

LIMITED DISCLOSURE DOCUMENT

FOR AN OFFER OF PERPETUAL PREFERENCE SHARES
BY ANZ BANK NEW ZEALAND LIMITED
1 MARCH 2024

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:



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WEALTH



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1 KEY INFORMATION SUMMARY

WHAT IS THIS?

This is an offer of perpetual preference shares (“PPS”). 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 the issuer 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 Banking (Prudential Supervision) Act 1989 (“BPS 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. ANZ is a member of ANZBGL’s group but is not an authorised deposit-taking institution under the Banking Act 1959 of Australia. Neither ANZBGL nor ANZ Group Holdings Limited (“ANZGHL”), the ultimate listed parent company of ANZ, guarantees or supports ANZ or the PPS. The PPS do not represent deposits or other liabilities of ANZGHL or ANZBGL.

Information about ANZ and ANZ’s financial statements are published half-yearly in disclosure statements required under the BPS Act. ANZ’s disclosure statements can be viewed and downloaded from ANZ’s website at www.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. ANZ reserves the right to accept unlimited oversubscriptions at its discretion.
Issue Price	NZ\$1.00 per PPS.
Minimum subscription amount	NZ\$5,000 and in multiples of NZ\$1,000 after that.
Opening Date	Monday, 4 March 2024
Closing Time	11.00am on Friday, 8 March 2024
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 LDD (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 until the First Optional Redemption Date (19 March 2030) will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 6-year period) on the Rate Set Date (8 March 2024) 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 Issue Margin. The Issue Margin will not change. See Section 5.2 of this LDD (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 a distribution on a Distribution Payment Date is subject to conditions. See Section 5.2 of this LDD (Distributions).
Distributions are non-cumulative	If a distribution is not paid when scheduled, ANZ is under no obligation to pay that distribution to you at a later date. See Section 5.2 of this LDD (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 or other fees 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 written approval.

The First Optional Redemption Date is 19 March 2030 and subsequent Optional Redemption Dates are 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 LDD (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.

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 get 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 other creditors of ANZ (including holders of Tier 2 Capital instruments of ANZ), 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 obligations of ANZ that rank equally with the PPS; and
- ahead of the rights of ANZ's ordinary shareholders.

Section 5.7 of this LDD (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 a distribution on your investment or that your investment will not be repaid (credit risk). The issuer 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 shares 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 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:

- 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 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 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 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;
- 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 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 climate risk, which is primarily the risk that ANZ's customers' ability to repay debt is impacted by climate-related events. Climate change may also adversely impact ANZ at an operational level, by restricting the provision of services by ANZ.

These risks may adversely affect ANZ's financial position, performance and creditworthiness. 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 position, performance and creditworthiness 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 LDD.

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 Australia Pty Limited ("**S&P Global Ratings**"). S&P Global Ratings gives ratings from AAA through to C, excluding ratings attached to entities in default, as set out in the table below. 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 LDD, the PPS have a credit rating of BBB from S&P Global Ratings.

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

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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 LDD (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 March 2024
Closing Time	11.00am on Friday, 8 March 2024
Rate Set Date	Friday, 8 March 2024
Issue Date/allotment date	Tuesday, 19 March 2024
Expected date of initial quotation and trading of the PPS on the NZX Debt Market	Wednesday, 20 March 2024
First Scheduled Distribution Payment Date	Wednesday, 19 June 2024
Scheduled Distribution Payment Dates	19 March, 19 June, 19 September and 19 December in each year
First Optional Redemption Date	Tuesday, 19 March 2030

The Opening Date and the Closing Time may change. ANZ has the right in its absolute discretion to change the Opening Date and/or the Closing Time to be earlier or later. 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 changed, other key dates may be changed 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 5.4 of this LDD (Payments). 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 LDD (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 until the First Optional Redemption Date (19 March 2030) will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 6-year period) on the Rate Set Date (8 March 2024) 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 Issue Margin. The Issue Margin will not change. See Section 5.2 of this LDD (Distributions).
Distribution Payment Dates	Distributions on the PPS are scheduled to be paid: • quarterly in arrear on each Scheduled Distribution Payment Date, being 19 March, 19 June, 19 September and 19 December in each year, commencing on 19 June 2024; 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 and the payment of a distribution on a Distribution Payment Date is subject to ANZ satisfying the Solvency Condition and the payment being permitted by ANZ's conditions of registration. See Section 5.2 of this LDD (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 LDD (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 written approval. See Section 5.3 of this LDD (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.
Ranking of the PPS	In a liquidation of ANZ, the PPS rank as preference shares of ANZ, and your right to payment of a maximum amount equal to the Issue Price will rank behind the claims of depositors and other creditors of ANZ (except for holders of equal ranking instruments of ANZ) but ahead of the rights of ANZ's ordinary shareholders. See Section 5.7 of this LDD (Ranking).

4.2 DESCRIPTION OF THE OFFER

The Offer	
Offer amount	Up to NZ\$250 million. ANZ reserves the right to accept unlimited oversubscriptions at its discretion.
Opening Date, Closing Time and Issue Date	See Section 3 of this LDD (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 LDD (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 or other fees to the firm that gives you an allocation of the PPS.
Allocation of PPS	Following the Bookbuild, ANZ as issuer will allocate PPS to 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 advice provider.
Offer in New Zealand	This LDD only constitutes an offer of PPS to investors in New Zealand in accordance with the Selling Restrictions contained in Section 10.1 of this LDD (Selling Restrictions and indemnity). 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 contained in Section 10.1 of this LDD (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 ANBHD has been reserved for the PPS. NZX takes no responsibility for the content of this LDD. 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 ("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 hold no PPS.

You will likely have to pay brokerage or other fees 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 OFR13716).

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 LDD (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 LDD (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 • The cash distribution payable on each PPS on each Scheduled Distribution Payment Date that is on or before the First Optional Redemption Date (19 March 2030) and on the date the PPS are redeemed (if they are redeemed on a date on or before the First Optional Redemption Date that is 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 they are redeemed on a date before the First Optional Redemption Date that is not 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 • 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 they are redeemed 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 LDD, 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 7.00% per annum,
- 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 (19 March 2030).

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\$175.00. Your return is calculated as follows:

$$\begin{aligned}\text{Gross value of quarterly return} &= \frac{0.07 \times \$1.00}{4} \\ &= \text{NZ\$0.0175 per PPS} \\ &= \text{NZ\$175.00 for your holding of 10,000 PPS.}\end{aligned}$$

The split between the cash amount and imputation credits is shown below.

Cash amount

The cash amount is calculated as follows:

$$\begin{aligned}\text{Cash amount per PPS} &= \frac{0.07 \times (1 - 0.28) \times \$1.00}{4} \\ &= \text{NZ\$0.0126 per PPS} \\ &= \text{NZ\$126.00 for your holding of 10,000 PPS.}\end{aligned}$$

Imputation credits

You will also receive imputation credits of NZ\$49.00, being NZ\$175.00 less the NZ\$126.00 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 LDD.

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\$126.00 would be increased by the shortfall of NZ\$19.00, to result in a total cash amount of NZ\$145.00 (before the deduction of any withholding tax), so that the gross value of your return would still be NZ\$175.00.

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 LDD (Optional redemption of your PPS). The Distribution Payment Dates are subject to the Business Day convention described in Section 5.4 of this LDD (Payments).

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 a distribution on a 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 remain Solvent immediately after paying the distribution. ANZ's conditions of registration limit the amount of distributions ANZ can pay 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 LDD (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 ordinary shares if distributions are not paid	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. These restrictions do not apply to other instruments issued by ANZ, such as debt securities or other Additional Tier 1 Capital instruments. This means ANZ could pay a distribution or interest on other preference shares or debt securities issued by ANZ, even though a distribution was not paid on the PPS.
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 until the First Optional Redemption Date (19 March 2030) will be a fixed rate equal to the sum of the Swap Rate (a reference rate for a 6-year period) on the Rate Set Date (8 March 2024) 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 Issue Margin. The Issue Margin will not change. 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. Depending on market conditions, the floating rate could be less than the fixed rate and is likely to vary over time. 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 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.

Issue Margin	The Issue Margin is the rate (expressed as a percentage 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 on or about the Rate Set Date. The Issue Margin for the PPS will not change.
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 (8 March 2024).
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 (19 March 2030). 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.

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 Regulatory Event has occurred.
Optional Redemption Dates	The First Optional Redemption Date is 19 March 2030 and subsequent Optional Redemption Dates are 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 any 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 written approval to the redemption of the PPS; and • ANZ satisfying the Solvency Condition.
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 5.7 of this LDD (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; • if requested by ANZ, the Reserve Bank would give its approval to redemption of the PPS; or • ANZ will be able to satisfy the other conditions that apply to redemption.
Holders cannot choose to have the PPS redeemed	You have no right to require that your PPS be redeemed for any reason.

5.4 PAYMENTS

The following provisions will apply to payments on the PPS.

Business Day convention	If a Scheduled 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 Scheduled 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, in either case, the amount of the distribution paid will be adjusted to reflect the actual payment date.
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 relevant 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 ("Record Date"). 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.
No set-off by Holders	Except to the extent required by law, you have no right to set-off any amounts that may be payable to you by ANZ in connection with the PPS against any amounts that you owe to ANZ (whether in connection with the PPS or otherwise).
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 withheld from and set-off against future payments to you.

5.5 AMENDMENTS TO THE TERMS

This Section 5.5 explains how the Terms may be amended.

Amendments without Holders' consent	The Terms may be amended without Holders' 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 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.
Amendments with approval of special resolution	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.
Requirement to notify the Reserve Bank	No amendment can be made to the Terms unless the required notification of the amendment has been made to the Reserve Bank by ANZ.
Amendments are binding on all Holders	Amendments made in accordance with the Terms are binding on you even if you did not agree to them.

5.6 OTHER FEATURES OF THE PPS

This Section 5.6 describes other features of the PPS.

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 have no 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.
No other rights	The PPS confer no rights on a Holder to: • vote at any general meeting of ANZ or participate in any other decision or resolution of ANZ's ordinary shareholders; • participate in the issue of any other securities of 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 LDD. The features of the PPS, as described in this LDD, mean that the PPS do not have the same rights (including voting rights) or privileges, or the same opportunity to increase in value, as ordinary shares.

5.7 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 a maximum amount equal to the Issue Price will rank:

- behind the claims of all depositors and other creditors of ANZ (including Tier 2 Capital instruments of ANZ), 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 obligations of ANZ 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 equity (including the PPS) rank in a liquidation of ANZ. The diagram does not describe every type of liability or equity that ANZ may have while the PPS are outstanding.

	Ranking in a liquidation of ANZ	Description	Examples	Liabilities and equity of ANZ as at 30 September 2023 (NZ\$m)
Higher ranking ↑	Liabilities and equity that rank in priority to the PPS	Secured debt and creditors preferred by law	ANZ covered bonds	3,373
			Liabilities given preference by law including employee entitlements and certain taxes	297
		Unsubordinated unsecured debt	Depositors and other unsubordinated creditors	156,215
			Unsecured unsubordinated notes and bonds	13,466
		Term subordinated debt (including Tier 2 Capital instruments)	ANZ subordinated notes issued in August 2022	774
			ANZ subordinated notes issued in September 2021	596
	Liabilities and equity that rank equally with the PPS (including the PPS)	Preference shares, perpetual subordinated debt and other equally ranked instruments (including Additional Tier 1 Capital instruments)	The PPS	250
			ANZ perpetual preference shares issued in July 2022	550
			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
Lower ranking ↓	Equity that ranks below the PPS	Equity (other than preferred equity)	Ordinary shares, reserves and retained earnings	17,571

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 audited financial statements for the year ended 30 September 2023. 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 the 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 (8 March 2024) via NZX.

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, they 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 LDD 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 LDD, issue further securities or incur further liabilities that rank equally with or in priority to the PPS.

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 LDD.

You should carefully consider these risk factors (together with the other information in this LDD) 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 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 changes in liquidity, 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 risks that may affect its business and therefore its financial position, performance and creditworthiness. Set out below are the most significant risks relating to ANZ's creditworthiness.

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. Advances in technology could allow customers to withdraw funds deposited with ANZ faster and may accelerate the risks associated with on-demand liabilities, such as transactional and savings deposits.

Deterioration and volatility in market conditions and a decline 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 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 deteriorating economic conditions and market stress), ANZ may need to raise additional capital at a time when it is difficult or expensive to do so.

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. ANZ may incur losses if borrowers default on their loans or counterparties default on their payment obligations, and these losses may be significant if there are widespread defaults in a particular sector or sectors of the economy.

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 or an inability to insure the property adequately or at all). This may result in ANZ incurring losses, which may have an adverse effect on ANZ.

The risk of credit-related losses has increased and may increase further as a result of high interest rates, high inflation, global supply chain disruptions and heightened geopolitical tensions. Climate-related events, biodiversity loss, natural disasters, disease outbreaks or pandemics may also increase the risk of credit-related losses.

Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, could cause customers or counterparties to fail to meet their obligations in accordance with agreed terms which may adversely affect ANZ.

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 is predominantly the risk associated with the management of interest rate risk that arises out of the composition of ANZ's banking book (e.g. its loans, deposits and securities held as liquid assets). As interest rates change over time, ANZ may be exposed to losses as a result of the interest rate profile of its balance sheet. ANZ largely hedges the non-traded market risk. However, there can be no assurance that the hedging arrangements will be sufficient, which may result in losses to 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:

- financial crime, including money laundering, sanctions violations, bribery and corruption and "know-your-customer" failure;
- internal fraud (for example, involving employees or contractors);
- external fraud (for example, fraudulent loan applications or credit card fraud);
- business continuity, being the failure of the business continuity management framework;
- physical security, being the risk of damage to ANZ's physical assets;
- people, being the risk of breaching employment legislation, mismanaging employee relations and failing to ensure a safe working environment;
- transaction processing and execution, being the failure to process, manage and execute transactions and other processes correctly and appropriately;
- technology (for example, the outage of systems, including hardware, software and networks);
- conduct and culture (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);
- legal (for example, execution errors in legal procedures and processes);
- third party (for example, failing to manage third party relationships and risks appropriately);
- information security, including the risk of information security incidents (for example, the loss, theft or misuse of information and cyber-related attacks and the impact those attacks might have on ANZ's systems and service availability);
- data, being the risk of failing to appropriately manage and maintain data, including customer, employee and ANZ proprietary data;
- model (for example, incorrect model design, improper implementation of a correct model, or inappropriate application of a correct model); and
- statutory reporting and tax (for example, failing to meet statutory reporting and tax payments/filing requirements).

Information security risks for ANZ have increased significantly in recent years. 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, which may adversely impact ANZ from a reputational, financial and compliance perspective.

Cyber threats are continuously evolving, becoming more sophisticated, and increasing in volume. 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.

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

ANZ operates in highly competitive markets. 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 behaviours and the competitive environment, and emerging competitors are increasingly utilising new technologies and seeking to disrupt existing business models in the financial services sector.
- The introduction of Open Banking may lead to increased competition. While there is currently no regulatory requirement for a bank to provide other financial service providers with open access to consumer banking, the Government has consulted on a draft bill which contemplates the introduction of a Consumer Data Right for New Zealand.
- The Government may consider implementing policies that further increase competition in the banking market. Recent examples include the Commerce Commission's market study into competition for personal banking services and its consultation on the Retail Payment System.

Any 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.

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

ANZ's business and operations are highly regulated. ANZ is subject to laws, regulations and policies, including industry self-regulation. Regulations continue to change and generally increase in scope, scale, complexity, cost and speed of required compliance.

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.

Regulatory change may affect ANZ, potentially impacting its corporate structures, businesses, strategies, capital, liquidity, funding, profitability and 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.

The risks associated with climate change may have an adverse effect on ANZ

ANZ is exposed to climate risk which may impact both ANZ and its customers. ANZ's most material climate-related risks arise from lending to customers that may be affected by physical and transition risks associated with climate change. Examples of these risks include the effect of extreme weather events on a customer's business or property, supply chain issues, impacts to the cost and availability of insurance, changes to the regulatory and policy environment in which the customer operates, disruption from new technology and changes in demand towards low-carbon products and services.

Climate change impacts may affect the ability of customers to repay debt, resulting in an increased probability of default and reducing the amount ANZ may be able to recover because property held as security has reduced in value, has become harder to sell or inadequately insured.

Climate change may also impact ANZ at an operational level, such as extreme weather events restricting the provision of services by ANZ.

Possible impact of risks

ANZ expects some of the risks described in this Section 6.3 of the LDD 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 position, 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 BANK PERPETUAL PREFERENCE SHARES

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 a maximum 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 5.7 of this LDD (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 5.7 of this LDD (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 a distribution on a 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. You will have no right to take any action against ANZ or any other member of the ANZ Group if a distribution is not paid when scheduled. There are no restrictions on ANZ paying a distribution or interest on other preference shares or debt securities just because a distribution is not paid on the PPS when scheduled.

See Sections 5.2 (Distributions) and 5.6 (Other features of the PPS) of this LDD.

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 LDD (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.

Depending on market conditions, the floating rate could be less than the fixed rate.

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.

See Section 5.2 of this LDD (Distributions).

You have no right to redeem your PPS and ANZ is not required to 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;
- if requested by ANZ, the Reserve Bank would give its approval to any redemption of the PPS; or
- ANZ will be able to satisfy the other conditions that apply to redemption.

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 LDD (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 LDD (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 of this LDD is based on New Zealand law in force at the date of this LDD, 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) prior to the first applicable Record Date for the Holder, 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. Holders must notify the Registry of any change in their circumstances prior to any Record Date.

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

The information set out in this Section 8 of this LDD is based on New Zealand law in force at the date of this LDD, does not constitute tax advice to any Holder, is general in nature and is limited to New Zealand taxation only.

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 must notify the Registry of any change in their circumstances prior to any Record Date.

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 the Holder 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 independent 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 BPS Act. ANZ's disclosure statements are available at www.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 OFR13716).

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.

The Reserve Bank released new capital adequacy requirements in 2021 which significantly increase the regulatory capital requirements applying to New Zealand banks.

The following table sets out the different categories of regulatory capital, the minimum capital ratios that ANZ must maintain, and the prudential capital buffer above the minimum capital ratios that ANZ must maintain to avoid restrictions on distributions (among other things), in each case as at the date of this LDD and 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 to avoid restrictions on distributions	
		As at the date of this LDD ¹	July 2028 ²
Common Equity Tier 1 ("CET1") Capital	CET1 Capital is the highest quality form of capital and is freely available to absorb losses. CET1 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 CET1 Capital.	More than 9%, including a prudential capital buffer of 4.5%	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 CET1 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% ³
Tier 1 Capital	The sum of CET1 Capital and Additional Tier 1 Capital.	More than 10.5%, including a prudential capital buffer of 4.5%	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 available to absorb losses in a liquidation. 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 12.5%, including a prudential capital buffer of 4.5%	More than 18%, including a prudential capital buffer of 9%

¹ These are the ratios that apply to systemically important New Zealand banks, including ANZ.

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

³ This ratio will apply from 1 July 2024.

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 and, from 1 July 2028, on Additional Tier 1 Capital (including the PPS). From 1 July 2028, stage 3 will apply if ANZ's prudential capital buffer is 3% or less.

9.2.3 Loss absorbing features of the PPS

In 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 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 LDD (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 written approval; and
- in a liquidation of ANZ, your right to payment is deeply subordinated, ranking ahead of the rights of ANZ's ordinary shareholders only (see Section 5.7 of this LDD (Ranking)).

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.

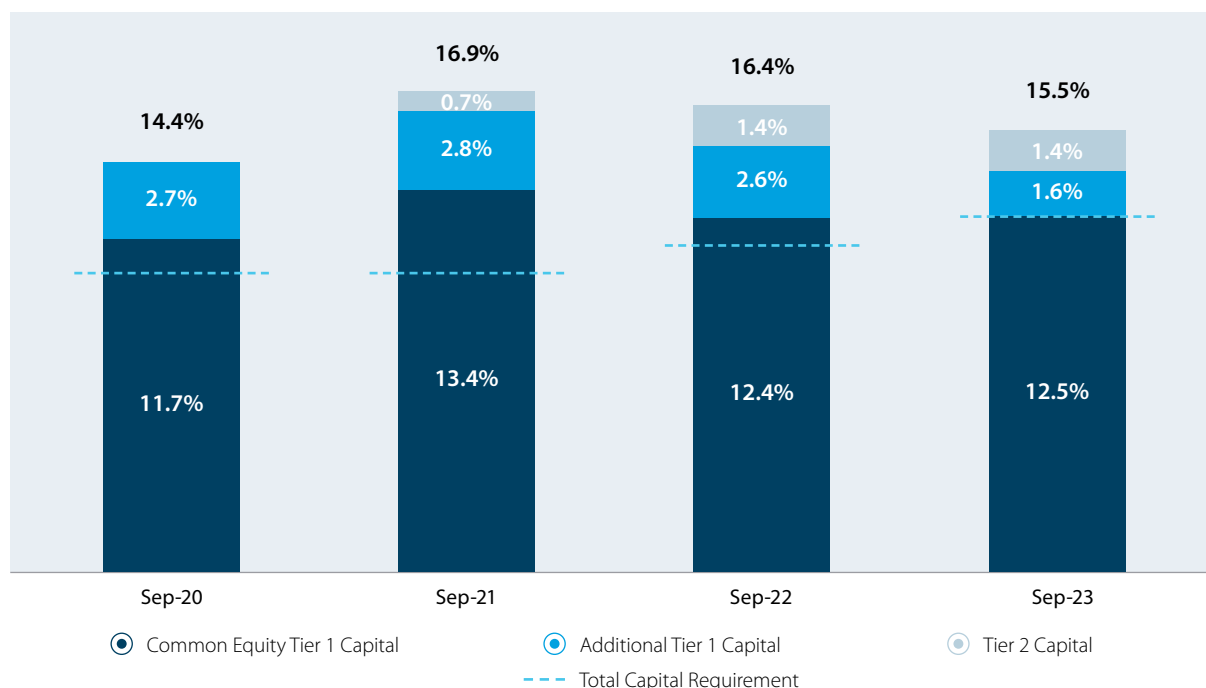
ANZ has minimum and trigger levels for Common Equity Tier 1, Tier 1 and Total Capital that aim to ensure sufficient capital is maintained to:

- 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.

9.4 ANZ'S REGULATORY CAPITAL POSITION

The graph below shows ANZ's historical regulatory capital position under the applicable Reserve Bank rules as at 30 September each year since 2020. The Total Capital requirement increased from 10.5% to 11.5% on 1 July 2022 and from 11.5% to 12.5% on 1 July 2023.

ANZ's historical regulatory capital position



The Reserve Bank has introduced certain capital changes applicable to systemically important New Zealand banks, including ANZ. These changes included introducing a standardised floor on risk weighted assets in January 2022, and increasing the multiplier applied to certain risk weighted assets in October 2022. Both of these changes increased ANZ's assets on a risk weighted basis and lowered 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 LDD only constitutes an offer of PPS to investors in New Zealand and 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.

This LDD and any 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

The role of the Arranger in relation to the Offer is solely to provide assistance in arranging the Offer and organising the Bookbuild. The Joint Lead Managers assist with the Bookbuild and marketing and distribution of the PPS.

The Joint Lead Managers (including the Arranger) are not otherwise involved in the Offer. None of the Arranger, the Joint Lead Managers and their respective directors, employees, agents and advisers have independently verified the contents of this LDD.

This LDD does not constitute financial advice or a recommendation from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase, any PPS. You must make your own independent investigation and 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 OFR13716). 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 Global Ratings in relation to the PPS, and other material information.

11.2 NZX

Notices to the Holders may be given by ANZ making an announcement via 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 www.anz.co.nz/about-us/media-centre/investor-information/.

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 the 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/investing/find-a-participant.

The Primary Market Participant or approved financial intermediary will:

- provide you with a copy of this LDD (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 and used by ANZ and the Registry in accordance with their privacy policies. As at the date of this LDD, ANZ's Privacy Statement is available at www.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

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ANZ Bank New Zealand Limited

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Email: nztreasurer@anz.com

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Phone: +64 9 488 8700
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Forsyth Barr Limited

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Hobson Wealth Partners Limited

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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: - 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 - if that rate is not displayed by 10.45am 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 LDD (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
ANZGHL	ANZ Group Holdings 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.
BPS Act	the Banking (Prudential Supervision) Act 1989.
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 LDD (Key dates and Offer process).
Common Equity Tier 1 Capital	is described in Section 9.2 of this LDD (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 LDD (Distributions)), subject to the Business Day convention described in Section 5.4 of this LDD (Payments).
Distribution Rate	is described in Section 5.2 of this LDD (Distributions).
First Optional Redemption Date	the “First Optional Redemption Date” specified in Section 3 of this LDD (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 LDD (Key dates and Offer process).
Issue Margin	the rate (expressed as a percentage per annum) determined by ANZ as issuer in consultation with the Joint Lead Managers through the Bookbuild and announced by ANZ via NZX 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.
LDD	this Limited Disclosure Document.

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 by NZX.
NZX Listing Rules	the listing rules of NZX, as amended, varied or waived from time to time.
Offer	the offer of PPS made in this LDD.
Opening Date	the “Opening Date” specified in Section 3 of this LDD (Key dates and Offer process).
Optional Redemption Date	the First Optional Redemption Date and each Scheduled Distribution Payment Date after that date.
PPS	the perpetual preference shares offered by ANZ under this LDD.
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 LDD (Key dates and Offer process).
Record Date	has the meaning given in Section 5.4 (Payments).
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 LDD (Optional redemption of your PPS).
Reserve Bank	the Reserve Bank of New Zealand
S&P Global Ratings	S&P Global Ratings Australia Pty Limited.
Scheduled Distribution Payment Dates	the “Scheduled Distribution Payment Dates” specified in Section 3 of this LDD (Key dates and Offer process).
Selling Restrictions	has the meaning given in Section 10.1 of this LDD (Selling Restrictions and indemnity).
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 remain 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 of that Act.
Swap Rate	the mid-market 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 LDD (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 LDD (ANZ’s regulatory capital requirements).
Tier 2 Capital	is described in Section 9.2 of this LDD (ANZ’s regulatory capital requirements).

