

PRODUCT DISCLOSURE STATEMENT

FOR AN OFFER OF PERPETUAL PREFERENCE SHARES
BY ANZ BANK NEW ZEALAND LIMITED
23 JUNE 2022

This document gives you important information about this investment to help you decide whether you want to invest.

There is other useful information about this offer on www.disclose-register.companiesoffice.govt.nz.

ANZ Bank New Zealand Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013.

You can also seek advice from a financial advice provider to help you to make an investment decision.

JOINT LEAD MANAGERS:



FORSYTH BARR

HOBSON
WEALTH



JARDEN



CONTENTS

1. Key information summary	1	8. Tax consequences for overseas Holders	18
2. Purpose of the Offer	4	9. Information about ANZ	18
3. Key dates and Offer process	4	10. Other information relating to the Offer	21
4. Terms of the Offer	5	11. Where you can find more information	21
5. Key features of the PPS	7	12. How to apply	22
6. Risks of investing	14	13. Contact information	23
7. Tax	18	14. Glossary	24

1 KEY INFORMATION SUMMARY

WHAT IS THIS?

This is an offer of perpetual preference shares (“PPS”). The PPS are equity securities issued by ANZ Bank New Zealand Limited (“ANZ”). You give ANZ money, and in return you may receive scheduled distributions. If ANZ runs into financial trouble, you might lose some or all of the money you invested.

Warning

These PPS do not have the same rights (including voting rights) or privileges, or the same opportunity to increase in value, as ordinary shares. Scheduled distributions may be cancelled and ANZ is under no obligation to pay cancelled distributions at a later date. The PPS are perpetual and have no fixed term. You have no right to require repayment for any reason.

ABOUT ANZ

ANZ is a registered bank under the Reserve Bank of New Zealand Act 1989 (“RBNZ Act”). ANZ and its predecessors have carried on the business of banking in New Zealand since 1840.

ANZ is a subsidiary of Australia and New Zealand Banking Group Limited (“ANZBGL”). ANZBGL is classified as an authorised deposit-taking institution under the Banking Act 1959 of Australia and is regulated by the Australian Prudential Regulation Authority. The Australian Prudential Regulation Authority regulates all authorised deposit-taking institutions in Australia. ANZ is a member of ANZBGL’s group but is not an authorised deposit-taking institution under the Banking Act 1959 of Australia. ANZBGL does not guarantee or support ANZ or the PPS and the PPS are not deposits or other liabilities of ANZBGL.

Information about ANZ and ANZ’s financial statements are published half-yearly in disclosure statements required under the RBNZ Act. ANZ’s disclosure statements can be viewed and downloaded from ANZ’s website at anz.co.nz/about-us/media-centre/investor-information/.

PURPOSE OF THIS OFFER

The Offer will raise Additional Tier 1 Capital to help ANZ meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for ANZ’s general corporate purposes.

KEY TERMS OF THE OFFER

Description of the equity securities	Perpetual preference shares
No fixed maturity date	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by ANZ
Redemption	You have no right to redeem your PPS for any reason. ANZ can redeem your PPS in certain circumstances. See “How you can get your money out” below.
Offer amount	Up to NZ\$250 million, with unlimited oversubscriptions
Issue Price	NZ\$1.00 per PPS
Minimum subscription amount	NZ\$5,000, and in multiples of NZ\$1,000 thereafter
Opening Date	Monday, 4 July 2022
Closing Time	12.00pm on Thursday, 7 July 2022
Distributions	Distributions on the PPS are expected to be fully imputed. This means the return you receive when a distribution is paid is expected to comprise a cash amount and imputation credits. The cash amount and imputation credits together will be equal to the Distribution Rate. See Section 5.2 of this PDS (Distributions).

Distribution Rate	The Distribution Rate will be a fixed rate for a period of 6 years, after which it will change to a floating rate that resets at quarterly intervals. The Distribution Rate for the first 6 years until the First Optional Redemption Date (18 July 2028) will be the sum of the Swap Rate (a reference rate for a 6-year period) on the Rate Set Date (7 July 2022) plus the Issue Margin. The Distribution Rate after the First Optional Redemption Date will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate (a benchmark interest rate for a 3 month period) plus the same Issue Margin. The initial Distribution Rate and the Issue Margin will be determined by ANZ following the Bookbuild on the Rate Set Date, and will be announced by ANZ via NZX and available at anz.co.nz/pps on or about that date. When the Distribution Rate is reset, the new Distribution Rate will be announced by ANZ via NZX on or about the date it is reset. See Section 5.2 of this PDS (Distributions).
Distribution Payment Dates	Distributions on the PPS are scheduled to be paid quarterly in arrear on each Scheduled Distribution Payment Date and, if the PPS are redeemed, on the date on which the PPS are redeemed
Distributions are discretionary and subject to conditions	ANZ has full discretion at all times to cancel distributions on the PPS. In addition, the payment of any distribution on any Distribution Payment Date is subject to ANZ satisfying the Solvency Condition and the payment being permitted by ANZ's conditions of registration. See Section 4 of this PDS (Terms of the Offer).
Distributions are non-cumulative	Distributions are non-cumulative. This means that if a distribution is not paid when scheduled, ANZ is under no obligation to pay that distribution to you at a later date. You have no right to receive it and you have no right to take any action against ANZ or any other member of the ANZ Group in relation to that unpaid distribution. See Section 5.2 of this PDS (Distributions).
Fees and charges	ANZ as issuer will not charge you brokerage or any other fees to apply or subscribe for the PPS. However, you may have to pay brokerage to the firm that gives you an allocation of PPS.

HOW YOU CAN GET YOUR MONEY OUT

Redemption of your PPS

The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by ANZ. ANZ may redeem all of the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event occurs. Redemption is subject to certain conditions being met, including ANZ satisfying the Solvency Condition and obtaining the Reserve Bank's consent.

The First Optional Redemption Date is 18 July 2028 and subsequent Optional Redemption Dates will be on each quarterly Scheduled Distribution Payment Date after that date.

You will receive the Issue Price if your PPS are redeemed for any reason.

See Section 5.3 of this PDS (Optional redemption of your PPS).

Any redemption of your PPS is at the option of ANZ, subject to conditions and may not occur. You should not expect that your PPS will be redeemed, and you do not have a right to require that your PPS be redeemed for any reason.

Sale on NZX Debt Market

ANZ intends to quote these PPS on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market if there are interested buyers. If you sell your PPS, the price you get will vary depending on factors such as the financial condition of ANZ, demand for the PPS, and movements in the market interest rates. You may receive less than the full amount that you paid for them.

HOW THE PPS RANK FOR REPAYMENT

In a liquidation of ANZ, each of your PPS gives you the right to payment of a maximum amount equal to the Issue Price. However, in a liquidation of ANZ it is unlikely that there will be surplus assets available for the liquidator to pay any amount to you in respect of your PPS.

Your right to payment will rank:

- behind the claims of all depositors and holders of other liabilities, securities, instruments and other obligations of ANZ (including Tier 2 Capital instruments), except for the claims and rights described below;
- equally with the rights of other Holders and the rights and claims of holders of any other preference shares, securities or other instruments that rank equally with the PPS; and
- ahead of the rights of ANZ's ordinary shareholders.

Section 5.6 of this PDS (Ranking) explains how the PPS rank in a liquidation of ANZ.

KEY RISKS AFFECTING THIS INVESTMENT

Investments in equity securities of this nature have risks. A key risk is that you will not be paid distributions on your investment or that your investment will not be repaid (credit risk). ANZ is under no obligation to pay cancelled distributions at a later date.

Section 6 of this document (Risks of investing) discusses the main factors that give rise to the risk. You should consider whether the credit risk of these equity securities is suitable for you.

The distribution rate for these PPS should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with a higher risk of defaulting on their commitments. You need to decide whether the offer is fair.

ANZ considers that the most significant risk factors are:

- the COVID-19 pandemic and geopolitical tensions such as the current conflict in Ukraine have had, and may continue to have, a significant impact on the global economy and global markets, including in New Zealand. While the future economic impacts caused by COVID-19 and geopolitical tensions such as the conflict in Ukraine remain uncertain, ANZ may be materially adversely affected by a protracted downturn in economic conditions globally and, in particular, in New Zealand;
- ANZ may be adversely affected by an increase in competitive market conditions or a technological change that puts ANZ's business platforms at a competitive disadvantage;
- ANZ is exposed to the risks associated with extending credit to other parties, including incurring credit-related losses as a result of customers or counterparties being unable or unwilling to honour their contractual obligations to ANZ under their borrowing;
- ANZ is exposed to liquidity and funding risk, which is the risk that ANZ is unable to meet its payment obligations as they fall due or that ANZ has insufficient capacity to fund increases in assets;
- ANZ is exposed to market risk, which is the risk of loss arising from adverse changes in interest rates, currency exchange rates, credit spreads, or from fluctuations in bond or commodity prices;
- ANZ is subject to a substantial and increasing number of laws, regulations and policies, including industry self-regulation. Regulatory changes or a failure to comply with laws, regulations or policies may have an adverse effect on ANZ; and
- ANZ is exposed to operational risk, which is the risk of loss and/or non-compliance with laws resulting from inadequate or failed internal processes, people and systems, or from external events.

These risks may adversely affect ANZ's financial position. They reflect the nature of ANZ's business as a financial institution and the financial services industry in which it operates.

If one or more of these risks eventuate, either individually or in combination, the detrimental impact on ANZ's financial performance may in turn:

- adversely affect the market price and liquidity of the PPS; and/or
- result in ANZ not paying distributions on the PPS or not being able to choose to redeem the PPS.

ANZ can also redeem the PPS in certain circumstances. See the "How you can get your money out" section for a brief description of those circumstances and the intended redemption price. You have no right to redeem the PPS.

This summary does not cover all of the risks of investing in the PPS. You should also read Section 5 (Key features of the PPS) and Section 6 (Risks of investing) of this PDS.

WHAT IS THE PPS' CREDIT RATING?

A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision.

The PPS have been rated by S&P Global Ratings ("S&P"). S&P gives ratings from AAA through to C, excluding ratings attached to entities in default, as set out in the table below. S&P ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

As at the date of this PDS, the PPS have an issue credit rating of BBB from S&P.

Credit ratings for S&P	AAA	AA	A	BBB Credit rating for the PPS	BB	B	CCC	CC	C
Summary description of S&P issue credit ratings	Capacity of the issuer to meet its financial commitments on the obligation			Adequate	Vulnerability of the obligation to non-payment				
	Extremely strong	Very strong	Strong		Less vulnerable	More vulnerable	Currently vulnerable	Highly vulnerable	Currently highly vulnerable

2 PURPOSE OF THE OFFER

As a registered bank, ANZ is required by the Reserve Bank to maintain an adequate level of regulatory capital to provide a buffer to absorb losses from its activities. The Offer will raise Additional Tier 1 Capital to help ANZ meet its regulatory capital requirements and manage its capital position. The proceeds of the Offer will be used for ANZ's general corporate purposes.

There is no minimum amount that must be raised before the PPS will be issued. The use of the money raised under the Offer will not change depending on the total amount that is raised. The Offer is not underwritten.

See Section 9 of this PDS (Information about ANZ) for more information about ANZ's regulatory capital requirements and capital management.

3 KEY DATES AND OFFER PROCESS

Opening Date	Monday, 4 July 2022
Closing Time	12.00pm on Thursday, 7 July 2022
Rate Set Date	Thursday, 7 July 2022
Issue Date/allotment date	Monday, 18 July 2022
Expected date of initial quotation and trading of the PPS on the NZX Debt Market	Tuesday, 19 July 2022
First Scheduled Distribution Payment Date	Tuesday, 18 October 2022
Scheduled Distribution Payment Dates	18 January, 18 April, 18 July and 18 October in each year
First Optional Redemption Date	Tuesday, 18 July 2028

The Opening Date and the Closing Time may change. ANZ has the right in its absolute discretion to open or close the Offer early and to extend the Closing Time. If ANZ changes the Opening Date and/or the Closing Time, the changes will be announced as soon as reasonably practicable by ANZ via NZX. If the Closing Time is extended, the Rate Set Date, the Issue Date, the expected date of initial quotation and trading of the PPS on the NZX Debt Market, the Scheduled Distribution Payment Dates and the First Optional Redemption Date may be extended accordingly. Any such changes will not affect the validity of any applications received. The Scheduled Distribution Payment Dates are subject to the Business Day convention described in Section 4.1 of this PDS (Description of the PPS). Other dates may also be adjusted if they do not fall on a Business Day.

ANZ reserves the right to cancel the Offer and the issue of the PPS.

4 TERMS OF THE OFFER

4.1 DESCRIPTION OF THE PPS

The PPS	
Issuer	ANZ Bank New Zealand Limited
Description	Perpetual preference shares
No fixed maturity date	The PPS have no fixed maturity date and will remain on issue indefinitely if not redeemed by ANZ
Distributions	Distributions on the PPS are expected to be fully imputed. See Section 5.2 of this PDS (Distributions).
Distribution Rate	The Distribution Rate will be a fixed rate for a period of 6 years, after which it will change to a floating rate that resets at quarterly intervals. The Distribution Rate for the first 6 years until the First Optional Redemption Date (18 July 2028) will be the sum of the Swap Rate (a reference rate for a 6-year period) on the Rate Set Date (7 July 2022) plus the Issue Margin. The Distribution Rate after the First Optional Redemption Date will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate (a benchmark interest rate for a 3 month period) plus the same Issue Margin. See Section 5.2 of this PDS (Distributions).
Distribution Payment Dates	Distributions on the PPS are scheduled to be paid: - quarterly in arrear on each Scheduled Distribution Payment Date, being 18 January, 18 April, 18 July and 18 October in each year, commencing on 18 October 2022; and - if the PPS are redeemed, on the date on which the PPS are redeemed
Business Day convention	If a Distribution Payment Date on or before the First Optional Redemption Date is not a Business Day, ANZ will make payment on the next Business Day, but no adjustment will be made to the amount of the distribution payable. If a Distribution Payment Date after the First Optional Redemption Date is not a Business Day, the Distribution Payment Date will be the next Business Day unless that day falls in the next calendar month, in which case it will be the preceding Business Day, and the amount of the distribution paid will be adjusted to reflect the actual payment date.
Distributions are discretionary and subject to conditions	ANZ has full discretion at all times to cancel distributions on the PPS and the payment of any distribution on any Distribution Payment Date is subject to conditions. See Section 5.2 of this PDS (Distributions).
Distributions are non-cumulative	If a distribution is not paid when scheduled, ANZ is under no obligation to pay that distribution at a later date. See Section 5.2 of this PDS (Distributions).
Redemption	ANZ may redeem all of the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event occurs. Redemption is subject to certain conditions being met, including ANZ satisfying the Solvency Condition and obtaining the Reserve Bank's consent. See Section 5.3 of this PDS (Optional redemption of your PPS). Any redemption of your PPS is at the option of ANZ, subject to conditions and may not occur. You should not expect that your PPS will be redeemed, and you have no right to require that your PPS be redeemed for any reason.
Entitlement to payments	Distributions on the PPS will be made to the persons who are the Holders as at the close of business on the 10th day before the applicable Distribution Payment Date (whether or not the relevant Distribution Payment Date is a Business Day) or, if that day is not a Business Day, the immediately preceding Business Day or such other date as may be required by NZX. Any payment on redemption of the PPS will be made to the persons who are the Holders as at the close of business on the date determined by ANZ and notified to Holders or as may be required by NZX.
Ranking of the PPS	In a liquidation of ANZ, the PPS rank as preference shares of ANZ, and your right to payment of an amount equal to the Issue Price will rank behind the claims of depositors and other general and subordinated creditors (except for holders of equal ranking instruments) but ahead of the rights of holders of ordinary shares. See Section 5.6 of this PDS (Ranking).

4.2 DESCRIPTION OF THE OFFER

The Offer	
Offer amount	Up to NZ\$250 million, with unlimited oversubscriptions
Opening Date, Closing Time and Issue Date	See Section 3 of this PDS (Key dates and Offer process)
Issue Price	Each PPS is issued for NZ\$1.00
Minimum subscription amount	NZ\$5,000 and in multiples of NZ\$1,000 after that
How to apply	There is no public pool for the PPS. All PPS will be reserved for subscription by clients of the Joint Lead Managers and Primary Market Participants and other persons invited to join the Bookbuild. Application instructions are set out in Section 12 of this PDS (How to apply).
Fees and charges	ANZ as issuer will not charge you brokerage or any other fees to apply or subscribe for the PPS. However, you may have to pay brokerage to the firm that gives you an allocation of PPS.
Allocation of PPS	Following the Bookbuild, ANZ as issuer will allocate PPS to each of the successful Bookbuild participants. Those participants will in turn be solely responsible for allocating the PPS to individual investors. This means that ANZ as issuer has no direct role in determining the allocation that you receive from your financial adviser.
Offer in New Zealand	This PDS only constitutes an offer of PPS to retail and institutional investors in New Zealand in accordance with the selling restrictions contained in Section 10.1 of this PDS (Selling restrictions and indemnity). By subscribing for the PPS, you agree to comply with the selling restrictions and to indemnify ANZ, the Registry, the Arranger and each Joint Lead Manager (and their respective directors, officers, employees and agents) in respect of any loss, cost, claim, fine, damages, liability or expense sustained or incurred as a result of you breaching the selling restrictions contained in Section 10.1 of this PDS (Selling restrictions and indemnity).
Governing law	The PPS, the Terms and the Offer are governed by New Zealand law

4.3 TRADING YOUR PPS ON THE NZX DEBT MARKET

ANZ intends to have the PPS quoted on the NZX Debt Market. NZX ticker code ANBHC has been reserved for the PPS. NZX takes no responsibility for the content of this PDS. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.

To be eligible to trade your PPS on the NZX Debt Market, you must have an account with a Primary Market Participant, a common shareholder number (or “CSN”) and an authorisation code. If you do not have an account with a Primary Market Participant, you should be aware that opening an account can take a number of days depending on the Primary Market Participant’s new client procedures.

If you do not have a CSN, you will be automatically assigned one if you invest in the PPS. If you do not have an authorisation code, it is expected that you will be sent one by the Registry. If you have an account with a Primary Market Participant and have not received an authorisation code by the date you want to trade your PPS, your Primary Market Participant can arrange to obtain your authorisation code from the Registry. Your Primary Market Participant will be charged a fee for requesting your authorisation code from the Registry and may pass this cost on to you.

You may only transfer your PPS in aggregate Issue Price multiples of NZ\$1,000, and after any transfer you and the transferee must each hold PPS with an aggregate Issue Price of no less than NZ\$5,000, or no PPS.

You will likely have to pay brokerage on any transfer of PPS you make through a Primary Market Participant.

4.4 TERMS AND CONSTITUTION

The terms of the PPS are set out in the Terms and the Constitution. Holders are bound by, and are deemed to have notice of, the Terms and the Constitution. You can obtain a copy of the Terms and the Constitution from the Disclose Register at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13332).

5 KEY FEATURES OF THE PPS

5.1 GENERAL

A number of the key features of the PPS are described in Section 4 of this PDS (Terms of the Offer). Other key features of the PPS and further detail about some of the key features described earlier in Section 4 of this PDS (Terms of the Offer) are described below.

5.2 DISTRIBUTIONS

This Section 5.2 contains further detail on when distributions are payable, the Distribution Rate and how distribution payments are calculated.

Distributions	Distributions on the PPS are expected to be fully imputed. This means the return you receive when a distribution is paid is expected to comprise: • a cash amount; and • imputation credits. Based on the current corporate income tax rate of 28%, if a distribution is fully imputed you will receive 28 cents of imputation credits for every 72 cents of the cash amount. If a distribution is not fully imputed, the cash amount will be increased by an amount corresponding to the shortfall in imputation credits.
How the cash amount of fully imputed distributions is determined	Distributions made on or before the First Optional Redemption Date (Fixed Rate Period) • The cash distribution payable on each PPS on each Scheduled Distribution Payment Date that is on or before the First Optional Redemption Date (18 July 2028) and on the date the PPS are redeemed (if it falls on a date on or before the First Optional Redemption Date that would otherwise be a Scheduled Distribution Payment Date) is calculated according to the following formula: $\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4}$ • The cash distribution payable on each PPS on the date the PPS are redeemed (if it falls on a date before the First Optional Redemption Date that would not otherwise be a Scheduled Distribution Payment Date) is calculated according to the following formula: $\text{Cash distribution payable} = \left(\frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4} \right) \times \frac{A}{B}$ Distributions made after the First Optional Redemption Date (Floating Rate Period) • The cash distribution payable on each PPS on each Distribution Payment Date after the First Optional Redemption Date and on the date the PPS are redeemed (if it falls on a date after the First Optional Redemption Date) is calculated in accordance with the following formula: $\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price} \times A}{365}$ Determining the cash amount For the purposes of determining the cash amount, the Distribution Rate will be expressed as a decimal. In addition: "A" means, in respect of a Distribution Payment Date, the number of days from (and including) the preceding Scheduled Distribution Payment Date (or the Issue Date in the case of the first Distribution Payment Date) to (but excluding) the Distribution Payment Date. "B" means, in respect of a Distribution Payment Date, the number of days from (and including) the preceding Scheduled Distribution Payment Date (or the Issue Date in the case of the first Distribution Payment Date) to (but excluding) the date that would have been the next Scheduled Distribution Payment Date had the PPS not been redeemed. "Tax Rate" means the New Zealand corporate tax rate on the relevant Distribution Payment Date (expressed as a decimal). As at the date of this PDS, the New Zealand corporate income tax rate is 28% (or 0.28 expressed as a decimal).

Example of a distribution payment	Set out below is an example that shows the return on your PPS on a Scheduled Distribution Payment Date if the distribution is fully imputed. The example below is based on the following assumptions: • you hold 10,000 PPS; • the Distribution Rate on the Scheduled Distribution Payment Date is 6.00% p.a.; • the corporate income tax rate on the Scheduled Distribution Payment Date is 28%; and • the Scheduled Distribution Payment Date is on or before the First Optional Redemption Date (18 July 2028). Gross value of return To receive a return on the quarterly Scheduled Distribution Payment Date equal to the Distribution Rate, the gross value of the cash amount and imputation credits together needs to equal NZ\$150.00. Your return is calculated as follows: $\text{Gross value of quarterly return} = \frac{0.06 \times \$1.00}{4}$ $= \text{NZ\$0.015 per PPS}$ $= \text{NZ\$150.00 for your holding of 10,000 PPS.}$ The split between the cash amount and imputation credits is shown below. Cash amount The cash amount is calculated as follows: $\text{Cash amount per PPS} = \frac{0.06 \times (1 - 0.28) \times \$1.00}{4}$ $= \text{NZ\$0.0108 per PPS}$ $= \text{NZ\$108.00 for your holding of 10,000 PPS.}$ Imputation credits You will also receive imputation credits of NZ\$42.00, being NZ\$150.00 less the NZ\$108.00 cash amount. Effective return received You need to note that: • the actual amount you receive on the Scheduled Distribution Payment Date will be the cash amount less any withholding tax that is required to be deducted; and • the effective return on your PPS will be impacted by your ability to use imputation credits, which will depend on your particular circumstances. See Sections 7 (Tax) and 8 (Tax consequences for overseas Holders) of this PDS. If the distribution is not fully imputed then the cash amount will be increased by an amount corresponding to the shortfall in imputation credits. In the example above, if only NZ\$30.00 of imputation credits were attached to the distribution, the cash amount of NZ\$108.00 would be increased by the shortfall of NZ\$12.00, to result in a total cash amount of NZ\$120.00 (before the deduction of any withholding tax), so that the gross value of your return would still be NZ\$150.00.
Use of imputation credits	The value of imputation credits to you will depend on your ability to use them, which is determined by your tax circumstances. If you: • cannot use imputation credits, the effective return on your PPS will be less than the Distribution Rate; or • can use imputation credits, the effective return on your PPS will depend on your tax circumstances and will be no more than the Distribution Rate. You should be aware that the value of any imputation credits may not accrue at the same time as the receipt of any cash distribution.
Distribution Payment Dates	Distributions on the PPS are scheduled to be paid quarterly in arrear on each Scheduled Distribution Payment Date and, if the PPS are redeemed, the date of redemption. See Section 5.3 of this PDS (Optional redemption of your PPS). The Distribution Payment Dates are subject to the Business Day convention described in Section 4.1 of this PDS (Description of the PPS).

Distributions are discretionary and subject to conditions	There is no guarantee that distributions will be paid on the PPS. ANZ has full discretion at all times to cancel distributions on the PPS. In addition, the payment of any distribution on any Distribution Payment Date is subject to: • the payment of the distribution being permitted by ANZ's conditions of registration as at the time of the payment; and • ANZ satisfying the Solvency Condition. The Solvency Condition will be satisfied if ANZ is Solvent on the applicable Distribution Payment Date and is able to pay the distribution and still be Solvent immediately after paying the distribution. ANZ's conditions of registration limit the amount of distributions ANZ can make in certain circumstances. For instance, the amount of earnings able to be distributed by ANZ (by way of dividends, share buy-backs or, eventually, payments on Additional Tier 1 Capital instruments) will become restricted if ANZ's prudential capital buffer falls below a certain level. See Section 9.2 of this PDS (ANZ's regulatory capital requirements) for a description of the prudential capital buffer and regulatory capital requirements generally.
Distributions are non-cumulative	Distributions are non-cumulative. If a distribution is not paid when scheduled, ANZ is under no obligation to pay that distribution at a later date. Non-payment of a distribution on a Distribution Payment Date will not constitute a default by ANZ, and you will have no right to take action against ANZ or any other member of the ANZ Group in respect of that non-payment. No interest accrues on any unpaid distributions and you will have no claim or entitlement in respect of interest on any unpaid distribution.
Restrictions on payment of other distributions by ANZ	If for any reason a distribution is not paid in full on the PPS within 3 Business Days of a Distribution Payment Date, ANZ must not authorise or pay a dividend on its ordinary shares, acquire its ordinary shares or otherwise undertake a capital reduction in respect of its ordinary shares. These restrictions will apply until: • ANZ pays a distribution on the PPS in full on a subsequent Scheduled Distribution Payment Date; or • there are no longer any PPS outstanding.
Distribution Rate	The Distribution Rate will be a fixed rate for a period of 6 years, after which it will change to a floating rate that resets at quarterly intervals. The Distribution Rate for the first 6 years until the First Optional Redemption Date (18 July 2028) will be the sum of the Swap Rate (a reference rate for a 6-year period) on the Rate Set Date (7 July 2022) plus the Issue Margin. The Distribution Rate after the First Optional Redemption Date will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate (a benchmark interest rate for a 3 month period) plus the same Issue Margin. If the sum of the 3 Month Bank Bill Rate plus the Issue Margin is less than 0% per annum, the Distribution Rate will be deemed to be 0% per annum. The initial Distribution Rate and the Issue Margin will be determined by ANZ following the Bookbuild on the Rate Set Date, and will be announced by ANZ via NZX and available at anz.co.nz/pps on or about that date. When the Distribution Rate is reset, the new Distribution Rate will be announced by ANZ via NZX on or about the date it is reset.
Swap Rate	A swap rate is a reference rate commonly used in New Zealand by major financial institutions. The Swap Rate is a reference rate for a 6-year period. The Swap Rate will be determined on the Rate Set Date.

3 Month Bank Bill Rate	A bank bill rate is a benchmark interest rate commonly used in New Zealand by major financial institutions. The 3 Month Bank Bill Rate is a benchmark interest rate for a 3-month period. Bank bill rates change to reflect market conditions over time, so the 3 Month Bank Bill Rate will likely vary for each Scheduled Distribution Payment Date after the First Optional Redemption Date (18 July 2028). The 3 Month Bank Bill Rate that is applicable for a Distribution Payment Date will be the 3 Month Bank Bill Rate as at the previous Scheduled Distribution Payment Date. ANZ is able to replace the 3 Month Bank Bill Rate with an alternative reference rate if the 3 Month Bank Bill Rate becomes unavailable.
Issue Margin	The Issue Margin is the percentage rate per annum determined by ANZ as issuer in consultation with the Joint Lead Managers through the Bookbuild. The Issue Margin will be announced by ANZ via NZX and available at anz.co.nz/pps on or about the Rate Set Date. The Issue Margin for the PPS will not change.

5.3 OPTIONAL REDEMPTION OF YOUR PPS

The PPS are perpetual instruments with no fixed redemption date. However, ANZ may redeem the PPS in certain circumstances. This Section 5.3 contains further detail on when ANZ may redeem the PPS.

When ANZ may choose to redeem your PPS	ANZ may, subject to the conditions described below, choose to redeem all of the PPS: • on an Optional Redemption Date; or • on any Business Day if a Tax Event or a Regulatory Event has occurred
Optional Redemption Dates	The First Optional Redemption Date is 18 July 2028 and subsequent Optional Redemption Dates will occur on each quarterly Scheduled Distribution Payment Date after that date
Tax Event	A Tax Event occurs if ANZ determines, in its absolute discretion, that: • there has been, or there will be, a change in New Zealand law, regulation, ruling or directive (including by way of the imposition of, or any change to, any New Zealand law, regulation, ruling or directive); • there has been, or there will be, a change in the application, interpretation or administration of any New Zealand law, regulation, ruling or directive by any authority (including the New Zealand Inland Revenue Department); or • any member of the ANZ Group is or will be required to comply with a change in any New Zealand law, regulation, ruling or directive or changed application, interpretation or administration, in each case that applies, or is to apply, after the Issue Date and which directly or indirectly affects the taxation treatment in relation to the PPS with the effect that any member of the ANZ Group would be exposed to an increase to its costs in relation to the PPS, provided that such event is not minor and could not reasonably have been anticipated by ANZ at the Issue Date
Regulatory Event	A Regulatory Event occurs if ANZ determines, in its absolute discretion, that there has been, or there will be, any amendment to, clarification of, change in or to, change in the interpretation, application or administration of, or imposition of: • any law, regulation or directive in New Zealand; • any official administrative pronouncement or action or judicial decision interpreting or applying any law, regulation or directive in New Zealand; or • any order, direction, standard, requirement (including any prudential regulation requirement), guideline or statement of the Reserve Bank (whether or not having the force of law), in each case that applies, or is to apply, after the Issue Date and, as a result, either: • ANZ is or will be adversely affected in relation to its regulatory capital treatment of the PPS; or • ANZ is not or will not be entitled to treat some or all PPS as Additional Tier 1 Capital, provided that such event is not minor and could not reasonably have been anticipated by ANZ at the Issue Date
Conditions to ANZ redeeming your PPS	ANZ may only redeem the PPS if certain conditions are met, including: • the Reserve Bank having given its prior written approval to the redemption of the PPS; and • ANZ satisfying the Solvency Condition immediately after the redemption of the PPS

Amount that is payable to you if your PPS are redeemed	You will receive the Issue Price if your PPS are redeemed for any reason. See also Section 5.6 of this PDS (Ranking) which explains your entitlement in a liquidation of ANZ.
No certainty that ANZ will choose to redeem your PPS	ANZ is under no obligation to redeem the PPS. There is no certainty that: • ANZ will choose to redeem the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event has occurred; • ANZ will be able to satisfy the conditions that apply to redemption; or • if requested by ANZ, the Reserve Bank would give its approval to redemption of the PPS
Holders cannot choose to have the PPS redeemed	You do not have a right to require that your PPS be redeemed for any reason

5.4 LIMITED ENFORCEMENT RIGHTS

The Terms do not include events of default or any other provisions entitling you to require that the PPS be redeemed.

You do not have any right to apply for the liquidation or administration of ANZ or any other member of the ANZ Group, or to cause a receiver or receiver and manager to be appointed in respect of ANZ or any other member of the ANZ Group on the grounds of ANZ's failure or potential failure to pay distributions on the PPS or for any other reason in connection with ANZ's compliance with the terms of the PPS.

5.5 NO OTHER RIGHTS

The PPS confer no rights to:

- vote at any general meeting of ANZ;
- participate in the issue of any other securities in ANZ or any other member of the ANZ Group or to participate in any bonus issues of securities of ANZ or any other member of the ANZ Group; or
- otherwise participate in the profits or property of ANZ, except by receiving payments as described in this PDS.

The features of the PPS, as described in this PDS, mean that the PPS do not have the same opportunity to increase in value as ordinary shares.

5.6 RANKING

The PPS are preference shares issued by ANZ. In a liquidation of ANZ, each of your PPS gives you the right to payment of a maximum amount equal to the Issue Price. However, in a liquidation of ANZ it is unlikely that there will be surplus assets available for the liquidator to pay any amount to you in respect of your PPS. Your right to payment of an amount equal to the Issue Price will rank:

- behind the claims of all depositors and holders of other liabilities, securities, instruments and other obligations of ANZ (including Tier 2 Capital instruments), except for the claims described below;
- equally with the rights of other Holders and the rights and claims of holders of any other preference shares, securities or other instruments that rank equally with the PPS; and
- ahead of the rights of ANZ's ordinary shareholders.

The following diagram shows how ANZ's liabilities and other capital instruments issued by ANZ (including the PPS) rank in a liquidation of ANZ. The diagram does not describe every type of liability, security, instrument or other obligation that ANZ may have while the PPS are outstanding.

	Ranking in a liquidation of ANZ	Description	Examples	Liabilities and equity of ANZ as at 31 March 2022 (NZ\$m)
Higher ranking ↑	Liabilities and equity that rank in priority to the PPS	Secured debt and creditors preferred by law	ANZ covered bonds	3,973
			Liabilities given preference by law including employee entitlements and certain taxes	158
		Unsubordinated unsecured debt	Depositors and other general creditors	153,958
			Unsecured unsubordinated notes and bonds	12,589
		Subordinated debt (including Tier 2 Capital instruments)	ANZ subordinated notes issued in September 2021	594
	Liabilities and equity that rank equally with the PPS	Preference shares and other equally ranked instruments (including Additional Tier 1 Capital instruments)	The PPS	250
			ANZ convertible notes issued to ANZBGL NZ branch in March 2015	1,003
			ANZ convertible notes issued to ANZBGL NZ branch in June 2016	938
			ANZ preference shares issued to ANZ Holdings (New Zealand) Limited in September 2013	300
	Equity that ranks below the PPS	Equity (other than preferred equity)	Ordinary shares, reserves and retained earnings	16,728
Lower ranking ↓				

Basis of preparation of table

Amounts in the table above (except for the estimated amount of the PPS) are indicative amounts derived from ANZ's unaudited financial statements for the 6 months ended 31 March 2022. The actual amounts of liabilities and equity of ANZ at the point of its liquidation would be different to the indicative amounts set out in the diagram above.

The table has been adjusted to include the issue of PPS, based on an estimated issue size of NZ\$250 million. This adjustment does not affect the other amounts listed in the table. The total value of the PPS to be issued will be announced by ANZ on or about the Rate Set Date (7 July 2022) via NZX and available at anz.co.nz/pps.

Covered bonds are debt securities under which the bondholder has both an unsecured claim on ANZ and a secured claim over certain assets which have been sold by ANZ to the ANZNZ Covered Bond Trust. Despite those assets having been sold by ANZ, those assets still appear in ANZ's financial statements but would not be available to creditors of ANZ or Holders in a liquidation of ANZ.

Amounts in the table are presented in millions of New Zealand dollars and may be subject to rounding adjustments.

No restrictions on issuing further securities or incurring further liabilities

There are no restrictions on ANZ issuing further securities or incurring further liabilities after the date of this PDS that rank equally with, or in priority to, the PPS in a liquidation of ANZ.

ANZ could therefore, at any time after the date of this PDS, issue further securities or incur further liabilities that rank equally with or in priority to the PPS.

5.7 NO SET-OFF

Except to the extent required by law, you do not have any right to set-off any amounts that may be payable by ANZ in connection with the PPS against any amounts that you owe to ANZ (whether in connection with the PPS or otherwise).

5.8 AMENDMENTS TO THE TERMS

The terms of the PPS as set out in the Terms may be amended without your consent if, in ANZ's reasonable opinion, the amendment:

- is made to cure an ambiguity or correct a manifest error;
- is of a formal, minor or technical nature;
- is necessary or expedient for the purpose of complying with any law, the provisions of any statute, the requirements of any statutory authority, the NZX Listing Rules or the listing or quotation requirements of any securities exchange on which ANZ may propose to seek a listing or quotation of the PPS;
- is necessary or expedient for the purpose of enabling the PPS to be quoted or to remain quoted on a securities exchange or to be lodged 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;
- is reasonably necessary if the 3 Month Bank Bill Rate is replaced by an alternative reference rate; or
- will not materially adversely affect the rights of Holders as a whole.

The Terms may also be amended with the approval of a special resolution (as defined in section 2(1) of the Companies Act 1993) of Holders. As a Holder of PPS you will be entitled to participate in a vote of Holders to consider a special resolution.

However, no amendment can be made to the terms of the PPS as set out in the Terms unless, at least 5 Business Days prior to the amendment being made, notification of the amendment has been made to the Reserve Bank by ANZ, accompanied by any supporting documentation required by the Reserve Bank's prudential regulatory requirements.

Amendments made in accordance with the Terms are binding on you even if you did not agree to them.

5.9 TAX INDEMNITY

If tax is not correctly deducted from a payment to you or if ANZ is required to pay an amount of tax on your behalf (for example, because you did not correctly notify details about your tax residence), then you indemnify ANZ in respect of that tax liability, which may be recovered from you or set-off against future payments to you.

6 RISKS OF INVESTING

6.1 INTRODUCTION

This Section 6 describes the following potential risks associated with an investment in the PPS:

- general risks of investing in the PPS;
- significant specific risks relating to ANZ's creditworthiness; and
- other specific risks associated with the PPS.

The selection of risks relating to ANZ's creditworthiness has been based on an assessment of a combination of the probability of a risk occurring and the impact of the risk if it did occur. That assessment is based on ANZ's business as at the date of this PDS.

You should carefully consider these risk factors (together with the other information in this PDS) before deciding to invest in the PPS.

This Section 6 does not cover all of the risks of investing in the PPS. Additional risks that ANZ is not aware of, or that it currently considers are not material, may also become important risk factors over time.

The statement of risks in this Section 6 does not take account of your personal circumstances, financial position or investment requirements. Before making any investment decision, you should consider the suitability of an investment in the PPS in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues) and consult your financial advice provider.

6.2 GENERAL RISKS

An investment in the PPS is subject to the following general risks:

The risk that ANZ encounters financial difficulty which has an adverse effect on your investment

If ANZ encounters financial difficulty, this may in turn:

- adversely affect the market price and liquidity of the PPS; and/or
- result in ANZ not paying distributions on the PPS or not being able to choose to redeem the PPS.

If ANZ becomes insolvent and is placed in liquidation, it is highly likely that you will lose all of your investment.

Market risks associated with the PPS

The market price of the PPS may fluctuate up or down and the PPS may trade below their Issue Price

The market price of the PPS on the NZX Debt Market may fluctuate due to various factors, including liquidity and changes in interest rates, ANZ's financial position, ANZ's credit rating or the credit rating of the PPS. The PPS may trade at a market price below their Issue Price, and the market price of the PPS may be more sensitive to changes in factors such as economic conditions, liquidity and risk tolerances than the market price of unsubordinated debt securities issued by ANZ or other issuers. If you were to sell your PPS at a time when the market price of the PPS was lower than the Issue Price, you would lose some of the money you invested.

The liquidity of the PPS may be low

The market for the PPS may not be liquid and may be less liquid than that of other securities issued by ANZ or other issuers. If liquidity is low, you may not be able to sell your PPS at an acceptable price, or at all.

6.3 SPECIFIC RISKS RELATING TO ANZ'S CREDITWORTHINESS

ANZ is exposed to a number of risks that may affect its business and therefore its financial performance and creditworthiness. Set out below are the most significant risks relating to ANZ's creditworthiness.

The economic impacts of COVID-19 and geopolitical tensions such as the current conflict in Ukraine may have an adverse effect on ANZ

The COVID-19 pandemic and geopolitical tensions such as the current conflict in Ukraine have had, and may continue to have, a significant impact on the global economy and global markets, including in New Zealand. Persistent COVID-19 challenges and geopolitical tensions such as the current conflict in Ukraine have together contributed, and may continue to contribute, to:

- global shipping capacity constraints, higher costs for freight, supply chain issues, higher energy and food prices, and tightened labour markets – which in turn are adding to inflationary pressures and rising interest rates globally;
- uncertainties in economic conditions across the world;
- suppressed demand for commodities, interruptions to the supply chains for many industries globally;
- dampened consumer confidence; and
- suppressed business earnings and growth prospects,

all of which could contribute to ongoing volatility in global financial markets, which could impact credit losses and asset values.

While the future economic impacts caused by COVID-19 and geopolitical tensions such as the current conflict in Ukraine remain uncertain, ANZ may be materially adversely affected by a protracted downturn in economic conditions globally and, in particular, in New Zealand.

An increase in competitive market conditions or a technological change may have an adverse effect on ANZ

ANZ may be adversely affected by an increase in competitive market conditions or a technological change that puts ANZ's business platforms at a competitive disadvantage. For instance, digital technologies and business models are changing customer behaviour and the competitive environment, and emerging competitors are increasingly utilising new technologies and seeking to disrupt existing business models in the financial services sector. ANZ operates in highly competitive markets, so such changes could lead to a material reduction in ANZ's market share, a loss of customers, increased costs and reduced margins, and have an adverse effect on ANZ.

Credit risk may have an adverse effect on ANZ

ANZ is exposed to the risks associated with extending credit to other parties, including incurring credit-related losses as a result of customers or counterparties being unable or unwilling to honour their contractual obligations to ANZ under their borrowing. ANZ may incur losses if borrowers default on their loans, and these losses may be significant if there are widespread defaults in a particular sector or sectors of the economy.

Customers or counterparties may be unable or unwilling to honour their contractual obligations to ANZ under their borrowing for a number of reasons, including:

- less favourable business or economic conditions;
- climate events, geological events, plant, animal and human diseases, pandemics and other external events;
- changes to laws, regulations, or other policies such as carbon pricing and climate risk adaptation or mitigation policies; or
- interrupted supply chains (including as a result of some of the factors above).

In addition, the value of any property provided by borrowers as security may not be enough to repay their borrowing (for instance, as a result of a decrease in residential property prices). This may result in ANZ incurring losses, which may have an adverse effect on ANZ.

The risk of credit-related losses has increased as a result of the on-going COVID-19 pandemic and may further increase as a result of a number of other factors, such as an increase in interest rates, a deterioration in the New Zealand economy, a sustained high level of unemployment, more expensive imports into New Zealand, an increase in insurance costs or inability to insure (for instance, as a result of climate events) and a decrease in residential property prices.

Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, as well as the occurrence of events such as natural disasters or pandemics, could cause customers or counterparties to fail to meet their obligations in accordance with agreed terms.

Liquidity, funding and capital risk events may have an adverse effect on ANZ

Liquidity and funding risk is the risk that ANZ is unable to meet its payment obligations as they fall due or that ANZ has insufficient capacity to fund increases in assets. Liquidity and funding risk is inherent in all banking operations due to the timing mismatch between cash inflows and cash outflows. Reduced liquidity could lead to an increase in the cost of ANZ's borrowings and constrain the volume of new lending, which may adversely affect ANZ.

Deterioration and volatility in market conditions, including the adverse changes in market conditions experienced as a result of external events (such as COVID-19 and the conflict in Ukraine) and/or declines in investor confidence in ANZ, may materially impact ANZ's ability to replace maturing liabilities and access funding (in a timely and cost effective manner), which may have an adverse effect on ANZ.

Similarly, an inability of ANZ to maintain its regulatory capital at required levels would have an adverse effect on ANZ. For instance, if ANZ's ratios of capital to risk weighted assets decrease (which may occur in times of market stress), ANZ may need to raise additional capital at a time when it is difficult or expensive to do so.

Market risk events may have an adverse effect on ANZ

ANZ is exposed to market risk, which is the risk of loss arising from adverse changes in interest rates, currency exchange rates, credit spreads, or from fluctuations in bond or commodity prices. For the purposes of financial risk management, ANZ differentiates between traded and non-traded market risks.

Traded market risk principally arises from ANZ's trading operations in interest rates, foreign exchange, commodities and debt securities. Losses can arise from a change in the value of ANZ's trading positions as a result of adverse movements in market prices.

Non-traded market risk (or balance sheet risk) is the risk associated with the management of non-traded interest rate risk, liquidity risk, funding risk, capital risk and foreign exchange risk as a result of banking book transactions. For ANZ, this is predominantly interest rate risk in the banking book. As interest rates change over time, ANZ may be exposed to losses as a result of the interest rate profile of its balance sheet. This exposure typically arises from changes in the overall and relative level

of interest rates for different periods of time, including differences in the actual versus expected net interest margin, which can expose ANZ to potential losses. Non-traded market risks are hedged, but there can be no assurance that the hedging arrangements will be sufficient, which may result in losses to ANZ.

Any significant losses from traded market risk and non-traded market risk may adversely impact ANZ's financial performance and position.

Regulatory changes or a failure to comply with laws, regulations or policies may have an adverse effect on ANZ

ANZ is subject to a substantial and increasing number of laws, regulations and policies, including industry self-regulation. The supervision and regulation of, and enforcement against, financial services groups (such as the ANZBGL group of companies, which includes ANZ) has become increasingly extensive, complex and costly. Significant regulatory change may adversely affect ANZ, potentially impacting its corporate structures, businesses, strategies, capital, liquidity, funding and profitability, cost structures, and the cost and access to credit for its customers and the wider economy. This in turn may have an adverse effect on ANZ.

A failure by ANZ to comply with laws, regulations or policies could result in regulatory investigations, legal or regulatory sanctions, financial or reputational loss, litigation, fines, penalties, restrictions on ANZ's ability to do business, revocation, suspension or variation of conditions of relevant regulatory licenses or other enforcement or administrative action or agreements that may have an adverse effect on ANZ.

Operational risk events may have an adverse effect on ANZ

Operational risk is the risk of loss and/or non-compliance with laws resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risk categories include:

- internal fraud (for example, involving employees or contractors);
- external fraud (for example, fraudulent loan applications or credit card fraud);
- employment practices, loss of key staff, inadequate workplace health and safety and failure to effectively implement employment policies;
- impacts on clients, products and business practices (for example, misuse of customer data or anti-competitive behaviour);
- business disruption (including systems failures);
- reputational risk (for example, if ANZ's product and service disclosure practices, pricing policies and use of data do not meet the community's expectations);
- cyber risk (as described below);
- conduct and culture risks (for example, the failure of ANZ's business, employees or agents to appropriately consider the interests of consumers, the integrity of financial markets, and the expectations of the community in conducting its business activities);
- damage to physical assets;
- execution, delivery and process management (for example, processing errors or data management failures); and
- financial crime.

Reliance on digital channels for ANZ's staff and customers heightens the risk associated with cyber-related attacks and the impact those attacks might have on ANZ's systems and service availability. This risk relates to ANZ-owned technology assets as well as technology owned by critical third party suppliers and critical services on which ANZ relies, such as telecommunications operators.

The frequency and magnitude of threats to ANZ's IT systems from cyber-attacks are increasing and continuously evolving. Cyber-attacks against organisations can range from attacks from single private individuals up to state owned attacks, which are generally much more sophisticated. While ANZ has implemented policies and procedures designed to protect against cyber-attacks, it may not be able to anticipate or implement effective measures to prevent or minimise disruptions including those caused by, among other things, cyber-attacks due to well-resourced perpetrators using highly sophisticated and/or novel techniques.

Loss from operational risk events may have an adverse effect on ANZ. Such losses can include fines, penalties, loss or theft of funds or assets, legal costs, customer compensation, loss of shareholder value, reputational loss, loss of life or injury to people, and loss of property and/or information.

Possible impact of risks

ANZ expects some of the risks described in this Section 6.3 of the PDS to arise in the normal course of its business. When they do, this can lead to a loss, an increase in costs, a reduction in revenues and/or a requirement to hold more capital. ANZ uses its risk management framework to manage and escalate the reporting of these risks and in the normal course of business these risks are not expected to have a material adverse impact on ANZ.

However, circumstances outside of the normal course of business can arise, such as international funding markets abruptly ceasing to function properly, widespread and sudden borrower defaults in a particular sector or sectors of the economy, a prolonged cyber-attack that significantly disrupts business, or a combination of those circumstances at the same time.

The occurrence of these types of circumstances may make the risks more difficult to manage and the impact on ANZ more severe. A failure to manage these risks adequately could mean that ANZ does not pay distributions on the PPS when scheduled or is not able to choose to redeem the PPS, which means you could lose some or all of the money you invest in the PPS. In addition, a deterioration in the financial performance or creditworthiness of ANZ may adversely affect its credit ratings and/or the market price and liquidity of the PPS, which means you may not be able to sell your PPS at an acceptable price or at all.

6.4 RISKS RELATED TO INVESTING IN THE PPS

An investment in the PPS is subject to the following risks associated with the PPS specifically:

It is unlikely that you will be paid any money on your PPS if ANZ is in liquidation

In a liquidation of ANZ, your right to payment of an amount equal to the Issue Price for each PPS will rank behind:

- all liabilities of ANZ (except for liabilities ranking equally with the PPS, such as the convertible notes set out in the ranking diagram in Section 5.6 of this PDS (Ranking)); and
- any equity securities that may be issued by ANZ in the future that rank ahead of the PPS.

This means it is unlikely that there will be surplus assets for the liquidator to pay you any amount in respect of your PPS. See Section 5.6 of this PDS (Ranking).

You have no rights against ANZ if distributions are not paid on a Distribution Payment Date

ANZ has full discretion at all times to cancel distributions on the PPS. In addition, the payment of any distribution on any Distribution Payment Date is subject to ANZ satisfying the Solvency Condition and the payment being permitted by ANZ's conditions of registration.

If ANZ does not pay a distribution on a Distribution Payment Date, it will not constitute a default by ANZ and you will have no right to take action against ANZ or any other member of the ANZ Group in respect of that non-payment. See Sections 5.2 (Distributions) and 5.4 (Limited enforcement rights) of this PDS.

Distribution payments are non-cumulative

Distribution payments on the PPS are non-cumulative. If a distribution is not paid on a Distribution Payment Date, ANZ is under no obligation to pay that distribution at a later date. See Section 5.2 of this PDS (Distributions).

The Distribution Rate may fall and could go down to 0% per annum

The Distribution Rate will be a fixed rate for a 6-year period, after which it will be a floating rate which will be reset quarterly to be equal to the sum of the applicable 3 Month Bank Bill Rate plus the Issue Margin. The 3 Month Bank Bill Rate changes to reflect market conditions over time, so it will likely vary for each Distribution Payment Date.

The 3 Month Bank Bill Rate may go down, including below 0% per annum. If the sum of the 3 Month Bank Bill Rate plus the Issue Margin is less than 0% per annum, the floating rate will be deemed to be 0% per annum.

You have no right to redeem your PPS and ANZ may not redeem your PPS

The PPS have no fixed redemption date and will remain on issue indefinitely if not redeemed by ANZ. **You have no right to require that your PPS be redeemed.** ANZ is under no obligation to redeem the PPS. There is no certainty that ANZ will choose to redeem the PPS on an Optional Redemption Date or at any time if a Tax Event or Regulatory Event has occurred, that ANZ will be able to satisfy the conditions that apply to redemption, or that, if requested by ANZ, the Reserve Bank would give its approval to redemption of the PPS.

Unless your PPS are redeemed by ANZ, to realise your investment you will need to sell your PPS on the NZX Debt Market at the prevailing market price. You may not be able to sell your PPS, and even if you can, you may receive less than the full amount you paid for them. See Section 5.3 of this PDS (Optional redemption of your PPS).

ANZ may redeem your PPS in certain circumstances

In certain circumstances, ANZ can redeem your PPS. You may be disadvantaged if your PPS are redeemed. For instance, if your PPS are redeemed, you may not be able to reinvest the proceeds at a comparable return. See Section 5.3 of this PDS (Optional redemption of your PPS).

ANZ's regulatory requirements may change

As a New Zealand registered bank ANZ is subject to regulatory requirements, including conditions of registration that are imposed by the Reserve Bank. The regulatory requirements that apply to ANZ may change from time to time and you may be disadvantaged by the changes. For instance, the Reserve Bank restricted banks from redeeming any capital instruments (such as the PPS) for a period during the COVID-19 pandemic.

7 TAX

The returns on the PPS will be affected by taxes. The information set out in this Section 7 and in Section 8 of this PDS is based on the law in force at the date of this PDS, does not constitute tax advice to any Holder, is general in nature and is limited to New Zealand taxation only.

Holders that are New Zealand tax residents ("**New Zealand Holders**") will have resident withholding tax ("**RWT**") deducted from the distributions that are payable under the PPS, unless the Holder has notified the Registry that the Holder has RWT-exempt status (as defined in section YA 1 of the Income Tax Act 2007) no later than 5 Business Days before the applicable payment date, or, in the case of a distribution that is fully imputed, the Holder is a New Zealand Holder that is a company and ANZ elects not to pay RWT.

If a distribution made to a Holder is subject to the deduction of RWT, RWT will be deducted at the applicable rate (currently 33%), reduced by the amount of imputation credits attached to the distribution.

There may be other tax consequences from acquiring or disposing of the PPS, and from the redemption of the PPS if the PPS are redeemed.

Tax can have significant consequences for investments. If you have any questions regarding the tax consequences of investing in the PPS you should seek advice from a tax adviser.

8 TAX CONSEQUENCES FOR OVERSEAS HOLDERS

If a Holder is not a New Zealand Holder, non-resident withholding tax ("**NRWT**") will be deducted from the cash component of distributions that are payable under the PPS.

Holders that are not New Zealand Holders cannot benefit from imputation credits. This means that the amount of NRWT that will be deducted from a distribution will not be reduced by any imputation credits that are attached to the distribution.

If NRWT is deducted, ANZ will not pay you any additional amount.

In addition to New Zealand tax obligations, Holders that are not New Zealand Holders may also be subject to tax in their own jurisdiction and should seek advice from a tax adviser.

9 INFORMATION ABOUT ANZ

9.1 ANZ'S BUSINESS

Information about ANZ's business is contained in half-yearly disclosure statements ANZ prepares under the RBNZ Act. ANZ's disclosure statements are available at anz.co.nz/about-us/media-centre/investor-information/. Further information about ANZ's business is contained in the investor presentation for the Offer, which is available on the Disclose Register at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13332).

9.2 ANZ'S REGULATORY CAPITAL REQUIREMENTS

The PPS will count as Additional Tier 1 Capital for ANZ under the Reserve Bank's banking prudential requirements. Those requirements include capital adequacy requirements that banks must comply with under their conditions of registration. These requirements are intended to ensure that an adequate level of capital is maintained, providing a buffer to absorb losses from a bank's activities before depositors and other senior creditors are affected. The Reserve Bank's approach to assessing capital adequacy focuses on the credit risk associated with a bank's exposures, market and operational risks and the quality and quantity of a bank's capital.

9.2.1 Types of regulatory capital

The Reserve Bank classifies a bank's regulatory capital into different categories. These are referred to as Tier 1 Capital (consisting of Common Equity Tier 1 Capital and Additional Tier 1 Capital) and Tier 2 Capital.

In 2019, the Reserve Bank completed a comprehensive review of the capital framework applying to New Zealand banks. An outcome of the review was that the regulatory capital requirements for New Zealand banks are being increased significantly.

The following table sets out the regulatory capital ratios that ANZ must maintain from 1 July 2022 and the regulatory capital ratios ANZ will be required to maintain once the Reserve Bank's capital reforms are fully implemented in July 2028. The regulatory capital ratios will increase progressively over this period.

Capital type	Description	Reserve Bank's required ratio of capital to risk weighted assets ¹	
		July 2022 ²	July 2028 ³
Common Equity Tier 1 Capital	Includes ordinary share capital, retained earnings, and certain accounting reserves. Some amounts (e.g. the value of goodwill) must be deducted to determine the final value of Common Equity Tier 1 Capital.	More than 8%, including a prudential capital buffer of 3.5%	More than 13.5%, including a prudential capital buffer of 9%
Additional Tier 1 Capital	Additional Tier 1 Capital is a lower quality form of capital than Common Equity Tier 1 Capital, but is still freely available to absorb losses. Additional Tier 1 Capital includes perpetual preference shares like the PPS.	Up to 1.5%	Up to 2.5%
Tier 1 Capital	The sum of Common Equity Tier 1 Capital and Additional Tier 1 Capital	More than 9.5%, including a prudential capital buffer of 3.5%	More than 16%, including a prudential capital buffer of 9%
Tier 2 Capital	Tier 2 Capital is a lower quality form of capital than Tier 1 Capital, but is still available to absorb losses and strengthens a bank's overall capital position. Tier 2 Capital includes subordinated instruments.	Up to 2%	Up to 2%
Total Capital	The sum of Tier 1 Capital and Tier 2 Capital	More than 11.5%, including a prudential capital buffer of 3.5%	More than 18%, including a prudential capital buffer of 9%

9.2.2. Failure to maintain prudential capital buffer

A failure to maintain the prudential capital buffer will not be a breach of a bank's conditions of registration but will result in a response from the Reserve Bank designed to encourage banks to restore levels of capital. If the prudential capital buffer is not maintained there is first a "useable band" where distributions are only restricted to 100% of that year's earnings and no supervisory response is specified. The supervisory response then escalates in 3 stages as the capital position deteriorates. At stages 1 and 2 there are limits on distributions a bank may make on Common Equity Tier 1 Capital. At stage 3, no distributions are allowed on Common Equity Tier 1 Capital or, from 1 July 2028, on Additional Tier 1 Capital (including the PPS).

9.2.3. Loss absorbing features of the PPS

In very general terms, a capital instrument is available to absorb losses if the holder of the instrument has no, or only a very limited, ability to require that payments are made on the instrument.

The PPS will count as Additional Tier 1 Capital, and the Terms include loss absorbing features. For example:

- distribution payments on the PPS are:
 - fully discretionary (that is, ANZ can choose to cancel a distribution on a Distribution Payment Date without giving a reason);
 - subject to ANZ satisfying the Solvency Condition and the payment being permitted by ANZ's conditions of registration; and
 - non-cumulative (that is, if a distribution is not paid on a Distribution Payment Date, ANZ is under no obligation to pay that distribution at a later date – see Section 5.2 of this PDS (Distributions));
- you have no ability to require that your PPS be redeemed;
- any redemption of the PPS is at ANZ's option and is subject to conditions being met, including ANZ satisfying the Solvency Condition and obtaining the Reserve Bank's consent; and
- in a liquidation of ANZ, your right to payment is deeply subordinated, ranking ahead of the rights of holders of ordinary shares only (see Section 5.6 of this PDS (Ranking)).

¹ These ratios include the minimum capital ratios that banks must maintain and the prudential capital buffer above the minimum capital ratios that banks must maintain to avoid restrictions on distributions (among other things).

² These are the ratios that will apply to systemically important New Zealand banks, including ANZ, from 1 July 2022.

³ These are the ratios that will apply to systemically important New Zealand banks, including ANZ, from 1 July 2028.

9.3 ANZ'S CAPITAL MANAGEMENT STRATEGY

ANZ's core capital objectives are to:

- protect the interests of depositors, creditors and shareholders (including Holders);
- ensure the safety and soundness of ANZ's capital position; and
- ensure that the capital base supports ANZ's risk appetite, and strategic business objectives, in an efficient and effective manner.

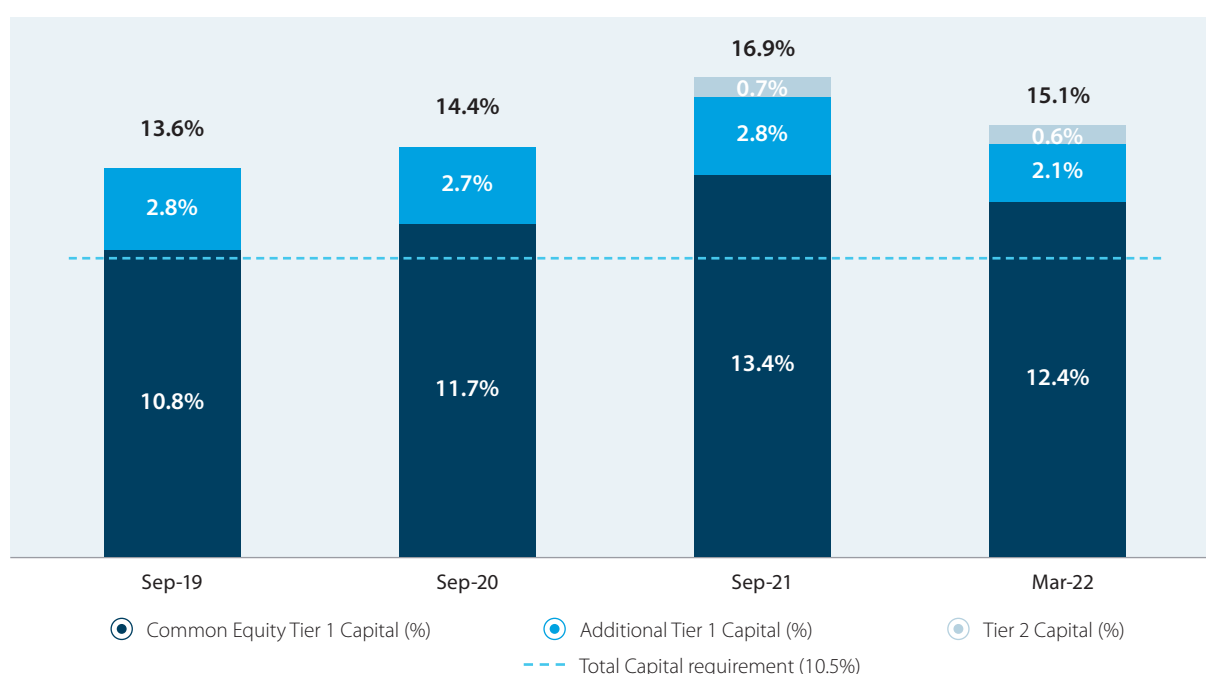
ANZ has minimum and trigger levels for Common Equity Tier 1, Tier 1 and Total Capital that ensure sufficient capital is maintained to:

- meet minimum prudential requirements imposed by regulators;
- ensure consistency with ANZ's overall risk profile and financial positions, taking into account its strategic focus and business plan; and
- support the internal risk capital requirements of the business.

9.3.2. ANZ's regulatory capital position

The graph below shows ANZ's historical regulatory capital position under the applicable Reserve Bank rules since September 2019. The Total Capital requirement will increase from 10.5% to 11.5% on 1 July 2022.

ANZ's historical regulatory capital position



In January 2022, the Reserve Bank introduced a standardised floor on risk weighted assets which increased the value of ANZ's risk weighted assets and reduced ANZ's regulatory capital ratios.

The information in the graph is based on information in ANZ's disclosure statement for each period. It is illustrative only and does not guarantee or forecast the future regulatory capital position for ANZ.

10 OTHER INFORMATION RELATING TO THE OFFER

10.1 SELLING RESTRICTIONS AND INDEMNITY

The PPS may only be offered for sale or sold in accordance with the selling restrictions contained in this Section 10.1 (“Selling Restrictions”). By subscribing for PPS, you agree to comply with the Selling Restrictions and to indemnify ANZ, the Registry, the Arranger and each Joint Lead Manager (and their respective directors, officers, employees and agents) in respect of any loss, cost, claim, fine, damages, liability or expense sustained or incurred as a result of you breaching the Selling Restrictions.

The Selling Restrictions may be modified by ANZ, including following a change in a relevant law, regulation or directive.

10.1.1 Initial selling restrictions

This PDS does not constitute an offer of PPS in any jurisdiction other than New Zealand.

10.1.2 General selling restrictions

ANZ has not taken and will not take any action that would permit a public or regulated offering of the PPS, or possession or distribution of any offering material in respect of the PPS, in any country or jurisdiction other than New Zealand. The PPS may only be offered for sale or sold in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.

Any disclosure statement, information memorandum, prospectus, circular, advertisement or other offering material in respect of the PPS may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

10.2 ROLE OF THE ARRANGER AND JOINT LEAD MANAGERS

This PDS does not constitute a recommendation by the Arranger, any Joint Lead Manager any of their respective directors, officers, employees, agents or advisers to subscribe for, or purchase, any PPS.

The role of the Arranger in relation to the Offer is to provide assistance with arranging the Offer and organising the Bookbuild. The Joint Lead Managers will assist with the Bookbuild and with the marketing and distribution of the PPS but are not otherwise involved in the Offer.

Each recipient of this PDS must make their own independent assessment of the financial condition and affairs of ANZ before deciding whether or not to invest in the PPS.

11 WHERE YOU CAN FIND MORE INFORMATION

11.1 DISCLOSE REGISTER

Further information relating to ANZ and the PPS is available free of charge on the online Disclose Register maintained by the Companies Office. The Disclose Register can be accessed at www.disclose-register.companiesoffice.govt.nz/ (search offer number OFR13332). A copy of the information on the Disclose Register is also available on request to the Registrar of Financial Service Providers at www.fsp-register.companiesoffice.govt.nz/. The information contained on the Disclose Register includes copies of ANZ's constitution, the Terms, the investor presentation for the Offer, a credit rating report from S&P in relation to the PPS, and other material information.

11.2 NZX

Notices to the Holders may be given by ANZ making an announcement on NZX and will be available free of charge at www.nzx.com/companies/ANB.

11.3 DISCLOSURE STATEMENTS

ANZ's half-yearly disclosure statements are available free of charge at anz.co.nz/about-us/media-centre/investor-information/ or by making a request to ANZ.

12 HOW TO APPLY

12.1 HOW TO APPLY

All of the PPS offered under the Offer have been reserved for subscription by clients of the Joint Lead Managers and other approved financial intermediaries invited to participate in the Bookbuild.

There is no public pool for the PPS. This means you can only apply for PPS through a Primary Market Participant (as defined in the NZX Participant Rules) or approved financial intermediary who has obtained an allocation. You can find a Primary Market Participant by visiting www.nzx.com/services/market-participants/find-a-participant.

The Primary Market Participant or approved financial intermediary will:

- provide you with a copy of this PDS (if you have not already received a copy);
- explain what you need to do to apply for the PPS; and
- explain what payments need to be made by you (and by when).

The Primary Market Participant or approved financial intermediary can also explain what arrangements will need to be put in place for you to trade the PPS (including obtaining a CSN, an authorisation code and opening an account with a Primary Market Participant) as well as the costs and timeframes for putting such arrangements in place.

12.2 PERSONAL INFORMATION RIGHTS

Personal information provided by you will be held by ANZ and the Registry and will be used in accordance with the ANZ Privacy Statement (as such statement may be amended or substituted from time to time). As at the date of this PDS, ANZ's Privacy Statement is available at anz.co.nz/privacy. Under the Privacy Act 2020 you may request access to and correction of your personal information. You can also access your information on the Registry's website: www.investorcentre.com/nz. You will be required to enter your holder number and authorisation code.

13 CONTACT INFORMATION

ISSUER:

ANZ Bank New Zealand Limited

ANZ Centre
Ground Floor
23-29 Albert Street
Auckland 1010
New Zealand

Attention: The Treasurer
ANZ Bank New Zealand Limited

Phone: +64 4 439 2474
Email: nztreasurer@anz.com

REGISTRY:

Computershare Investor Services Limited

Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Auckland 1142
New Zealand

Phone: +64 9 488 8700
Email: enquiry@computershare.co.nz

ARRANGER:

ANZ Bank New Zealand Limited

ANZ Centre
Level 10
171 Featherston Street
Wellington 6011
New Zealand

JOINT LEAD MANAGERS:

ANZ Bank New Zealand Limited

ANZ Centre
Level 10
171 Featherston Street
Wellington 6011
New Zealand

Craigs Investment Partners Limited

Vero Centre
Level 32
48 Shortland Street
Auckland 1010
New Zealand

Forsyth Barr Limited

Shortland & Fort
Level 23
88 Shortland Street
Auckland 1010
New Zealand

Hobson Wealth Partners Limited

Australis Nathan Buildings
Level 4
37 Galway Street, Britomart
Auckland 1010
New Zealand

Jarden Securities Limited

PwC Tower
Level 32
15 Customs Street West Commercial Bay
Auckland 1010
New Zealand

14 GLOSSARY

3 Month Bank Bill Rate	in relation to a Distribution Payment Date after the First Optional Redemption Date (18 July 2028): (a) the FRA rate administered by the New Zealand Financial Benchmark Facility ("NZFBF") (or any person that takes over the administration of that rate) for bank bills having a term of, or of about, 3 months as displayed at or about 10.45am or such later time as ANZ may determine on the previous Scheduled Distribution Payment Date on Bloomberg BKBK page 'GDCO 2805' (or any successor page); or (b) if that rate is not displayed by 10.45am (New Zealand time) or such later time as ANZ may determine on that date, the equivalent rate provided by the NZFBF (or any person that takes over the administration of that rate) at or around that time on that date, in each case expressed as a percentage per annum and rounded, if necessary, to the nearest 4 decimal places with 0.00005% being rounded up. ANZ is able to replace the 3 Month Bank Bill Rate with an alternative reference rate if the 3 Month Bank Bill Rate becomes unavailable.
Additional Tier 1 Capital	is described in Section 9.2 of this PDS (ANZ's regulatory capital requirements)
ANZ	ANZ Bank New Zealand Limited
ANZ Group	ANZ, its wholly owned entities and all other entities consolidated for financial reporting purposes, as specified in its latest financial statements, on a consolidated and not an individual basis
ANZBGL	Australia and New Zealand Banking Group Limited
Arranger	ANZ Bank New Zealand Limited
Bookbuild	the process conducted after the closing of the Offer whereby certain investors lodge bids for PPS and, on the basis of those bids, ANZ as issuer, in consultation with the Joint Lead Managers, determines the Issue Margin and allocations of the PPS
Business Day	• for the purposes of giving notices, a day which is a business day within the meaning of the NZX Listing Rules; or • for all other purposes, a day that is not a Saturday or Sunday and on which banks are open for general business in Wellington and Auckland
Closing Time	the "Closing Time" specified in Section 3 of this PDS (Key dates and Offer process)
Common Equity Tier 1 Capital	is described in Section 9.2 of this PDS (ANZ's regulatory capital requirements)
Constitution	ANZ's constitution, available on the Disclose Register
CSN	common shareholder number
Disclose Register	the online offer register maintained by the Companies Office and the Registrar of Financial Service Providers known as "Disclose", which can be accessed at www.disclose-register.companiesoffice.govt.nz/
Distribution Payment Date	each Scheduled Distribution Payment Date and, if the PPS are redeemed, the date on which the PPS are redeemed (see Section 5.2 of this PDS (Distributions)), subject to the Business Day convention described in Section 4.1 of this PDS (Description of the PPS)
Distribution Rate	is described in Section 5.2 of this PDS
First Optional Redemption Date	the "First Optional Redemption Date" specified in Section 3 of this PDS (Key dates and Offer process)
Holder	a person whose name is entered in the Register as a holder of PPS
Issue Date	the "Issue Date" specified in Section 3 of this PDS (Key dates and Offer process)
Issue Margin	the percentage rate per annum determined by ANZ as issuer in consultation with the Joint Lead Managers through the Bookbuild and announced by ANZ via NZX and available at anz.co.nz/pps on or about the Rate Set Date
Issue Price	NZ\$1.00 per PPS
Joint Lead Managers	ANZ Bank New Zealand Limited, Craigs Investment Partners Limited, Forsyth Barr Limited, Hobson Wealth Partners Limited and Jarden Securities Limited
NZX	NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited

NZX Debt Market	the debt market operated from time to time by NZX
NZX Listing Rules	the listing rules of NZX, as amended, varied or waived (whether in respect of ANZ or generally) from time to time
Offer	the offer of PPS made in this PDS
Opening Date	the "Opening Date" specified in Section 3 of this PDS (Key dates and Offer process)
Optional Redemption Date	• the First Optional Redemption Date (18 July 2028); and • each Scheduled Distribution Payment Date after that date
PDS	this Product Disclosure Statement
PPS	the perpetual preference shares offered by ANZ under this PDS
Primary Market Participant	has the meaning given in the NZX Participant Rules, as amended from time to time
Rate Set Date	the "Rate Set Date" specified in Section 3 of this PDS (Key dates and Offer process)
RBNZ Act	the Reserve Bank of New Zealand Act 1989
Register	the register of Holders of PPS established and maintained by the Registry on behalf of ANZ
Registry	Computershare Investor Services Limited
Regulatory Event	has the meaning given in Section 5.3 of this PDS (Optional redemption of your PPS)
Reserve Bank	the Reserve Bank of New Zealand
S&P	S&P Global Ratings
Scheduled Distribution Payment Dates	the "Scheduled Distribution Payment Dates" specified in Section 3 of this PDS (Key dates and Offer process)
Solvency Condition	a condition to the payment of distributions and the redemption of the PPS, requiring the following: • ANZ must be Solvent on the applicable payment date; and • ANZ must be able to pay the amount and still be Solvent immediately after paying the amount
Solvent	satisfying the solvency test contained in section 4 of the Companies Act 1993, as modified by section 52
Swap Rate	the mid-market swap rate for an interest rate swap with a term of 6 years commencing on the Issue Date, as determined by ANZ, according to market convention, with reference to Bloomberg page 'ICNZ4' (or any successor page) on the Rate Set Date, expressed as a percentage per annum, adjusted for quarterly payments and rounded, if necessary, to the nearest 2 decimal places with 0.005% being rounded up
Tax Event	has the meaning given in Section 5.3 of this PDS (Optional redemption of your PPS)
Terms	the terms and conditions of the PPS, available on the Disclose Register
Tier 1 Capital	is described in Section 9.2 of this PDS (ANZ's regulatory capital requirements)
Tier 2 Capital	is described in Section 9.2 of this PDS (ANZ's regulatory capital requirements)

