements after ANZ elects to Redeem the CPS3;
- (d) if less than all outstanding CPS3 are subject to Exchange, which CPS3 are subject to Exchange;
- (e) if the Exchange Notice provides that CPS3 are to be Redeemed, whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods); and
- (f) whether any Dividend or any amount under clause 8.3(a)(iii) will be paid on the Exchange Date.

## 5.3 EXCHANGE METHOD

If ANZ elects to Exchange CPS3 in accordance with this clause 5, it must, subject to clause 5.2(c) and clause 5.4, elect which of the following (or which combination of the following) it intends to do in respect of CPS3 (the Exchange Method):

- (a) subject to APRA's prior written approval, Convert CPS3 into Ordinary Shares in accordance with clause 7; or
- (b) subject to APRA's prior written approval, Redeem CPS3 in accordance with clause 8.

If ANZ issues an Exchange Notice to Exchange only some CPS3, ANZ must endeavour to treat CPS3 Holders on an approximately proportionate basis, but may discriminate to take account of the effect on holdings which would be Non-marketable Parcels and other considerations.

## 5.4 RESTRICTIONS ON ELECTION BY ANZ OF CONVERSION AS EXCHANGE METHOD

ANZ may not elect Conversion as the Exchange Method in respect of an Exchange under this clause 5 or clause 6 if:

- (a) on the second Business Day before the date on which an Exchange Notice is to be sent by ANZ (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) (the Non-Conversion Test Date) the VWAP on that date is less than or equal to 56.00% of the Issue Date VWAP (the First Optional Conversion Restriction); or
- (b) a Delisting Event applies in respect of the Non-Conversion Test Date (the Second Optional Conversion Restriction and, together with the First Optional Conversion Restriction, the Optional Conversion Restrictions).

## 5.5 CONDITIONS TO CONVERSION OCCURRING ONCE ELECTED BY ANZ

If ANZ has given an Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Exchange Date

were a Relevant Date for the purposes of clause 4, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these CPS3 Terms:

- (a) the Exchange Date will be deferred until the first Dividend Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a Relevant Date for the purposes of clause 4 (the Deferred Conversion Date);
- (b) ANZ must Convert the CPS3 on the Deferred Conversion Date (unless the CPS3 are earlier Exchanged in accordance with these CPS3 Terms); and
- (c) until the Deferred Conversion Date, all rights attaching to the CPS3 will continue as if the Exchange Notice had not been given.

ANZ will notify CPS3 Holders on or as soon as practicable after an Exchange Date in respect of which this clause 5.5 applies that Conversion did not occur on that Exchange Date (a Deferred Conversion Notice).

## 6 EARLY EXCHANGE ON CHANGE OF CONTROL EVENT

---

### 6.1 NOTICE OF CHANGE OF CONTROL EVENT

ANZ must notify CPS3 Holders of the occurrence of a Change of Control Event as soon as practicable after becoming aware of that event (a Change of Control Event Notice).

### 6.2 EXCHANGE ON OCCURRENCE OF CHANGE OF CONTROL EVENT

If a Change of Control Event occurs, ANZ must, subject to obtaining the prior written approval of APRA for any Redemption, Exchange all (but not some only) CPS3 on the Change of Control Exchange Date by notice to CPS3 Holders (a Change of Control Exchange Notice) in accordance with this clause 6 and clause 7 or clause 8 (as the case may be).

### 6.3 CONTENTS OF CHANGE OF CONTROL EXCHANGE NOTICE

A Change of Control Exchange Notice must specify:

- (a) the details of the Change of Control Event to which the Change of Control Exchange Notice relates;
- (b) the date on which Exchange is to occur (the Change of Control Exchange Date), which must be:
  - (i) if the Exchange Notice provides that CPS3 are to be Converted, the Business Day prior to the date reasonably determined by ANZ to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as ANZ may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or
  - (ii) otherwise, no later than 35 Business Days after the date on which the Change of Control Event occurred, or in either case such later date as APRA may require;
- (c) the Exchange Method, subject in the case of Redemption to the Change of Control Event having occurred on or after the fifth anniversary of the Issue Date and the condition in clause 5.2 (c)(ii) being met and subject in the case of Conversion to clause 5.4;
- (d) if the Change of Control Exchange Notice provides that CPS3 are to be Redeemed, whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods); and
- (e) whether any Dividend or any amount under clause 8.3(a)(iii) will be paid on the Change of Control Exchange Date.

### 6.4 WHERE CHANGE OF CONTROL EXCHANGE NOTICE NOT REQUIRED

Notwithstanding any other provision of clause 6.2 or clause 6.3, if APRA does not approve Redemption as the Exchange Method (or ANZ is not permitted to elect Redemption in accordance with clause 6.3(c)) and ANZ is prevented from electing Conversion as the Exchange Method by clause 5.4, ANZ is not required to give a Change of Control Exchange Notice and the provisions of clause 6.5 will apply.

### 6.5 DEFERRED EXCHANGE ON CHANGE OF CONTROL EVENT

If clause 6.4 applies or ANZ has given a Change of Control Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Change of Control Exchange Date were a Relevant Date for the purposes of clause 4, the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these CPS3 Terms (but without limitation to the operation of clause 4.7):

- (a) the Change of Control Exchange Notice, if given, is taken to be revoked and Exchange will not occur on the Change of Control Exchange Date specified in the Change of Control Event Notice;
- (b) ANZ will notify CPS3 Holders as soon as practicable that Exchange will not (or, as the case may be, did not) occur (a Deferred Change of Control Exchange Notice); and

(c) ANZ must, unless clause 6.4 then applies, give a Change of Control Exchange Notice (or, as the case may be, a new Change of Control Exchange Notice) on or before the 25th Business Day prior to the immediately succeeding Dividend Payment Date which is at least 25 Business Days after the date on which the Deferred Change of Control Exchange Notice was given.

The Change of Control Exchange Notice given in accordance with paragraph (c) above must:

(d) specify the Exchange Method, subject, in the case of Conversion, to clause 5.4; and

(e) otherwise comply with clause 6.3.

If this clause 6.5 applies but:

- (i) clause 6.4 applies in respect of the Dividend Payment Date such that no Change of Control Exchange Notice (or, as the case may be, no new Change of Control Exchange Notice) is given under this clause 6.5; or
- (ii) a Change of Control Exchange Notice (or, as the case may be, a new Change of Control Exchange Notice) is given under this clause 6.5 but, if the Change of Control Exchange Date specified in the Change of Control Exchange Notice were a Relevant Date for the purpose of clause 4, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date,

then this clause 6.5 will be reapplied in respect of each subsequent Dividend Payment Date until an Exchange occurs.

## 7 CONVERSION MECHANICS

---

### 7.1 CONVERSION

If ANZ elects to Convert CPS3 or must Convert CPS3 in accordance with these CPS3 Terms, then, subject to this clause 7 and clause 12, the following provisions apply:

- (a) each CPS3 that is being Converted will Convert into one Ordinary Share on the Mandatory Conversion Date, the Common Equity Capital Conversion Date, the Exchange Date or the Change of Control Exchange Date (as the case may be);
- (b) each CPS3 Holder will be allotted, for no consideration, an additional number of Ordinary Shares for each CPS3 that is being Converted on the Mandatory Conversion Date, the Common Equity Capital Conversion Date, the Exchange Date or the Change of Control Exchange Date (as the case may be) equal to one less than the Conversion Number, where the Conversion Number (but subject to the Conversion Number being no more than the Maximum Conversion Number) is a number calculated according to the following formula:

$$\text{Conversion Number} = \frac{\text{Issue Price}}{(99\% \times \text{VWAP})}$$

where:

VWAP (expressed in dollars and cents) means the VWAP during the VWAP Period

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

$$\text{Maximum Conversion Number} = \frac{\text{Issue Price}}{\text{Issue Date VWAP} \times \text{Relevant Number}}$$

- (c) if the total number of additional Ordinary Shares to be allotted to a CPS3 Holder in respect of their aggregate holding of CPS3 upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded; and
- (d) a CPS3, upon Conversion, confers all of the rights attaching to one Ordinary Share but these rights do not take effect until 5.00pm (Melbourne time) on the Mandatory Conversion Date, the Common Equity Capital Conversion Date, the Exchange Date or the Change of Control Exchange Date (as the case may be). At that time:
  - (i) all other rights conferred or restrictions imposed on that CPS3 under these CPS3 Terms will no longer have effect (except for rights relating to a Dividend which has been determined to be payable but has not been paid on or before the Mandatory Conversion Date, the Common Equity Capital Conversion Date, the Exchange Date or the Change of Control Exchange Date (as the case may be) which will continue); and
  - (ii) the Ordinary Share resulting from a Conversion will rank equally with all other Ordinary Shares.

Conversion does not constitute a redemption, buy-back, cancellation or termination of CPS3 or an issue, allotment or creation of a new Ordinary Share (other than the additional Ordinary Shares allotted under clause 7.1(b)).

### 7.2 ADJUSTMENTS TO VWAP

For the purposes of calculating VWAP in these CPS3 Terms:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and CPS3 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 Business 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 clause 7.2(a)(i) which is traded on ASX on any of those Business Days), the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
  - (iii) (in the case of any other entitlement which is not traded on ASX during the VWAP Period), the value of the entitlement as reasonably determined by the Directors; and
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and CPS3 will Convert into Ordinary Shares which would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the Business 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.

### 7.3 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 on issue as a result of a division, consolidation or reclassification of ANZ's share capital (not involving any cash payment or other distribution to Ordinary Shareholders) (a Reorganisation), in calculating the VWAP for that VWAP Period the daily VWAP applicable on each day in the relevant VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reorganisation basis shall be adjusted by the following formula:

A

---

B

where:

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

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

- (b) Any adjustment made by ANZ in accordance with clause 7.3(a) will be effective and binding on CPS3 Holders under these CPS3 Terms and these CPS3 Terms will be construed accordingly. Any such adjustment must be promptly notified to all CPS3 Holders.

### 7.4 ADJUSTMENTS TO ISSUE DATE VWAP

For the purposes of determining the Issue Date VWAP, adjustments to VWAP will be made in accordance with clause 7.2 and clause 7.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made in accordance with clauses 7.5 to 7.7 (inclusive); and
- (b) if so made, will correspondingly affect the application of the Mandatory Conversion Conditions, the Optional Conversion Restrictions, and cause an adjustment to the Maximum Conversion Number.

### 7.5 ADJUSTMENTS TO ISSUE DATE VWAP FOR BONUS ISSUES

- (a) Subject to clause 7.5(b) below, if 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:

$$V = V_0 \times \frac{RD}{RD + RN}$$

where:

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

V<sub>0</sub> 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 on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue.

- (b) Clause 7.5(a) 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 clause 7.5(a), 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 clause 7.5 for any offer of Ordinary Shares not covered by clause 7.5(a), 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 clause 7.5(a) shall not in any way restrict ANZ from issuing Ordinary Shares at any time on such terms as it sees fit nor be taken to constitute a modification or variation of rights or privileges of CPS3 Holders or otherwise requiring any consent or concurrence.

#### 7.6 ADJUSTMENT TO ISSUE DATE VWAP FOR DIVISIONS AND SIMILAR TRANSACTIONS

- (a) If at any time after the Issue Date there is a change in the number of Ordinary Shares on issue as a result of a division, consolidation or reclassification of ANZ's share capital (not involving any cash payment or other distribution to Ordinary Shareholders) (a Reorganisation), ANZ shall adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reorganisation by the following formula:

A

---

B

where:

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

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

- (b) Any adjustment made by ANZ in accordance with clause 7.6(a) will be effective and binding on CPS3 Holders under these CPS3 Terms and these CPS3 Terms will be construed accordingly.
- (c) Any such adjustment must be promptly notified to all CPS3 Holders.
- (d) Each CPS3 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 constituting a modification or variation of rights or privileges of CPS3 Holders or otherwise requiring any consent or concurrence.

#### 7.7 NO ADJUSTMENT TO ISSUE DATE VWAP IN CERTAIN CIRCUMSTANCES

Despite the provisions of clauses 7.5 and 7.6, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

#### 7.8 ANNOUNCEMENT OF ADJUSTMENT TO ISSUE DATE VWAP

ANZ will notify CPS3 Holders (an Adjustment Notice) of any adjustment to the Issue Date VWAP under this clause 7 within 10 Business Days of ANZ determining the adjustment and the adjustment set out in the announcement will be final and binding.

#### 7.9 ORDINARY SHARES

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

#### 7.10 FOREIGN CPS3 HOLDERS

Where CPS3 held by a Foreign CPS3 Holder are to be Converted, unless ANZ is satisfied that the laws of the Foreign CPS3 Holder's country of residence permit the issue of Ordinary Shares to the Foreign CPS3 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, the Ordinary Shares which the Foreign CPS3 Holder is obliged to accept will be issued to a nominee who will 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 Foreign CPS3 Holder accordingly.

#### 7.11 LISTING ORDINARY SHARES ISSUED ON CONVERSION

ANZ shall use all reasonable endeavours to list the Ordinary Shares issued upon conversion of the CPS3 on ASX.

## 8 REDEMPTION MECHANICS

---

### 8.1 REDEMPTION MECHANICS TO APPLY TO REDEMPTION

If, subject to APRA's prior written approval and compliance with the conditions in clause 5.2(c) and clause 6.3(c), ANZ elects to Redeem CPS3 in accordance with these CPS3 Terms, the provisions of this clause 8 apply to that Redemption.

*CPS3 Holders should not expect that APRA's approval will be given for any Exchange of CPS3 under the CPS3 Terms.*

### 8.2 REDEMPTION

CPS3 will be Redeemed by payment on the Exchange Date or the Change of Control Exchange Date (as the case may be)

of the Issue Price plus any amount payable under clause 8.3(a)(iii) (together, the Redemption Price) by way of redemption, buy-back, reduction of capital or any combination thereof to the CPS3 Holder.

### 8.3 EFFECT OF REDEMPTION ON CPS3 HOLDERS

On the Exchange Date or the Change of Control Exchange Date (as the case may be) the only right CPS3 Holders will have in respect of CPS3 will be to obtain the Redemption Price payable in accordance with these CPS3 Terms and upon payment of the Redemption Price, all other rights conferred, or restrictions imposed, by CPS3 will no longer have effect.

For the purposes of this clause 8:

(a) where the Redemption involves a buy-back of CPS3:

- (i) the Exchange Notice or the Change of Control Exchange Notice (as the case may be) constitutes a buy-back offer for the Redemption Price payable on the relevant Exchange Date or Change of Control Exchange Date (as the case may be);
- (ii) the CPS3 Holder must accept the buy-back offer for their CPS3 and will be deemed to have accepted that buy-back offer for CPS3 held by that CPS3 Holder to which the Exchange Notice or the Change of Control Exchange Notice (as the case may be) relates on the date the Exchange Notice or the Change of Control Exchange Notice (as the case may be) is given and will be deemed to have sold those CPS3 to ANZ free of all Encumbrances on the Exchange Date or the Change of Control Exchange Date (as the case may be);
- (iii) no Dividend is payable on CPS3 on the Exchange Date or the Change of Control Exchange Date (as the case may be), but the Directors may, in their absolute discretion, determine that the consideration payable for each CPS3 that is bought back will include an amount (in addition to the Issue Price) equal to a Dividend calculated in accordance with clause 3 for the Dividend Period ending on (but not including) the Exchange Date or the Change of Control Exchange Date (as the case may be);
- (iv) the buy-back agreement will be taken to include ANZ's undertaking in clause 3.8 (as qualified by clause 3.9); and
- (v) for the purposes of calculating the Redemption Price, any suspension of the right to receive a Dividend arising from the buy-back agreement under applicable law shall be disregarded; and

(b) if the Redemption involves either or both a reduction of capital with respect to CPS3 and a cancellation of CPS3 and under applicable law CPS3 Holders are entitled to vote on a resolution to approve that reduction of capital or that cancellation, each CPS3 Holder agrees to vote in favour of that or those resolutions.

## 9 CPS3 GENERAL RIGHTS

---

### 9.1 RANKING WITH RESPECT TO DIVIDENDS

The CPS3 rank in respect of payment of dividends:

- (a) senior to Ordinary Shares and other instruments or securities of ANZ that rank or are expressed to rank junior to the CPS3;
- (b) equally among themselves and with all Equal Ranking Instruments; and
- (c) junior to any securities or instruments that rank senior to the CPS3 and to all ANZ's debts and liabilities to its depositors and all other creditors, both unsubordinated and subordinated, other than indebtedness that by its terms ranks equally with or junior to the CPS3,

in each case of (a), (b) and (c), in respect of payment of dividends.

### 9.2 RANKING IN A WINDING-UP

- (a) In a winding-up of ANZ, a CPS3 confers upon the CPS3 Holder the right to payment in cash of the Liquidation Sum out of the surplus (if any) available for distribution to shareholders, but no further or other right to participate in the assets of ANZ on a return of capital in the winding-up.
- (b) CPS3 Holders will rank for payment of the Liquidation Sum in a winding-up of ANZ:
  - (i) in priority to Ordinary Shares and other securities that ANZ has issued or may issue that by their terms rank junior to the CPS3;
  - (ii) equally among themselves and with all Equal Ranking Instruments; and
  - (iii) junior to any securities or instruments that rank senior to the CPS3 and to all ANZ's debts and liabilities to its depositors and all other creditors, both unsubordinated and subordinated, other than indebtedness that by its terms ranks equally with or junior to the CPS3 in a winding-up,

in each case of (i), (ii) and (iii), with respect to priority of payment in a winding-up.

(c) The Liquidation Sum is an amount out of surplus assets equal to \$100 plus the amount of any Dividend determined to be paid but unpaid.

### 9.3 FURTHER ISSUES NOT TO VARY CLASS RIGHTS

The allotment or issue of preference shares (including further CPS3), or the conversion of existing shares into preference shares, ranking junior to, equally with or, (to the maximum extent permitted by the Constitution) senior to the CPS3 then on issue for participation in profits or assets of ANZ, and whether entitled to cumulative or non-cumulative dividends, or a redemption, buy-back or return or distribution of capital in respect of any share capital other than a CPS3, whether ranking junior to, equally with, or senior to, the CPS3, is expressly permitted and authorised by these CPS3 Terms and does not constitute a modification or variation of the rights or privileges to the CPS3 then on issue.

### 9.4 CALCULATIONS AND ROUNDING OF PAYMENTS

Unless otherwise specified in these CPS3 Terms:

- (a) all calculations of amounts payable in respect of a CPS3 will be rounded to four decimal places; and
- (b) for the purposes of making payment to a CPS3 Holder in respect of the CPS3 Holder's aggregate holding of CPS3, any fraction of a cent will be disregarded.

### 9.5 NO SET-OFF OR OFFSETTING RIGHTS

A CPS3 Holder:

- (a) may not exercise any right of set-off against ANZ in respect of any claim by ANZ against that CPS3 Holder; and
- (b) will have no offsetting rights or claims on ANZ if ANZ does not pay a Dividend when scheduled under CPS3.

ANZ may not exercise any right of set-off against a CPS3 Holder in respect of any claim by that CPS3 Holder against ANZ.

### 9.6 NO SECURITY

CPS3 are unsecured.

### 9.7 SHORTFALL ON WINDING-UP

If, upon a return of capital on a winding-up of ANZ, there are insufficient funds to pay in full the Liquidation Sum and the amounts payable in respect of any other instruments in ANZ ranking equally with CPS3 on a winding-up of ANZ, CPS3 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.

### 9.8 NO PARTICIPATION IN SURPLUS ASSETS

CPS3 do not confer on the CPS3 Holders any further right to participate in the surplus assets of ANZ on a winding-up beyond payment of the Liquidation Sum.

### 9.9 POWER OF ATTORNEY

- (a) Each CPS3 Holder appoints each of ANZ, its officers and any External Administrator of ANZ (each an Attorney) severally to be the attorney of the CPS3 Holder with power in the name and on behalf of the CPS3 Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the CPS3 Holder to observe or perform the CPS3 Holder's obligations under these CPS3 Terms including, but not limited to, accepting any buy-back offer, effecting any transfers of CPS3, making any entry in the Register or exercising any voting power in relation to any consent or approval required for Conversion or Redemption or in respect of an Approved NOHC Event or the transfer of CPS3 to an Approved NOHC (or other member of ANZ Group) as contemplated by clause 15.2.
- (b) The power of attorney given in this clause 9.9 is given for valuable consideration and to secure the performance by the CPS3 Holder of the CPS3 Holder's obligations under these CPS3 Terms and is irrevocable.

### 9.10 CPS3 HOLDER ACKNOWLEDGMENTS

Each CPS3 Holder irrevocably:

- (a) upon Conversion of a CPS3 in accordance with clause 7, consents to becoming a member of ANZ and agrees to be bound by the Constitution, in each case in respect of the Ordinary Shares issued on Conversion (or, where an Approved NOHC Substitution Notice has been given, consents to becoming a member of that Approved NOHC and agrees to be bound by its constitution);
- (b) acknowledges and agrees that an Approved NOHC may be substituted for ANZ as provider of ordinary shares on Conversion and that if such a substitution is effected on the terms provided by the amendment in accordance with clause 15.2, the CPS3 Holder is obliged to accept ordinary shares in that Approved NOHC on a Conversion, and will not receive Ordinary Shares;
- (c) acknowledges and agrees that any amendment made in accordance with clause 15.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion will not constitute a variation of any class rights attaching to CPS3;
- (d) acknowledges and agrees that it is obliged to accept ordinary shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of CPS3 including:
  - (i) any change in the financial position of ANZ or any Approved NOHC since the Issue Date;

- (ii) any disruption to the market or potential market for the ordinary shares or to capital markets generally; or
  - (iii) any breach by ANZ or any Approved NOHC of any obligation in connection with CPS3;
- (e) acknowledges and agrees that:
- (i) where clause 4.6 applies, there are no other conditions to a Common Equity Capital Conversion occurring as and when provided in clauses 4.5 to 4.7 (inclusive);
  - (ii) the only conditions to a Mandatory Conversion are the Mandatory Conversion Conditions; and
  - (iii) the only conditions to a Conversion on account of an Exchange under clause 5 or clause 6 are the conditions expressly applicable to such Conversion as provided in clauses 5 and 6 of these CPS3 Terms and no other conditions or events will affect Conversion;
- (f) agrees to provide to ANZ any information necessary to give effect to a Conversion and, if applicable, to surrender any certificate relating to the CPS3 on the occurrence of the Conversion; and
- (g) acknowledges and agrees that a CPS3 Holder has no right to request an Exchange.

#### 9.11 ON-MARKET BUY-BACKS

Subject to APRA's prior written approval, ANZ may buy back CPS3 at any time and at any price by an on-market buy-back.

#### 9.12 NO OTHER RIGHTS

- (a) CPS3 do not confer on CPS3 Holders any right to participate in profits or property of ANZ except as set out in these CPS3 Terms.
- (b) CPS3 do not confer on CPS3 Holders any right to subscribe for new securities in ANZ or to participate in any bonus issues of securities of ANZ.

## 10 VOTING AND OTHER RIGHTS

---

### 10.1 MEETINGS

In accordance with the Constitution, a CPS3 Holder will have the same rights as the holders of Ordinary Shares with respect to receiving notices of general meetings and financial reports and attending ANZ's general meetings.

### 10.2 VOTING RIGHTS

- (a) A CPS3 Holder shall have the right to speak and vote at a meeting of members of ANZ in the following circumstances and in no others:
  - (i) on any proposal to reduce ANZ's share capital, other than a resolution to approve a Redemption of the CPS3;
  - (ii) on a proposal that affects the rights attached to the CPS3;
  - (iii) on any resolution to approve the terms of a buy-back agreement, other than a resolution to approve a Redemption of CPS3;
  - (iv) on a proposal to wind up ANZ;
  - (v) on a proposal for the disposal of the whole of ANZ's property, business and undertaking;
  - (vi) on any matter during a winding-up of ANZ; and
  - (vii) on any matter during a period in which a Dividend remains unpaid.
- (b) On a resolution or proposal on which a CPS3 Holder is entitled to vote under this clause, the CPS3 Holder has:
  - (i) on a show of hands, one vote; and
  - (ii) on a poll, one vote for each CPS3 held.

### 10.3 NOT A "VOTING SHARE"

Each CPS3 Holder acknowledges and agrees that a CPS3 will not constitute a "voting share" for the purposes of the Corporations Act.

### 10.4 NO RIGHT TO APPLY FOR THE WINDING-UP OF ANZ

Each CPS3 Holder acknowledges and agrees that a CPS3 Holder has no right to apply for ANZ to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of ANZ merely on the grounds that ANZ does not pay a Dividend when scheduled in respect of CPS3.

### 10.5 NO EVENTS OF DEFAULT

Each CPS3 Holder acknowledges and agrees that these CPS3 Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Dividend on the scheduled Dividend Payment Date will not constitute an

event of default.

## 11 TAKEOVERS AND SCHEMES OF ARRANGEMENT

---

If:

- (a) a takeover bid is made for Ordinary Shares, acceptance of which is recommended by the Directors; or
- (b) the Directors recommend a scheme of arrangement in respect of the Ordinary Shares of ANZ which will result in a person other than ANZ having a relevant interest in more than 50% of the Ordinary Shares,

in each case which would result in an Acquisition Event then, if the Directors consider that ANZ will not be permitted to elect to Exchange the CPS3 in accordance with clause 5 or clause 6 or the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition will not be satisfied in respect of the Change of Control Exchange Date in accordance with clause 6, the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to CPS3 Holders or that they are entitled to participate in the scheme of arrangement or a similar transaction.

## 12 APPROVED NOHC EVENTS

---

### 12.1 ANZ MAY GIVE APPROVED NOHC SUBSTITUTION NOTICE

If:

- (a) an Approved NOHC Event is proposed to occur; and
- (b) the Approved NOHC agrees for the benefit of CPS3 Holders:
  - (i) to deliver Approved NOHC Ordinary Shares under all circumstances when ANZ would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions as set out in these CPS3 Terms as amended by this clause 12;
  - (ii) to comply with the restrictions in clause 3.8 (with all appropriate modifications) of these CPS3 Terms; and
  - (iii) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of all Approved NOHC Ordinary Shares issued under these CPS3 Terms (with all necessary modifications) on the securities exchanges on which the other Approved NOHC Ordinary Shares are quoted at the time of a Conversion,

ANZ may give a notice (an Approved NOHC Substitution Notice) to CPS3 Holders (which, if given, must be given as soon as practicable before the Approved NOHC Event and in any event no later than 10 Business Days before the Approved NOHC Event occurs) specifying the amendments to these CPS3 Terms which will be made in accordance with clause 15.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion (the Approved NOHC Substitution Terms).

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

### 12.2 CONSEQUENCES OF APPROVED NOHC SUBSTITUTION NOTICE

If ANZ gives an Approved NOHC Substitution Notice to CPS3 Holders in accordance with clause 12.1, the Approved NOHC Substitution Terms will have effect on and from the date specified in the Approved NOHC Substitution Notice.

## 13 NOTICES

---

### 13.1 NOTICES TO CPS3 HOLDERS

Except where otherwise provided in these CPS3 Terms, a notice may be given by ANZ to a CPS3 Holder in any manner prescribed by the Constitution for giving notices to members of ANZ and the relevant provisions apply with all necessary modifications to notices to CPS3 Holders.

### 13.2 DELIVERY OF CERTAIN NOTICES

A Non-Conversion Notice, a Deferred Conversion Notice, a Deferred Change of Control Exchange Notice, an Exchange Notice, a Change of Control Event Notice, a Change of Control Exchange Notice, a Common Equity Capital Trigger Event Notice, an Adjustment Notice, an Approved NOHC Substitution Notice and an ANZ Details Notice may each be given to CPS3 Holders by ANZ publishing the notice on its website and announcing the publication of the notice to ASX.

### 13.3 NON-RECEIPT OF NOTICES BY CPS3 HOLDERS

The non-receipt of a notice by a CPS3 Holder or an accidental omission to give notice to a CPS3 Holder will not invalidate the giving of that notice either in respect of that CPS3 Holder or generally.

### 13.4 NOTICES TO ANZ

All notices or other communications to ANZ in respect of these CPS3 Terms must be:

(a) in legible writing or typing and in English;

(b) addressed as shown below:

Attention: Company Secretary  
Australia and New Zealand Banking Group Limited

Address: ANZ Centre Melbourne  
Level 9  
833 Collins Street  
Docklands 3008  
Victoria  
Australia

Fax No: +61 3 8542 5252,

or to such other address or fax number as ANZ notifies to CPS3 Holders as its address or fax number (as the case may be) for notices or other communications in respect of these CPS3 Terms from time to time (an ANZ Details Notice);

(c) signed by the person making the communication or by a person duly authorised by that person; and

(d) delivered or posted by prepaid post to the address, or sent by fax to the fax number, of ANZ in accordance with clause 13.4(b).

A notice to ANZ will be taken to be received:

(i) if sent by fax, when actually received in its entirety in legible form, unless that day is not a Business Day, or is after 5.00pm (Melbourne time) on a Business Day, in which case that communication will be regarded as received at 9.00am (Melbourne time) on the next Business Day; and

(ii) in any other case, on delivery at the address of ANZ as provided in clause 13.4, unless that delivery is not made on a Business Day, or is after 5.00pm (Melbourne time) on a Business Day, in which case that communication will be regarded as received at 9.00am (Melbourne time) on the next Business Day.

### 13.5 NOTICES AND REPORTS

Each CPS3 Holder is entitled to receive notice of any general meeting of ANZ and a copy of every circular and like document sent out by ANZ to Ordinary Shareholders and to attend general meetings of ANZ.

## 14 PAYMENTS

---

### 14.1 MANNER OF PAYMENT TO CPS3 HOLDERS

The Constitution contains provisions relating to payments in respect of shares and the relevant provisions apply (with all necessary modifications) in respect of each payment on the CPS3.

### 14.2 PAYMENT TO JOINT CPS3 HOLDERS

A payment to any one of joint CPS3 Holders will discharge ANZ's liability in respect of the payment.

## 15 AMENDMENT OF THESE CPS3 TERMS

---

### 15.1 AMENDMENT WITHOUT CONSENT

Subject to complying with all applicable laws and with APRA's prior written approval, ANZ may amend these CPS3 Terms without the authority, assent or approval of CPS3 Holders where the amendment is in the reasonable opinion of ANZ:

(a) is made to correct a manifest error;

(b) is of a formal, minor or technical nature;

(c) is necessary to comply with any law, the provisions of any statute or the requirements of any statutory authority;

(d) is made in accordance with ANZ's adjustment rights in clause 7 or as required by APRA in accordance with that clause;

(e) is expedient for the purpose of enabling CPS3 to be listed or to remain listed on a securities exchange (including, without limitation, in connection with any change in the principal securities exchange on which Ordinary Shares are listed) or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place;

(f) amends any date or time period stated, required or permitted in connection with any Mandatory Conversion or Exchange in a manner necessary to facilitate the Mandatory Conversion or Exchange; or

(g) in any other case, will not materially adversely affect the rights of CPS3 Holders as a whole.

## 15.2 AMENDMENT WITHOUT CONSENT FOR SUBSTITUTION OF AN APPROVED NOHC

Subject to complying with all applicable laws and with APRA's prior written approval, if the circumstances described in clause 12.1(a) and 12.1(b) apply, without the authority, assent or approval of CPS3 Holders, ANZ may give an Approved NOHC Substitution Notice which:

- (a) amends the definition of "Conversion" in clause 7 such that, unless APRA otherwise agrees, on the date CPS3 are to be Converted:
- (i) each CPS3 that is being Converted will be automatically transferred by each CPS3 Holder free from Encumbrance to the Approved NOHC (or another member of ANZ Group) (the Transferee) on the date the Conversion is to occur;
  - (ii) each CPS3 Holder will be issued a number of Approved NOHC Ordinary Shares equal to the Conversion Number; and
  - (iii) as between ANZ and the Transferee:
    - (A) each CPS3 held by the Transferee as a result of the transfer will be automatically Converted into an Ordinary Share; and
    - (B) an additional number of Ordinary Shares will be issued to the Transferee,

such that the total number of Ordinary Shares held by the Transferee by reason of sub-paragraphs (A) and (B) increases by the number which equals the number of Approved NOHC Ordinary Shares issued by the Approved NOHC to CPS3 Holders on Conversion; and

- (b) makes such other amendments as in ANZ's reasonable opinion are necessary and appropriate to effect the substitution of an Approved NOHC as the provider of the ordinary shares on Conversion in the manner contemplated by these CPS3 Terms, including without limitation:
- (i) amendments and additions to the definition of "Acquisition Event", "ANZ Group", "Franking Rate", "Early Exchange Event", "Ordinary Shares", "Regulatory Event" and "Tax Event";
  - (ii) amendments to the mechanics for adjusting the Conversion Number; and
  - (iii) any term defining the rights of CPS3 Holders if the Conversion is not effected which is appropriate for the CPS3 to remain as Tier 1 Capital.

## 15.3 AMENDMENT WITH CONSENT

Without limiting clause 15.1 or clause 15.2, ANZ may, with APRA's prior written approval, amend these CPS3 Terms if the amendment has been approved by a Special Resolution.

## 15.4 MEANINGS

In this clause 15, amend includes modify, cancel, alter or add to and amendment has a corresponding meaning.

---

## 16 QUOTATION ON ASX

ANZ must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of CPS3 on ASX.

---

## 17 GOVERNING LAW

The CPS3 and these CPS3 Terms are governed by and shall be construed in accordance with the laws of the State of Victoria, Australia.

---

## 18 INTERPRETATION AND DEFINITIONS

### 18.1 INTERPRETATION

- (a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these CPS3 Terms and the Constitution then, to the maximum extent permitted by law, the provisions of these CPS3 Terms will prevail.
- (b) Unless otherwise specified, the Directors may exercise all powers of ANZ under these CPS3 Terms as are not, by the Corporations Act or by the Constitution, required to be exercised by ANZ in general meeting.
- (c) Unless otherwise specified, a reference to a clause is a reference to a clause of these CPS3 Terms.
- (d) If a calculation is required under these CPS3 Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.

- (e) Subject to clause 18.1(a), definitions and interpretation under the Constitution will also apply to these CPS3 Terms unless the contrary intention is expressed.
- (f) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to ANZ only if ANZ is an entity, or the holding company of an entity, or is a direct or indirect Subsidiary of a NOHC, subject to regulation and supervision by APRA at the relevant time.
- (g) Any provisions which require APRA's consent or approval will apply only if APRA requires that such consent or approval be given at the relevant time.
- (h) Any provisions in these CPS3 Terms requiring the prior approval of APRA for a particular course of action to be taken by ANZ do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.
- (i) A reference to any term defined by APRA (including, without limitation, "Fundamental Tier 1 Capital", "Level 1, Level 2 and Level 3", "Prudential Capital Ratio", "Residual Tier 1 Capital", "Tier 1 Capital", "Tier 1 Capital Ratio" and "Upper Tier 2 Capital") shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term.
- (j) The terms takeover bid, relevant interest, scheme of arrangement, buy-back and on-market buy-back when used in these CPS3 Terms have the meaning given in the Corporations Act.
- (k) Headings and boldings are for convenience only and do not affect the interpretation of these CPS3 Terms.
- (l) The singular includes the plural and vice versa.
- (m) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (n) If an event under these CPS3 Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (o) A reference to dollars, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (p) A reference to a term defined by the ASX Listing Rules or the ASX Operating Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.
- (q) If the principal securities exchange on which Ordinary Shares are listed becomes other than ASX, unless the context otherwise requires a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, ASX Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be).
- (r) Calculations, elections and determinations made by ANZ under these CPS3 Terms are binding on CPS3 Holders in the absence of manifest error.

## 18.2 DEFINITIONS

2003 Trust Securities means the US\$750,000,000 of trust securities issued by ANZ Capital Trust II in 2003, representing beneficial interests in stapled securities, each stapled security representing a fully paid note issued by Sampson Funding Limited and guaranteed on a subordinated basis by ANZ stapled to a fully paid preference share issued by ANZ.

2004 Trust Securities means the €500,000,000 of trust securities issued by ANZ Capital Trust III in 2004, representing beneficial interests in stapled securities, each stapled security representing a fully paid note issued by ANZ Jackson Funding PLC and guaranteed on a subordinated basis by ANZ stapled to a fully paid preference share issued by ANZ.

2007 Stapled Securities means the £450,000,000 of stapled securities issued by ANZ in 2007, each comprising a fully paid subordinated note issued by ANZ New York Branch stapled to a fully paid preference share issued by ANZ.

Acquisition Event means:

- (a) 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:
  - (i) the bidder has at any time during the offer period, a relevant interest in more than 50% of the Ordinary Shares on issue; or
  - (ii) 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
- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act, which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and:
  - (i) 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; and
  - (ii) 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.

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

- (i) the acquirer (or its ultimate holding company) assumes all of ANZ's obligations to convert the CPS3 into Ordinary Shares by undertaking to convert such CPS3 into ordinary shares of the acquirer (or its ultimate holding company) on any Mandatory Conversion Date, or earlier upon the occurrence of a Change of Control Event or Common Equity Capital Trigger Event in respect of the acquirer (or its ultimate holding company) (for which purposes all references in this clause to ANZ will be read as a reference to the acquirer (or its ultimate holding company));
- (ii) the acquirer (or its ultimate holding company) agrees to comply with the restrictions in clause 3.8 (with all appropriate modifications) of these CPS3 Terms; and
- (iii) the ordinary shares of the acquirer (or its ultimate holding company) are listed on ASX.

Adjustment Notice has the meaning given in clause 7.8.

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

ANZ Details Notice has the meaning given in clause 13.4.

ANZ Group means 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 Prudential Capital Ratio and Tier 1 Capital Ratio 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 Prudential Capital Ratio and Tier 1 Capital Ratio on a Level 2 basis.

ANZ Shares means Ordinary Shares or any other shares in the capital of ANZ.

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

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

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

Approved NOHC Substitution Notice has the meaning given in clause 12.1.

Approved NOHC Substitution Terms has the meaning given in clause 12.1.

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 NOHC.

APRA Condition means, with respect to a Dividend payment on the CPS3 on a Dividend Payment Date:

(a) unless APRA otherwise approves in writing:

(i) making the Dividend payment on the CPS3 on the payment date would result in the Prudential Capital Ratio or the Tier 1 Capital Ratio of ANZ (on a Level 1 basis) or of the ANZ Group (on a Level 2 basis or, if applicable, Level 3 basis) not complying with APRA's then current capital adequacy guidelines as they are applied to ANZ or the ANZ Group (as the case may be) at the time; or

(ii) the Dividend payment on the CPS3 on the payment date would exceed Distributable Profits as at the Record Date for the Dividend payment or;

(b) making the Dividend payment would result in ANZ becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or

(c) APRA objecting to the Dividend payment on the CPS3 on the payment date.

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

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

ASX Operating Rules means the market operating rules of ASX as amended, varied or waived (whether in respect of ANZ or generally) from time to time.

Attorney has the meaning given in clause 9.9.

Bank Bill Rate has the meaning given in clause 3.1.

Banking Act means the Banking Act 1959 (Cth).

Basel III Consultation Paper means the consultative document titled "Strengthening the resilience of the banking sector" which was released by the Basel Committee on Banking Supervision on 17 December 2009 and any related releases, papers, proposals (including, without limitation, the release of 13 January 2011) and any related prudential standards or guidelines of the Basel Committee on Banking Supervision or APRA.

Bookbuild means the process conducted prior to the opening of the Offer whereby certain investors lodge bids for CPS3 and, on the basis of those bids, ANZ and the joint lead managers to the Offer determine the Margin.

Business Day means a day which is a business day within the meaning of the ASX Listing Rules.

[Buy-Back Offer means an offer made, with the prior written approval of APRA, by or on behalf of ANZ to buy-back CPS3 pursuant to an on-market buy-back for the Buy-Back Price as contemplated in the Reinvestment Prospectus.](#)

[Buy-Back Price has the meaning given in the Reinvestment Prospectus.](#)

Change of Control Event means where both an Acquisition Event and one of the following has occurred:

- (a) in the case of an Acquisition Event occurring because of a takeover bid, all regulatory approvals necessary for the acquisition to occur have been obtained; and
- (b) in the case of an Acquisition Event occurring because of a scheme of arrangement, 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.

For the avoidance of doubt, a Change of Control Event will not occur where the proviso to the definition of Acquisition Event applies.

Change of Control Event Notice has the meaning given in clause 6.1.

Change of Control Exchange Date has the meaning given in clause 6.3.

Change of Control Exchange Notice has the meaning given in clause 6.2.

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

Common Equity Capital:

(a) prior to 1 January 2013, means the Fundamental Tier 1 Capital net of Tier 1 deductions (as defined by APRA) of the ANZ Level 2 Group; and

(b) on or after 1 January 2013, means the Common Equity Tier 1 Capital (as defined by APRA) of the ANZ Level 2 Group.

Common Equity Capital Conversion means the mandatory conversion of CPS3 to Ordinary Shares on the Common Equity Capital Conversion Date in accordance with clause 4.6.

Common Equity Capital Conversion Date has the meaning given in clause 4.6.

Common Equity Capital Ratio means the ratio of Common Equity Capital to risk weighted assets of the ANZ Level 2 Group as prescribed by APRA from time to time.

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

Common Equity Capital Trigger Event Notice has the meaning given in clause 4.6.

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

Control has the meaning given in the Corporations Act.

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

Conversion means, in relation to a CPS3, subject to amendment in accordance with clause 15.1(d), the taking effect of the rights specified in clause 7 in relation to that CPS3 and Convert and Converted have corresponding meanings.

Conversion Number has the meaning given in clause 7.1.

Corporations Act means the Corporations Act 2001 (Cth).

CPS3 has the meaning given in clause 1.1.

CPS3 Holder means a person whose name is registered in the Register as the holder of a CPS3.

CPS3 Terms means these terms of issue of CPS3.

Cum Value has the meaning given in clause 7.2.

Deferred Change of Control Exchange Notice has the meaning given in clause 6.5.

Deferred Conversion Date has the meaning given in clause 5.5.

Deferred Conversion Notice has the meaning given in clause 5.5.

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

- (a) Ordinary Shares ceased to be listed or admitted to trading on ASX on or before that date (and where the cessation occurred before that date, Ordinary Shares continue not to be listed or admitted to trading on that date); or
- (b) trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:
  - (i) at least five consecutive Business Days prior to that date; and

(ii) that date.

Directors means some or all of the directors of ANZ acting as a board.

Distributable Profits means, unless otherwise specified by APRA, the lesser of:

(a) A - B; and

(b) C - D,

where:

“A” is the aggregate of the consolidated net profits after income tax of the ANZ Level 2 Group (determined before any interest, dividends or distributions paid or payable by a member of the ANZ Level 2 Group on its Upper Tier 2 Capital and Tier 1 Capital) for the immediately preceding two six-monthly financial periods for which results have been publicly announced (or any other amount as determined by APRA in its discretion to be appropriate in ANZ’s circumstances on a Level 2 basis for the purposes of paying interest, dividends or distributions on the Tier 1 Capital and Upper Tier 2 Capital of the ANZ Level 2 Group);

“B” is the aggregate amount of interest, dividends, distributions or other amounts paid, determined to be paid or liable to be paid by a member of the ANZ Level 2 Group in the 12 months to and including the applicable Dividend Payment Date on:

(a) the CPS3; and

(b) any other Tier 1 Capital or Upper Tier 2 Capital security of the ANZ Level 2 Group to the extent interest, dividends or distributions on those securities are funded by a member of the ANZ Level 2 Group or by instruments of the ANZ Level 2 Group,

but excluding:

(i) any dividends payable in relation to the CPS3 on the applicable Dividend Payment Date; and

(ii) any such interest, dividend, distribution or other amount to which a member of the ANZ Level 2 Group was or is beneficially entitled;

“C” is the net profit after income tax of the ANZ Level 1 Group (determined before any interest, dividends or distributions paid or payable by the ANZ Level 1 Group on its Upper Tier 2 Capital and Tier 1 Capital) for the period referred to in “A” above (or any other amount as determined by APRA in its discretion to be appropriate in the ANZ’s circumstances on a Level 1 basis for the purposes of paying interest, dividends or distributions on the ANZ Level 1 Group’s Tier 1 Capital or Upper Tier 2 Capital); and

“D” is the aggregate amount of interest, dividends, distributions or other amounts paid, determined to be paid or liable to be paid:

(a) by a member of the ANZ Level 1 Group in the twelve months to and including the applicable Dividend Payment Date on:

(i) the CPS3; and

(ii) any other Tier 1 Capital or Upper Tier 2 Capital security of the ANZ Level 1 Group to the extent interest, dividends, distributions and other amounts on those securities are funded by a member of the ANZ Level 1 Group; and

(b) on any other securities determined by APRA in its discretion to be appropriate for inclusion as Tier 1 Capital or Upper Tier 2 Capital on a Level 1 basis,

but excluding:

(i) interest or dividends payable in relation to the CPS3 on the applicable Dividend Payment Date; and

(ii) any such interest, dividend, distribution or other amount to which a member of the ANZ Level 1 Group was or is beneficially entitled.

Dividend has the meaning given in clause 3.1.

Dividend Payment Date has the meaning given in clause 3.5 whether or not a Dividend is, or is able to be, paid on that date.

Dividend Period means in respect of:

(a) the first Dividend Period, the period from (and including) the Issue Date until (but not including) the first Dividend Payment Date following the Issue Date; and

(b) each subsequent Dividend Period, the period from (and including) the preceding Dividend Payment Date until (but not including) the next Dividend Payment Date.

Dividend Rate has the meaning given in clause 3.1.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any

security interest under the Personal Property Securities Act 2009 (Cth)) and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

Equal Ranking Instruments means, in respect of the payment of dividends or the return of capital in a winding-up:

- (a) the preference shares comprised in the 2003 Trust Securities;
- (b) the preference shares comprised in the 2004 Trust Securities;
- (c) the preference shares comprised in the 2007 Stapled Securities;
- (d) the convertible preference shares issued by ANZ in 2008 under a prospectus dated 4 September 2008 (which replaced a prospectus dated 27 August 2008);
- (e) the convertible preference shares issued by ANZ in 2009 under a prospectus dated 18 November 2009 (which replaced a prospectus dated 10 November 2009);
- (f) each other preference share that ANZ may issue that ranks or is expressed to rank equally with the foregoing and the CPS3 in respect of dividend or for the return of capital in a winding-up of ANZ (as the case may be); and
- (g) any securities or other instruments that rank or are expressed to rank in respect of dividend or for the return of capital in a winding-up (as the case may be) equally with those preference shares and the CPS3.

Exchange means Conversion in accordance with and subject to clause 7 or Redemption in accordance with and subject to clause 8 and Exchanged has a corresponding meaning.

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

Exchange Method has the meaning given in clause 5.3.

Exchange Notice has the meaning given in clause 5.1.

External Administrator means, in respect of a person:

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

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

First Optional Conversion Restriction has the meaning given in clause 5.4.

First Test Date has the meaning given in clause 4.3.

Foreign CPS3 Holder means a CPS3 Holder whose address in the Register is a place outside Australia or who ANZ otherwise believes may not be a resident of Australia.

Franking Rate (expressed as a decimal) means the franking percentage (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part) applicable to the franking account of ANZ as at the relevant Dividend Payment Date.

Fundamental Tier 1 Capital means the fundamental tier 1 capital of ANZ on a Level 1 basis or the ANZ Group on a Level 2, or if applicable, Level 3 basis as defined by APRA from time to time.

Issue Date means the date on which CPS3 are issued.

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the first date on which any CPS3 were issued, as adjusted in accordance with clauses 7.5 to 7.7 (inclusive).

Issue Price has the meaning given in clause 1.2.

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

Liquidation Sum has the meaning given in clause 9.2(c).

Mandatory Conversion means the mandatory conversion under clause 4 of CPS3 to Ordinary Shares on the Mandatory Conversion Date.

Mandatory Conversion Condition has the meaning given in clause 4.3.

Mandatory Conversion Date has the meaning given in clause 4.2.

Margin has the meaning given in clause 3.1.

Maximum Conversion Number has the meaning given in clause 7.1(b).

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

NOHC Event means an event which:

(a) is initiated by the Directors, acting as a board; and

(b) would otherwise be an Acquisition Event,

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

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

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

Non-marketable Parcel has the meaning given in the Constitution.

Offer means the invitation under the Prospectus made by ANZ for persons to subscribe for CPS3.

Optional Conversion Restrictions has the meaning given in clause 5.4.

Optional Exchange Date means the Dividend Payment Date falling on 1 September 2017 and each Dividend Payment Date after that date.

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

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

Prospectus means the prospectus for the Offer including these CPS3 Terms.

Prudential Capital Ratio means that ratio as defined by APRA from time to time.

Record Date means:

(a) for payment of a Dividend (other than a Dividend payable on the Settlement Date):

~~(a)(i)~~ the date which is 11 Business Days before the Dividend Payment Date for that Dividend; or

~~(b)(ii)~~ such other date as is determined by the Directors in their absolute discretion and communicated to ASX not less than seven Business Days before the specified Record Date; and

(b) for payment of a Dividend on the Settlement Date, the date falling prior to the Settlement Date which is determined by the Directors (or their delegates) to be the Record Date for that Dividend.

or in either case such other date as may be required by ASX.

Redeem means, in relation to a CPS3, redeem, buy back (other than an on-market buy-back within the meaning of the Corporations Act) or reduce capital, or any combination of such activities, in connection with that CPS3 in accordance with clause 8, and Redeemed, Redeemable and Redemption have corresponding meanings.

Redemption Price has the meaning given in clause 8.2.

Register means the register of CPS3 maintained by or on behalf of ANZ and including any subregister established and maintained in CHESS.

Registrar means ANZ or any other registrar that maintains the Register.

Regulatory Event means:

(a) the receipt by the Directors 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 prospective change) in, any law or regulation or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations (including, without limitation, any such action arising as a result of the Basel III Consultation Paper which applies to ANZ or any other member of the ANZ Group) which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date, additional requirements would be imposed on ANZ in relation to or in connection with CPS3 which the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) determine at their absolute discretion, to be unacceptable; or

(b) the determination by the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) that ANZ is not or will not be entitled to treat all CPS3 as Residual Tier 1 Capital (including, without limitation, as a result of the Basel III Consultation Paper which applies to ANZ or any other member of the ANZ Group), except where the reason ANZ is not entitled to treat all CPS3 as Residual Tier 1 Capital is because ANZ has exceeded a limit on the recognition of Residual Tier 1 Capital which was in effect on the Issue Date (including, without limitation, a limit arising on or from a given date under the Basel III Consultation Paper which is known as at the Issue Date).

Reinvestment Prospectus means a prospectus lodged with ASIC on or about 16 August 2017, including any replacement prospectus for the offer of securities, and may include applications forms accompanying that prospectus.

Relevant Date has the meaning given in clause 4.2.

Relevant Disclosure means, in relation to a Common Equity Capital Trigger Event, the most recent public statement of its Common Equity Capital Ratio, as required by APRA's applicable prudential standards.

Relevant Dividend Payment Date has the meaning given in clause 3.8.

Relevant Number means (i) if Conversion is occurring on a Common Equity Capital Conversion Date, 0.2 and (ii) if Conversion is occurring at any other time, 0.5.

Reorganisation has the meaning given in clauses 7.3(a) and 7.6(a).

Residual Tier 1 Capital means the residual 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.

Scheduled Mandatory Conversion Date has the meaning given in clause 4.2.

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

Second Optional Conversion Restriction has the meaning given in clause 5.4.

Second Test Date has the meaning given in clause 4.3

[Settlement Date means the date on which settlement of the buy-back of CPS3 occurs in accordance with the Buy-Back Offer.](#)

Special Resolution means a resolution passed at a meeting of CPS3 Holders by a majority of at least 75% of the votes validly cast by CPS3 Holders in person or by proxy and entitled to vote on the resolution.

Subsequent Mandatory Conversion Date has the meaning given in clause 4.2.

Subsidiary has the meaning given in the Corporations Act.

Tax Act means:

(a) the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as the case may be and a reference to any Section of the Income Tax Assessment Act 1936 (Cth) includes a reference to that Section as rewritten in the Income Tax Assessment Act 1997 (Cth); and

(b) any other Act setting the rate of income tax payable and any regulation promulgated under it.

Tax Event means the receipt by the Directors of an opinion from a reputable legal counsel or other tax adviser in Australia, experienced in such matters to the effect that, as a result of:

(a) any amendment to, clarification of, or change (including any announced prospective change), in the laws or treaties or any regulations of Australia or any political subdivision or taxing authority of Australia affecting taxation;

(b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (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 or regulatory body, 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, there is more than an insubstantial risk which the Directors determine (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) at their absolute discretion to be unacceptable that:

(i) ANZ would be exposed to more than a *de minimis* increase in its costs (including without limitation through the imposition of any taxes, duties, assessments or other charges) in relation to CPS3;

(ii) any Dividend would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act or Australian tax resident CPS3 Holders generally would not be entitled to franking credits in respect of the Dividends; or

(iii) the CPS3 would cease to be disregarded in accordance with Section 703-37 of the Tax Act.

Tax Rate has the meaning given in clause 3.1.

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

Tier 1 Capital means 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.

Tier 1 Capital Ratio means that ratio as defined by APRA from time to time.

Transferee has the meaning given in clause 15.2.

Upper Tier 2 Capital means the upper tier 2 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.

VWAP means, subject to any adjustments under clause 7, the 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 relevant period or on the relevant days 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:

- (a) in the case of a Conversion resulting from an Acquisition Event or a Change of Control Event the lesser of 20 Business Days and the number of Business Days that the Ordinary Shares are quoted for trading on ASX after the occurrence of the Acquisition Event or the Change of Control Event (as the case may be);
- (b) in the case of a Conversion resulting from a Common Equity Capital Trigger Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Common Equity Capital Conversion Date;
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these CPS3 Terms; or
- (d) otherwise, the period for which VWAP is to be calculated in accordance with these CPS3 Terms.