

ANZ Capital Notes Deed Poll

PARTIES

ANZ Bank New Zealand Limited

ANZ

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DEED POLL dated 23 February 2015, as amended and restated on 26 June 2019, made by

ANZ Bank New Zealand Limited
("ANZ")

INTRODUCTION

- A. ANZ proposes to issue ANZ Capital Notes.
- B. The ANZ Capital Notes will be issued in registered form by inscription in the Register.

AGREEMENT

1. DEFINITIONS AND INTERPRETATION

- 1.1 **Definitions:** In this deed terms have the meaning given to them in the Note Terms (which are set out in schedule 1), unless otherwise defined herein or the context otherwise requires.
- 1.2 **Interpretation:** Clauses 13 and 17.1 of the Note Terms apply to this deed as if each was fully set out in this deed and as if a reference to the Note Terms were a reference to this deed.
- 1.3 **Miscellaneous:**
 - (a) The introduction to and headings in this deed are inserted for convenience only and shall be ignored in construing this deed.
 - (b) Unless the context otherwise requires, words denoting only the singular number include the plural and vice versa.
 - (c) References to any document include references to such document as modified, novated, supplemented, varied or replaced from time to time.
 - (d) References to any party to this deed or any other document or any Holder shall include its successors or permitted assigns.
 - (e) Anything which may be done at any time may also be done from time to time.

2. NOTES

- 2.1 **Creation of the Notes:** The obligations of ANZ in respect of the Notes are constituted by, and specified in, this deed.
- 2.2 **Undertaking to pay:** ANZ undertakes with each Holder:
 - (a) to pay, in respect of each Note held by the Holder, the Face Value, interest and any other money payable in respect of each Note in accordance with the Note Terms; and
 - (b) otherwise to comply with the Note Terms.

- 2.3 **Amendment:** Any amendment to the Note Terms or this deed as permitted by the Note Terms and this deed may be made by the execution of a deed by ANZ.
- 2.4 **Appointment of Registry:** ANZ agrees to appoint a Registry and procure that the Registry establishes and maintains during its term of appointment a principal Register in New Zealand or any other place as ANZ and the Registry may agree.

3. RIGHTS AND OBLIGATIONS OF THE HOLDERS

- 3.1 **Benefit and entitlement:** This deed is executed as a deed poll. For the purposes of part 2, subpart 1 of the Contract and Commercial Law Act 2017, each Holder has the benefit of, and is entitled to enforce, this deed even though it is not a party to, or is not in existence at the time of execution and delivery of, this deed.
- 3.2 **Rights independent:** The Holder to whom rights are owed under this deed is entitled to enforce them without having to join any other Holder or any predecessor in title of a Holder.
- 3.3 **Holders bound:** Each Holder and any person claiming through or under a Holder is bound by this deed. The Notes are issued subject to and on the basis that each Holder is taken to have notice of, and be bound by, all the provisions of this deed and the Note Terms.

4. GOVERNING LAW AND JURISDICTION

- 4.1 This deed is governed by and will be construed in accordance with the laws of New Zealand. The laws that govern the Notes are specified in clause 15.1 of the Note Terms. ANZ submits, and each Holder is taken to submit, to the non-exclusive jurisdiction of the New Zealand courts.

EXECUTED AS A DEED

[Signature block intentionally deleted]

SCHEDULE 1
Note Terms

ANZ Capital Note Terms

This schedule 1 contains the full ANZ Capital Note Terms.

1 ANZ CAPITAL NOTES

1.1 ANZ CAPITAL NOTES

ANZ Capital Notes are fully paid mandatory convertible perpetual subordinated securities (**ANZ Capital Notes** or **Notes**) in the form of unsecured notes issued by ANZ. ANZ Capital Notes are issued in registered form by entry in the Register. They are issued, and may be Exchanged, according to these Note Terms.

ANZ Capital Notes are not guaranteed or insured by any government, government agency or compensation scheme in Australia, New Zealand or any other jurisdiction or by any other person.

1.2 FACE VALUE

The denomination and face value of each Note (**Face Value**) is NZ\$1.

2 TITLE AND TRANSFER

2.1 TITLE

Subject to clause 6.1(a)(i), title to a Note passes when details of the transfer are entered in the Register.

2.2 REGISTER CONCLUSIVE AS TO OWNERSHIP

Subject to clause 6.1(a)(i), entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error.

2.3 NON-RECOGNITION OF INTERESTS

Except as required by law, subject to clause 6.1(a)(i) and as provided in this clause 2.3, ANZ must treat the person whose name is entered in the Register as the Holder in respect of a Note as the absolute owner of that Note.

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

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

2.4 JOINT HOLDERS

Where two or more persons are entered in the Register as the joint Holders of a Note, they are taken to hold the Note as joint tenants with rights of survivorship, but the Registry is not bound to register more than three persons as joint Holders of a Note.

2.5 DEALINGS IN WHOLE

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

2.6 TRANSFER

(a) Without prejudice to clause (b), a Holder may transfer a Note:

- (i) while the Note is quoted on the NZX Debt Market, in accordance with the Settlement System operated by NZX; or
- (ii) by any proper or sufficient instrument of transfer of marketable securities under applicable law.

No transfer of any part of a Holder's holding may, subject to clauses 4.5 to 4.9, be effected if such transfer would result in the transferor or the transferee holding or continuing to hold a Non-marketable Parcel of Notes.

- (b) A Note that is required to be Converted is transferred in accordance with clause 6.1(a)(i) without any act or consent of the relevant Holder or any other person being required.
- (c) The Registry must register a transfer of a Note to or by a person who is entitled to make or receive the transfer as a consequence of:
 - (i) death, bankruptcy, liquidation or winding-up of a Holder; or
 - (ii) a vesting order by a court or other body with power to make the order on receiving the evidence that the Registry or ANZ requires.

2.7 SELLING RESTRICTIONS

- (a) The Investment Statement only constitutes an offer of Notes in New Zealand. ANZ has not and will not take any action which would permit a public offering of the Notes, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).
- (b) By its purchase of Notes, each Holder is taken to have agreed that:
 - (i) Notes may only be offered for sale or sold in conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered; and
 - (ii) any information memorandum, prospectus, circular, advertisement or other offering material in respect of the Notes may only be published, delivered or distributed in or from any country or jurisdiction under circumstances which will result in compliance with all applicable laws, regulations and listing rules of any applicable stock exchange.
- (c) By its purchase of Notes, each Holder agrees to indemnify ANZ, ANZBGL, the Registry and each Manager in respect of any loss, cost, liability or expense sustained or incurred by ANZ, ANZBGL, the Registry or the Manager as a result of the breach by that Holder of the restrictions contained in this clause 2.7.

3 INTEREST PAYMENTS

3.1 INTEREST PAYMENTS

Subject to these Note Terms, each Note entitles the Holder on a Record Date to receive on the relevant Interest Payment Date a cash interest payment (**Interest Payment**) calculated according to the following formulae:

- (a) For each Interest Period ending on or prior to the Optional Exchange Date, other than a Broken Interest Period:

$$\text{Interest Payment} = (\text{Face Value} \times \text{Fixed Rate})/4$$
- (b) For each Interest Period ending on or prior to the Optional Exchange Date that is a Broken Interest Period:

$$\text{Interest Payment} = \frac{\text{Face Value} \times \text{Fixed Rate} \times \text{N}}{365}$$

(c) For each other Interest Period:

$$\text{Interest Payment} = \frac{\text{Face Value} \times \text{Floating Rate} \times \text{N}}{365}$$

where:

Fixed Rate = Swap Rate + Margin.

Margin = the rate (expressed as a percentage rate per annum) as determined under the Bookbuild and announced via NZX on or before the Opening Date.

Swap Rate = the rate per annum (expressed on a percentage yield basis rounded, if necessary, to the nearest 2 decimal places with 5 being rounded up) which is determined by ANZ by straight line interpolation to provide a rate for a term equal to the period from (and including) the Issue Date to (but excluding) the Optional Exchange Date by reference to the mid market swap rates for a five-year term and a six-year term, being the mean of the bid and offered swap rates as displayed on Reuters page ICAPKIWISWAP1 or its successor page on the Rate Set Date, with such interpolated rate adjusted as necessary to a quarterly rate.

Floating Rate = 3 Month Bank Bill Rate + Margin.

N means, in respect of an Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date (or the Issue Date in the case of the first Interest Period) until (but not including) the Interest Payment Date.

3 Month Bank Bill Rate (expressed as a percentage per annum) means, for an Interest Period, the "FRA" rate for bank bills having a term of 3 months (rounded, if necessary, to the nearest 4 decimal places with 5 being rounded up) as displayed on Reuters page BKBM (or any page which replaces that page) on the first Business Day of the Interest Period or if that rate is not displayed by 10.45am (New Zealand time) on that date, the rate specified in good faith by ANZ at or around that time on that date, having regard to the extent possible to rates quoted by each of 3 leading banks selected by ANZ, as being the average of the bid and offered rates for such bank bills at or around that time on that date.

3.2 PAYMENT OF AN INTEREST PAYMENT

Each Interest Payment is subject to:

- (a) ANZ's absolute discretion; and
- (b) no Payment Condition existing in respect of the relevant Interest Payment Date.

3.3 INTEREST PAYMENTS ARE NON-CUMULATIVE

- (a) Interest Payments are non-cumulative. If all or any part of an Interest Payment is not paid because of clause 3.2 or because of any applicable law, ANZ has no liability to pay the unpaid amount of the Interest Payment and Holders have no claim or entitlement in respect of such non-payment and such non-payment does not constitute an event of default.
- (b) No interest accrues on any unpaid Interest Payments and the Holders have no claim or entitlement in respect of interest on any unpaid Interest Payments.

3.4 INTEREST PAYMENT DATES

Subject to this clause 3, Interest Payments in respect of a Note will be payable in arrears on the following dates (each an **Interest Payment Date**):

- (a) each 25 February, 25 May, 25 August and 25 November commencing on 25 May 2015 until (but not including) the date on which a Redemption or Conversion of that Note occurs in accordance with these Note Terms; and

- (b) the Conversion Date or the date on which Redemption of that Note occurs in accordance with these Note Terms.

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

3.5 RECORD DATES

An Interest Payment is only payable on an Interest Payment Date to those persons registered as Holders on the Record Date for that Interest Payment.

3.6 DEDUCTIONS

- (a) ANZ may deduct from any Interest Payment or any other amount payable in accordance with the Note Terms the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount (**Tax**). Deductions of Tax will be made at the maximum rates from time to time applicable unless a Holder provides evidence satisfactory to the Registry that a lesser rate is applicable.
- (b) If any such deduction has been made and the amount of the deduction accounted for by ANZ to the relevant revenue authority and the balance of the Interest Payment payable has been paid to the relevant Holder, the full amount payable to such Holder shall be deemed to have been duly paid and satisfied by ANZ.
- (c) Subject in all respects to clause 3.6(a), New Zealand non-resident withholding tax will be deducted from Interest Payments (or payments deemed by law to be interest) to Holders who are subject to New Zealand's non-resident withholding tax rules ("**NRWT Holders**"), provided that if ANZ is lawfully able to apply the approved issuer levy regime in relation to Interest Payments (or payments deemed by law to be interest) payable to such Holders it will apply the zero rate under the approved issuer levy regime to the extent ANZ is able to do so, and if not, ANZ will pay approved issuer levy (as defined in section 86F of the Stamp and Cheque Duties Act 1971 (New Zealand)) in respect of any Interest Payments (or payments deemed by law to be interest) payable to such Holders, and ANZ will pay the approved issuer levy to the appropriate authority and will deduct the amount payable from any Interest Payments (or payments deemed by law to be interest) payable to that Holder in lieu of deducting New Zealand non-resident withholding tax at the rate otherwise applicable from that payment.
- (d) Subject in all respects to clause 3.6(a), New Zealand resident withholding tax will be deducted from payments of interest (or payments deemed to be interest) to Holders who are not NRWT Holders unless an appropriate exemption certificate is produced to the Registry no later than five Business Days before the Record Date prior to the relevant payment date.
- (e) ANZ shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring any penalty under the applicable law and shall, if required by any Holder, deliver to that Holder a copy of any relevant receipt issued by the revenue authority (to the extent issued) without delay after it is received by ANZ.
- (f) A Holder must notify the Registry of its country of residence for tax purposes (on or prior to the Record Date) and, if the Holder is not a New Zealand tax resident, whether the Holder holds the Notes for the purposes of a business they carry on in New Zealand through a fixed establishment in New Zealand. A Holder must notify the Registry prior to any Interest Payment Date of any change in circumstances from those previously notified that could affect the payment or withholding obligations of ANZ.
- (g) By accepting payment of any Interest Payment or any other amount payable in accordance with the Note Terms, the Holder indemnifies ANZ for all purposes in

respect of any liability ANZ may incur for not deducting any amount from such payment on account of New Zealand non-resident withholding tax or New Zealand resident withholding tax.

- (h) If, in relation to any Note, ANZ becomes liable to make any payment of or on account of tax payable by the Holder, ANZ is indemnified by the Holder in relation to such liability. Any moneys paid by ANZ in relation to any such liability may be recovered from the Holder as a debt due to ANZ and may be withheld from further payments to that Holder. Nothing in this clause prejudices or affects any other right or remedy of ANZ.

3.7 RESTRICTIONS IN THE CASE OF NON-PAYMENT

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

- (a) resolve to pay or pay any Dividend; or
- (b) undertake any Buy-Back or Capital Reduction,

unless the Interest Payment is paid in full within 3 Business Days of the Relevant Interest Payment Date. The restriction in this clause 3.7 does not apply to the extent that, at the time an Interest Payment has not been paid in full on the Relevant Interest Payment Date, ANZ is legally obliged on or after that date to pay a Dividend or complete a Buy-Back or Capital Reduction.

4 MANDATORY CONVERSION

4.1 MANDATORY CONVERSION

On the Mandatory Conversion Date ANZ must Convert all (but not some) Notes in accordance with clause 6 and this clause 4.

4.2 MANDATORY CONVERSION DATE

The **Mandatory Conversion Date** will be the earlier of:

- (a) the Scheduled Mandatory Conversion Date; and
- (b) the first Interest Payment Date after the Scheduled Mandatory Conversion Date,

(each a **Relevant Date**) on which the Mandatory Conversion Conditions are satisfied.

4.3 MANDATORY CONVERSION CONDITIONS

The Mandatory Conversion Conditions for each Relevant Date are:

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

((a), (b), (c) and (d) together, the **Mandatory Conversion Conditions**).

4.4 NON-CONVERSION NOTICES

If:

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

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

4.5 COMMON EQUITY CAPITAL TRIGGER EVENT

A **Common Equity Capital Trigger Event** means:

- (a) ANZ determines, or the RBNZ notifies ANZ in writing that it believes, that a Common Equity Capital Ratio applicable to the ANZ Group is equal to or less than 5.125%; or
- (b) ANZBGL determines, or APRA notifies ANZBGL in writing that it believes, that a Common Equity Capital Ratio applicable to the ANZBGL Level 2 Group is equal to or less than 5.125%.

ANZ must immediately notify the RBNZ and APRA in writing if it makes a determination under clause 4.5(a). ANZBGL has agreed in the Coordination Agreement to immediately notify APRA and the RBNZ in writing if it makes a determination under clause 4.5(b).

4.6 NON-VIABILITY TRIGGER EVENT

A **Non-Viability Trigger Event** means:

- (a) a direction is given, by notice in writing, to ANZ by the RBNZ under section 113 of the RBNZ Act, on the basis that the financial position of ANZ is such that it meets any of the grounds in subsections 113(1)(a)-(e) of the RBNZ Act, requiring ANZ to exercise its right of conversion or write off of its Relevant Securities; or
- (b) ANZ is made subject to statutory management by an Order in Council issued pursuant to section 117 of the RBNZ Act and the statutory manager announces his or her decision (by publishing a notice on ANZ's website or in another suitable public forum) to convert or write off ANZ's Relevant Securities; or
- (c) the issuance of a notice in writing by APRA to ANZBGL that conversion or write off of Relevant Securities of ANZBGL is necessary because, without it, APRA considers that ANZBGL would become non-viable; or
- (d) a determination by APRA, notified to ANZBGL in writing, that without a public sector injection of capital, or equivalent support, ANZBGL would become non-viable.

4.7 TRIGGER EVENT CONVERSION DATE

A **Trigger Event Conversion Date** means:

- (a) in the case of a Common Equity Capital Trigger Event, the date on which the determination or notification is made under clause 4.5; and
- (b) in the case of a Non-Viability Trigger Event, the date on which the notification or announcement is made under clause 4.6.

4.8 CONVERSION ON TRIGGER EVENT CONVERSION DATE

If a Trigger Event occurs:

- (a) on the Trigger Event Conversion Date, subject only to clause 6.12, ANZ shall immediately Convert:
 - (i) in the case of a Common Equity Capital Trigger Event:
 - (A) in respect of the ANZ Group:
 - (aa) all of the Notes; or
 - (ab) if it is possible to increase the Common Equity Capital Ratio to a percentage above 5.125% by Converting less than all of the Notes, so many of the Notes as is sufficient (as determined by ANZ in accordance with paragraph (b) below) to increase the Common Equity Capital Ratio to a percentage above 5.125% determined by ANZ in consultation with the RBNZ; and
 - (B) in respect of the ANZBGL Level 2 Group:
 - (aa) all of the Notes; or
 - (ab) if it is possible to increase the Common Equity Capital Ratio to a percentage above 5.125% by Converting less than all of the Notes, so many of the Notes as is sufficient (as determined by ANZ in accordance with paragraph (b) below) to increase the Common Equity Capital Ratio to a percentage above 5.125% determined by ANZ in consultation with ANZBGL and APRA; or
 - (ii) in the case of a Non-Viability Trigger Event:
 - (A) in respect of ANZ:
 - (aa) all of the Notes; or
 - (ab) where the RBNZ or the statutory manager of ANZ does not require all applicable Relevant Securities to be converted or written off, so many of the Notes as is sufficient (as determined by ANZ in accordance with paragraph (b) below) to satisfy the RBNZ or the statutory manager of ANZ that ANZ is viable without further conversion or write off; and
 - (B) in respect of ANZBGL:
 - (aa) all of the Notes; or
 - (ab) where the Non-Viability Trigger Event occurs under clause 4.6(c) and APRA does not require all applicable Relevant Securities to be converted or written off, so many of the Notes as is sufficient (as determined by ANZ in accordance with paragraph (b) below) to satisfy APRA that ANZBGL is viable without further conversion or write off;
- (b) in determining the number of Notes which must be Converted in accordance with this clause, ANZ will:

- (i) first, convert or write off, or procure the conversion or write off of, Relevant Securities whose terms require or permit them to be converted or written off either before Conversion of Notes or in full; and
- (ii) secondly, if conversion or write off of those Relevant Securities is not sufficient to satisfy the requirements of clause 4.8(a)(i) or 4.8(a)(ii) (as applicable), Convert Notes and convert or write off, or procure the conversion or write off of, other Relevant Securities:
 - (A) on an approximately proportionate basis; or
 - (B) in a manner that is otherwise, in the opinion of ANZ, fair and reasonable,

(subject to such adjustment as ANZ may determine (in consultation with ANZBGL where the conversion or write off involves ordinary shares in ANZBGL or another member of the ANZBGL Level 2 Group or Relevant Securities issued by ANZBGL or another member of the ANZBGL Level 2 Group) to take into account the effect on marketable parcels and the need to round to whole numbers the number of those ordinary shares and any Notes or other Relevant Securities remaining on issue), and for the purposes of the foregoing, where the specified currency of the principal amount of Relevant Securities is not the same for all Relevant Securities, ANZ (in consultation with ANZBGL in the circumstances described above) may treat them as if converted into a single currency of ANZ's choice at such rate of exchange as ANZ in good faith considers reasonable,

provided that such determination does not impede the immediate Conversion of the relevant number of Notes;

- (c) on the Trigger Event Conversion Date ANZ must determine the Holders whose Notes will be Converted at the time on that date that the Conversion is to take effect and in making that determination may make any decisions with respect to the identity of the Holders at that time as may be necessary or desirable to ensure Conversion occurs immediately in an orderly manner, including disregarding any transfers of Notes that have not been settled or registered at that time and provided that such determination does not impede the immediate Conversion of the relevant number of Notes;
- (d) ANZ must give notice of that event (a **Trigger Event Notice**) as soon as practicable to Holders which must specify:
 - (i) the Trigger Event Conversion Date;
 - (ii) the number of Notes Converted; and
 - (iii) the relevant number of other Relevant Securities converted or written off; and
- (e) none of the following events shall prevent, impede or delay the Conversion of Notes as required by clause 4.8(a):
 - (i) any failure or delay in the conversion or write off of other Relevant Securities;
 - (ii) any failure or delay in giving a Trigger Event Notice;
 - (iii) any failure or delay in quotation of ANZBGL Shares to be issued on Conversion; and
 - (iv) any failure or delay in completion of any of the transactions between members of the ANZBGL Group set out in the Coordination Agreement.

4.9 PRIORITY OF CONVERSION OBLIGATIONS

- (a) Conversion on account of a Trigger Event is not subject to the matters described in clause 4.3 as Mandatory Conversion Conditions.
- (b) Conversion on account of a Trigger Event takes place on the date, and in the manner, required by clause 4.8, notwithstanding anything in clauses 4.1, 4.10, 5 or 8.

4.10 MANDATORY CONVERSION ON CHANGE OF CONTROL

- (a) If a Change of Control Event occurs, ANZ must notify Holders as soon as practicable after becoming aware of that event by providing a notice to Holders (a **Change of Control Conversion Notice**) and Convert all (but not some only) Notes on the Change of Control Conversion Date, subject to and in accordance with this clause 4 and clause 6.
- (b) A Change of Control Conversion Notice must specify:
 - (i) the details of the relevant Change of Control Event;
 - (ii) the date on which Conversion is to occur (the **Change of Control Conversion Date**), which must be:
 - (A) in the case of an ANZBGL Change of Control Event:
 - (aa) the Business Day prior to the date reasonably determined by ANZ (in consultation with ANZBGL) to be the last date on which holders of ANZBGL Shares can participate in the bid or scheme concerned or such other earlier date as ANZ may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or
 - (ab) such later date as the RBNZ or APRA may require; or
 - (ac) in the case of a Deferred Change of Control Conversion Notice, the immediately succeeding Interest Payment Date; and
 - (B) in the case of an ANZ Change of Control Event:
 - (aa) the last Business Day prior to the date reasonably determined by ANZ (in consultation with ANZBGL) on which 100% of the ordinary shares in ANZ will cease to be owned beneficially directly or indirectly by ANZBGL; or
 - (ab) such later date as the RBNZ or APRA may require; or
 - (ac) in the case of a Deferred Change of Control Conversion Notice, the immediately succeeding Interest Payment Date; and
 - (iii) whether any Interest Payment will be paid on the Change of Control Conversion Date.
- (c) A Change of Control Conversion Notice is taken to be revoked and Conversion will not occur if, on the Change of Control Conversion Date:

- (i) in the case of an ANZBGL Change of Control Event only, the NZD VWAP during the VWAP Period is equal to or less than 20.21% of the NZD Issue Date VWAP; or
- (ii) in the case of any Change of Control Event:
 - (A) a Delisting Event applies in respect of the Change of Control Conversion Date; or
 - (B) an Inability Event subsists on the Change of Control Conversion Date.
- (d) If clause 4.10(c) applies, ANZ must:
 - (i) notify Holders as soon as practicable that Conversion will not (or did not) occur (a **Deferred Change of Control Conversion Notice**); and
 - (ii) subject to this clause 4.10, give a new Change of Control Conversion Notice on or before the 25th Business Day prior to the immediately succeeding Interest Payment Date (under clause 3.4(a)) which is at least 25 Business Days after the date on which the Deferred Change of Control Conversion Notice was given.
- (e) If a new Change of Control Conversion Notice is revoked in accordance with clause 4.10(c), clause 4.10(d) shall be reapplied in respect of each subsequent Interest Payment Date (under clause 3.4(a)) until the applicable Change of Control Conversion Notice is not taken to be revoked in accordance with clause 4.10(c).
- (f) Nothing in clause 4.10 limits the operation of clause 4.8.

5 OPTIONAL EXCHANGE BY ANZ

5.1 OPTIONAL EXCHANGE BY ANZ

ANZ may by notice to Holders (an **Exchange Notice**) elect to Exchange all or some Notes:

- (a) following the occurrence of a Tax Event or a Regulatory Event; or
- (b) on the Optional Exchange Date.

An Exchange Notice once given is irrevocable.

5.2 CONTENTS OF EXCHANGE NOTICE

An Exchange Notice must specify:

- (a) the details of any Tax Event, or Regulatory Event to which the Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Exchange Date**), which:
 - (i) in the case of a Tax Event or Regulatory Event, will be the last Business Day of the month following the month in which the Exchange Notice was given by ANZ unless ANZ determines an earlier Exchange Date having regard to the best interests of Holders as a whole and the relevant event; or
 - (ii) in the case of the Optional Exchange Date, must fall no earlier than 25 Business Days after the date on which the Exchange Notice is given;
- (c) the Exchange Method, which may not be:

- (i) Redemption unless the prior written approval of the RBNZ and APRA is obtained and Notes the subject of the Redemption are replaced concurrently or beforehand by:
 - (A) ANZ with Tier 1 Capital of the same or better quality and the replacement of the Notes is done under conditions that are sustainable for the ANZ Group's income capacity, unless the RBNZ is satisfied that the capital position of the ANZ Group would be sufficiently above the minimum capital requirements after the Redemption; and
 - (B) a member of the ANZBGL Group (which could be (without limitation) ANZ as contemplated by (A) above) with Tier 1 Capital of the same or better quality and the replacement of the Notes is done under conditions that are sustainable for the ANZBGL Group's income capacity, unless APRA is satisfied that the capital position of the ANZBGL Group would be well above its minimum capital requirements after the Redemption;
- (ii) Conversion unless the conditions in clause 5.4 are satisfied;
- (d) if less than all Outstanding Notes are subject to Exchange, which Notes are subject to Exchange; and
- (e) whether any Interest Payment will be paid on the Exchange Date.

5.3 EXCHANGE METHOD

- (a) If ANZ elects to Exchange Notes in accordance with this clause 5, it must, subject to clause 5.2(c), elect which of the following (or which combination of the following) it intends to do in respect of Notes (the **Exchange Method**):
 - (i) Convert Notes into ANZBGL Shares in accordance with clause 6; or
 - (ii) Redeem Notes in accordance with clause 7.
- (b) If ANZ issues an Exchange Notice, ANZ may specify which of Conversion or Redemption applies to a particular Note. Without limitation to the foregoing:
 - (i) ANZ may select either of Conversion or Redemption to apply to the Notes held by a Holder; and
 - (ii) ANZ may select a different combination of Conversion or Redemption in respect of Notes held by different Holders,

but otherwise ANZ must endeavour to treat Holders on an approximately proportionate basis, although it may discriminate to take account of the effect on holdings which would be Non-marketable Parcels and any other reasonable considerations.

5.4 RESTRICTIONS ON ELECTION BY ANZ OF CONVERSION AS EXCHANGE METHOD

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

- (a) on the second Business Day before the date on which an Exchange Notice is to be sent by ANZ (or, if trading in ANZBGL Shares did not occur on that date, the last Business Day prior to that date on which trading in ANZBGL Shares occurred) (the **Non-Conversion Test Date**) the NZD VWAP on that date is less than or equal to 22.50% of the NZD Issue Date VWAP;

- (b) a Delisting Event applies in respect of the Non-Conversion Test Date; or
- (c) an Inability Event subsists on the Non-Conversion Test Date.

5.5 CONDITIONS TO CONVERSION OCCURRING ONCE ELECTED BY ANZ

If ANZ has given an Exchange Notice in which it has elected Conversion as the Exchange Method but any of the Optional Conversion Conditions would not be satisfied on the Exchange Date then, notwithstanding any other provision of these Note Terms:

- (a) the Exchange Date will be deferred until the first Interest Payment Date (under clause 3.4(a)) on which the Optional Conversion Conditions would be satisfied (determined as if references in the Optional Conversion Conditions to Exchange Date were to that Interest Payment Date) (the **Deferred Conversion Date**);
- (b) ANZ must Convert the Notes on the Deferred Conversion Date (unless the Notes are earlier Exchanged in accordance with these Note Terms); and
- (c) until the Deferred Conversion Date, all rights attaching to the Notes will continue as if the Exchange Notice had not been given.

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

5.6 OPTIONAL CONVERSION CONDITIONS

The Optional Conversion Conditions are:

- (a) the NZD VWAP during the 20 Business Days on which trading in ANZBGL Shares took place immediately preceding (but not including) the Exchange Date is greater than 20.21% of the NZD Issue Date VWAP;
- (b) no Delisting Event applies in respect of the Exchange Date; and
- (c) no Inability Event subsists on the Exchange Date.

6 CONVERSION MECHANICS

6.1 CONVERSION

If ANZ elects to Convert Notes or is required to Convert Notes in accordance with these Note Terms, then, subject to this clause 6 and clause 10, the following provisions apply:

- (a) with effect from the Conversion Date, each Note that is to be Converted shall be:
 - (i) immediately and irrevocably transferred to ANZ Holdings free of any Encumbrance, such transfer to occur automatically without any act or consent of the relevant Holder or any other person being required; and
 - (ii) following that transfer, redeemed or written off in accordance with the Coordination Agreement,

but such transfer shall not affect the relevant Holder's entitlement:

- (iii) under clause 3 to an Interest Payment (if any) on the Conversion Date; or
- (iv) under clause 6.1(b) to be issued ANZBGL Shares.

- (b) ANZBGL shall immediately issue on the Conversion Date in accordance with the Coordination Agreement a number of ANZBGL Shares in respect of each Note that is to be Converted equal to the Conversion Number, where the Conversion Number (but subject to the Conversion Number being no more than the Maximum Conversion Number) is a number calculated according to the following formula:

$$\text{Conversion Number} = \frac{\text{Face Value}}{(99\% \times \text{NZD VWAP})}$$

where:

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

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{\text{NZD Issue Date VWAP} \times \text{Relevant Number}}$$

where:

Relevant Number means:

if Conversion is occurring on a Mandatory Conversion Date, 0.5; and

if Conversion is occurring at any other time, 0.2;

- (c) if the total number of additional ANZBGL Shares to be issued to a Holder in respect of their aggregate holding of Notes upon Conversion includes a fraction of an ANZBGL Share, that fraction of an ANZBGL Share will be disregarded; and
- (d) the rights attaching to ANZBGL Shares issued as a result of Conversion do not take effect until 5.00pm (Melbourne time) on the Conversion Date (unless another time is required for Conversion on that date).

6.2 ADJUSTMENTS TO VWAP

For the purposes of calculating VWAP in these Note Terms:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, ANZBGL Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Notes will Convert into ANZBGL Shares after the date those ANZBGL Shares no longer carry that dividend or any other distribution or entitlement, then the VWAP on the Business Days on which those ANZBGL Shares have been quoted cum dividend or cum any other distribution or entitlement shall be reduced by an amount (**Cum Value**) equal to:
- (i) (in the case of a dividend or other distribution), the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Income Tax Assessment Act 1936 (Commonwealth of Australia) or Income Tax Assessment Act 1997 (Commonwealth of Australia) as the case may be;
 - (ii) (in the case of any other entitlement that is not a dividend or other distribution under clause 6.2(a)(i) which is traded on ASX on any of those Business Days), the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
 - (iii) (in the case of any other entitlement which is not traded on ASX during the VWAP Period), the Australian dollar value of the entitlement as reasonably determined by the Directors of ANZBGL; and

- (b) where, on some or all of the Business Days in the VWAP Period, ANZBGL Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and Notes will Convert into ANZBGL Shares which would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the Business Days on which those ANZBGL Shares have been quoted ex dividend or ex any other distribution or entitlement shall be increased by the Cum Value.

6.3 ADJUSTMENTS TO VWAP FOR DIVISIONS AND SIMILAR TRANSACTIONS

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

$$\frac{A}{B}$$

where:

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

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

- (b) Any adjustment made by ANZ in accordance with clause 6.3(a) will be effective and binding on Holders under these Note Terms and these Note Terms will be construed accordingly. Any such adjustment must be promptly notified to all Holders.

6.4 ADJUSTMENTS TO ISSUE DATE VWAP

For the purposes of determining the Issue Date VWAP, adjustments to VWAP will be made in accordance with clause 6.2 and clause 6.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made in accordance with clauses 6.5 to 6.7 (inclusive); and
- (b) if so made, will correspondingly affect the application of the Mandatory Conversion Conditions (other than in clauses 4.3(c) or 4.3(d)), the Optional Conversion Conditions (other than in clauses 5.6(b) or 5.6(c)) and cause adjustments to calculations made under clauses 5.4(a) and 5.6(a) and to the Maximum Conversion Number.

6.5 ADJUSTMENTS TO ISSUE DATE VWAP FOR BONUS ISSUES

- (a) Subject to clause 6.5(b) below, if ANZBGL makes a pro rata bonus issue of ANZBGL Shares to holders of ANZBGL Shares generally, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

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

where:

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

V_o means the Issue Date VWAP applying immediately prior to the application of this formula;

RN means the number of ANZBGL Shares issued pursuant to the bonus issue; and

RD means the number of ANZBGL Shares on issue immediately prior to the issue of new ANZBGL Shares pursuant to the bonus issue.

- (b) Clause 6.5(a) does not apply to ANZBGL Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purpose of clause 6.5(a), an issue will be regarded as a pro rata issue notwithstanding that ANZBGL does not make offers to some or all holders of ANZBGL Shares with registered addresses outside Australia, provided that in so doing ANZBGL is not in contravention of the ASX Listing Rules.
- (d) No adjustments to the Issue Date VWAP will be made under this clause 6.5 for any offer of ANZBGL Shares not covered by clause 6.5(a), including a rights issue or other essentially pro rata issue.
- (e) The fact that no adjustment is made for an issue of ANZBGL Shares except as covered by clause 6.5(a) shall not in any way restrict ANZBGL from issuing ANZBGL Shares at any time on such terms as it sees fit nor require any consent or concurrence of any Holders.

6.6 ADJUSTMENT TO ISSUE DATE VWAP FOR DIVISIONS AND SIMILAR TRANSACTIONS

- (a) If at any time after the Issue Date, a Reorganisation occurs, ANZ shall adjust the Issue Date VWAP by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reorganisation by the following formula:

$$\frac{A}{B}$$

where:

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

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

- (b) Any adjustment made by ANZ in accordance with clause 6.6(a) will be effective and binding on Holders under these Note Terms and these Note Terms will be construed accordingly.
- (c) Any such adjustment must be promptly notified to all Holders.
- (d) Each Holder acknowledges that ANZBGL may consolidate, divide or reclassify securities so that there is a lesser or greater number of ANZBGL Shares at any time in its absolute discretion without any such action requiring any consent or concurrence of any Holders.

6.7 NO ADJUSTMENT TO ISSUE DATE VWAP IN CERTAIN CIRCUMSTANCES

Despite the provisions of clauses 6.5 and 6.6, no adjustment shall be made to the Issue Date VWAP where such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

6.8 ANNOUNCEMENT OF ADJUSTMENT TO ISSUE DATE VWAP AND NZD ISSUE DATE VWAP

ANZ will notify Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP and, as a consequence, the NZD Issue Date VWAP under this clause 6 within 10 Business Days of ANZ determining the adjustment and the adjustment set out in the announcement will be final and binding.

6.9 ANZBGL SHARES

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

6.10 FOREIGN HOLDERS

Where Notes held by a Foreign Holder are to be Converted, unless ANZ (in consultation with ANZBGL) is satisfied that the laws of the Foreign Holder's country of residence permit the issue of ANZBGL Shares to the Foreign Holder (but as to which neither ANZ nor ANZBGL has any obligation to enquire), either unconditionally or after compliance with conditions which ANZ (in consultation with ANZBGL) in its absolute discretion regards as acceptable and not unduly onerous, the ANZBGL Shares which the Foreign Holder is obliged to accept will be issued to a nominee (which may not be ANZBGL or a Related Entity of ANZBGL) (**Nominee**), who will sell those ANZBGL Shares and pay a cash amount equal to the Proceeds to the Foreign Holder.

6.11 LISTING ANZBGL SHARES ISSUED ON CONVERSION

ANZ shall procure ANZBGL to use all reasonable endeavours to list the ANZBGL Shares issued upon Conversion of the Notes on ASX.

6.12 WRITE OFF

(a) Notwithstanding clause 8.2(a), where:

- (i) on or after a Conversion Date that is a Trigger Event Conversion Date, ANZBGL fails to issue ANZBGL Shares in accordance with these Note Terms for any reason (including an Inability Event); or
- (ii) on or after any Conversion Date, a Transfer Failure Event subsists,

and Conversion of a Note that ANZ has elected to Convert or is required to Convert in accordance with these Note Terms has not been effected within 5 Business Days after the Conversion Date, then to the extent Conversion has not occurred, the Note will be Written Off and the provisions of clauses 4.8(b), 4.8(c) and 4.8(d) shall apply in respect of that Write Off and those Notes as if each reference in those clauses to "Conversion" and "Convert" were a reference to "Write Off".

(b) In this clause 6.12, **Written Off** means that, in respect of a Note and a Conversion Date:

- (i) that is a Trigger Event Conversion Date, if ANZBGL Shares have not been issued to the relevant Holder or the Nominee (as applicable) in accordance with these Note Terms within 5 Business Days after the Trigger Event Conversion Date for any reason (including an Inability Event) then:
 - (A) ANZBGL Shares will not be issued to the relevant Holder on that date and will not be issued to the relevant Holder on any subsequent date; and
 - (B) the relevant Holder's rights to be issued ANZBGL Shares in accordance with these Note Terms and the Coordination Agreement are automatically and irrevocably terminated and written off and such termination and write off will be taken to have occurred immediately upon the Conversion Date,

and the relevant Holder shall cease to have any rights in relation to the Note, either:

- (C) if the Note is transferred to ANZ Holdings in accordance with clause 6.1(a), immediately following that transfer; or

- (D) if the Note is not transferred to ANZ Holdings in accordance with clause 6.1(a), by operation of clause 6.12(b)(ii); and
- (ii) if, as a consequence of a Transfer Failure Event (and whether or not clause 6.12(b)(i) applies), the Note has not been transferred to ANZ Holdings in accordance with clause 6.1(a) within 5 Business Days after the Conversion Date:
 - (A) the Note will not be transferred on that date and will not be transferred or Redeemed under these Note Terms on any subsequent date; and
 - (B) the relevant Holder's rights (including to payment of Interest Payments and Face Value) in relation to the Note are automatically and irrevocably terminated and written off and such termination and write off will be taken to have occurred immediately upon the Conversion Date,

but such termination and write off shall not affect the issue of ANZBGL Shares to the relevant Holder or Nominee (as applicable) in accordance with these Note Terms and the Coordination Agreement or affect the operation of clause 6.12(b)(i).

6.13 RIGHTS SUSPENDED PENDING CONVERSION

If a Note is to be Converted in accordance with these Note Terms then, with effect from the applicable Conversion Date, all rights of the relevant Holder in relation to the Note are suspended and, subject to clause 6.12(b)(i), the Holder of any Note that is to be Converted, or the Nominee (as applicable), shall be treated as the holder of the relevant number of ANZBGL Shares.

6.14 RIGHTS OF ANZ

If ANZ is made subject to statutory management by an Order in Council issued pursuant to section 117 of the RBNZ Act, ANZ shall have the right to require the Conversion of Notes in accordance with these Note Terms.

7 REDEMPTION MECHANICS

7.1 REDEMPTION MECHANICS TO APPLY TO REDEMPTION

If, subject to obtaining the prior written approval of the RBNZ and APRA and compliance with the other conditions in clause 5.2(c), ANZ elects to Redeem Notes in accordance with these Note Terms, the provisions of this clause 7 apply to that Redemption.

Holders should not expect that either the RBNZ's or APRA's approval will be given for any Exchange of Notes under the Note Terms.

7.2 REDEMPTION

Notes will be Redeemed by payment on the Exchange Date of the Face Value to the Holder.

7.3 EFFECT OF REDEMPTION ON HOLDERS

On the Exchange Date the only right Holders will have in respect of Notes will be to obtain the Face Value payable in accordance with these Note Terms and upon payment of the Face Value, all other rights conferred, or restrictions imposed, by the Notes will no longer have effect, other than its entitlement (if any) under clause 3 to an Interest Payment on the Exchange Date.

8 GENERAL RIGHTS IN RESPECT OF NOTES

8.1 RANKING WITH RESPECT TO INTEREST PAYMENTS

The Notes rank in respect of payment of Interest Payments:

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

in the case of (b) and (c), in respect of payment of interest or like distributions.

8.2 RANKING IN A LIQUIDATION

- (a) If an order is made by a court of competent jurisdiction in New Zealand (other than an order successfully appealed or permanently stayed within 30 days), or an effective resolution passed, for the liquidation of ANZ in New Zealand, the Notes are redeemable for their Face Value in accordance with this clause 8.2.
- (b) In a liquidation of ANZ in New Zealand, a Note that is an Outstanding Note confers upon the Holder, subject to clause 6.12, the right to payment in cash of the Face Value on a subordinated basis in accordance with clause 8.2(c), but no further or other claim on ANZ in the liquidation of ANZ in New Zealand.
- (c) Holders will rank for payment of the Face Value in a liquidation of ANZ in New Zealand:
 - (i) in priority to ordinary shares of ANZ;
 - (ii) equally among themselves and with all Equal Ranking Instruments with respect to priority of payment in a liquidation; and
 - (iii) junior to the claims of all Higher Ranking Creditors with respect to priority of payment in a liquidation in that:
 - (A) all claims of Higher Ranking Creditors must be paid in full before the claims of the Holders are paid; and
 - (B) until the Higher Ranking Creditors have been paid in full, the Holders must not claim in the liquidation of ANZ in competition with the Higher Ranking Creditors so as to diminish any distribution or payment which, but for that claim, the Higher Ranking Creditors would have been entitled to receive,

so that the Holder receives, for each Note it holds, an amount equal to the amount it would have received if, in the liquidation of ANZ, it had held an issued and fully paid Preference Share.

8.3 NO CHARGE

Nothing in clause 8.2 or clause 8.4 shall be taken to:

- (a) create a charge or security interest on or over any right of the Holder; or
- (b) require the consent of any Higher Ranking Creditor to any amendment of these Note Terms made in accordance with clause 13.

8.4 AGREEMENTS OF HOLDERS AS TO SUBORDINATION

Each Holder irrevocably agrees:

- (a) that clause 8.2 is an agreement by the Holder to accept a lower priority in respect of a debt for the purposes of section 313(3) of the Companies Act and that nothing in sections 310 or 313 of the Companies Act will prevent these Note Terms from having effect according to their terms;
- (b) not to exercise any voting or other rights as a creditor in the liquidation of ANZ in any jurisdiction:
 - (i) until after all Higher Ranking Creditors have been paid in full; or
 - (ii) otherwise in a manner inconsistent with the subordination contemplated by clause 8.2;
- (c) that it must pay or deliver to the liquidator any amount or asset received on account of its claim in the liquidation of ANZ in respect of a Note in excess of its entitlement under clause 8.2; and
- (d) that the subordination effected by clause 8.2 is not affected by any act or omission of ANZ or a Higher Ranking Creditor which might otherwise affect it at law or in equity.

8.5 CALCULATIONS AND ROUNDING OF PAYMENTS

Unless otherwise specified in these Note Terms:

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

8.6 NO SET-OFF OR OFFSETTING RIGHTS

A Holder:

- (a) may not exercise any right of set-off against ANZ in respect of any claim by ANZ against that Holder; and
- (b) will have no offsetting rights or claims on ANZ if ANZ does not pay an Interest Payment or the Face Value when scheduled under the Note Terms.

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

8.7 NO SECURITY

Notes are unsecured.

8.8 SHORTFALL ON LIQUIDATION

If, upon a return of capital on a liquidation of ANZ, there are insufficient funds to pay in full the Face Value and the amounts payable in respect of any Equal Ranking Instruments, Holders and the holders of any such other instruments will share in any distribution of assets of ANZ in proportion to the amounts to which they are entitled respectively.

8.9 NO OTHER CLAIM

Notes do not confer on the Holders any claim on ANZ in a liquidation beyond payment of the Face Value.

8.10 POWER OF ATTORNEY

- (a) Each Holder appoints each of ANZ, its officers and any External Administrator of ANZ (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Note Terms including, but not limited to, effecting any transfers of Notes, making any entry in the Register or exercising any voting power in relation to any consent or approval required for Conversion or Redemption or in respect of an Approved NOHC Event or the transfer of Conversion Obligations to an Approved NOHC (or to another entity other than a member of ANZBGL Group) as contemplated by clause 13.2.
- (b) The power of attorney given in this clause 8.10 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Note Terms and is irrevocable.

8.11 HOLDER ACKNOWLEDGMENTS

Each Holder irrevocably:

- (a) upon the issue of ANZBGL Shares on a Conversion Date, consents to becoming a member of ANZBGL and agrees to be bound by the Constitution, in each case in respect of those ANZBGL Shares (or, where an Approved NOHC Substitution Notice has been given, consents to becoming a member of that Approved NOHC and agrees to be bound by its constitution);
- (b) acknowledges and agrees that an Approved NOHC may be substituted for ANZBGL as provider of ordinary shares on Conversion and that if such a substitution is effected on the terms provided by the amendment in accordance with clause 13.2, the Holder is obliged to accept ordinary shares in that Approved NOHC on a Conversion, and will not receive ANZBGL Shares;
- (c) acknowledges and agrees that any amendment made in accordance with clause 13.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion does not require the consent of Holders;
- (d) acknowledges and agrees that it is obliged to accept ordinary shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of Notes including:
 - (i) any change in the financial position of ANZBGL or any Approved NOHC since the Issue Date;
 - (ii) any disruption to the market or potential market for the ordinary shares or to capital markets generally;
 - (iii) any breach by ANZBGL or any Approved NOHC of any of the Conversion Obligations; or
 - (iv) a Transfer Failure Event subsisting;
- (e) acknowledges and agrees that:
 - (i) where clause 4.8 applies, there are no conditions to Conversion occurring as and when provided in clauses 4.5 to 4.9 (inclusive);
 - (ii) the only conditions to a Mandatory Conversion are the Mandatory Conversion Conditions;

- (iii) the only conditions to a Conversion pursuant to clause 4.10 or on account of an Exchange under clause 5 are the conditions expressly applicable to such Conversion as provided in clauses 4.10 and 5 of these Note Terms and no other conditions or events will affect Conversion; and
- (iv) the Holder should not expect that the RBNZ's or APRA's approval will be given for any Redemption of Notes under the Note Terms;
- (f) agrees to provide to ANZ any information necessary to give effect to a Conversion and, if applicable, to surrender any certificate relating to the Notes on the occurrence of the Conversion;
- (g) acknowledges and agrees that a Holder has no right to request an Exchange or, if ANZ elects to Exchange Notes, the Exchange Method;
- (h) acknowledges it has no remedies against ANZ or any other member of the ANZBGL Group on account of a failure by ANZBGL to issue ANZBGL Shares in accordance with clause 6 other than (and subject always to clause 6.12) to seek specific performance of the obligation of ANZBGL in the Coordination Agreement, to issue the ANZBGL Shares;
- (i) acknowledges that it has no rights to compensation from, or any other remedies against, ANZ or any other member of the ANZBGL Group if the Notes are Written Off in accordance with these Note Terms;
- (j) acknowledges that, upon the transfer of Notes to ANZ Holdings in accordance with clause 6.1(a)(i), it shall cease to have any rights whatsoever under or in relation to those Notes, including (without limitation) on the grounds that there was some irregularity or invalidity in any part of the related Conversion (but without affecting its entitlement (if any) under clause 3 to an Interest Payment on the relevant Conversion Date or to be issued ANZBGL Shares under clause 6.1);
- (k) acknowledges that if it creates or permits to subsist any Encumbrance over any Notes, that Encumbrance takes effect subject to these Note Terms and the Coordination Agreement and the secured party will be taken to have authorised the dealing constituted by Conversion of those Notes for the purposes of section 45(1) of the Personal Property Securities Act 1999; and
- (l) acknowledges and agrees that:
 - (i) ANZ and ANZBGL may collect, use or disclose any information obtained about the Holder in connection with the Notes in accordance with the ANZ Privacy Statement or the ANZBGL Privacy Statement, respectively (as such statements may be amended or substituted from time to time). As at the date of the Deed Poll, ANZ's Privacy Statement is available at www.anz.co.nz and ANZBGL's Privacy Statement is available at www.anz.com; and
 - (ii) to the extent not otherwise permitted by the Privacy Statements referred to above, any information held by ANZ in relation to the Holder and in connection with the Notes may be shared with any other member of the ANZBGL Group (or an Approved NOHC) for any purpose in connection with the Notes including in relation to the issue and holding of ANZBGL Shares (or Approved NOHC Ordinary Shares).

8.12 NO OTHER RIGHTS

- (a) Notes do not confer any claim on ANZ or ANZBGL except as set out in these Note Terms and are not deposit liabilities of, or protected accounts with, ANZ or ANZBGL or any other members of the ANZBGL Group.

- (b) Notes do not confer on Holders any right to subscribe for new securities in ANZ or any other member of the ANZBGL Group or to participate in any bonus issues of securities of ANZ or any other member of the ANZBGL Group.
- (c) Nothing in these Note Terms prevents ANZ or any other member of the ANZBGL Group from issuing securities of any kind or, except as provided in clause 3.7, redeeming, buying back, returning capital on or converting any securities, other than the Notes.

8.13 SETTLEMENT SYSTEM

The Notes will be quoted on the NZX Debt Market. While the Notes remain quoted on the NZX Debt Market:

- (a) the rights and obligations of a person holding Notes; and
- (b) all dealings (including transfers (other than a transfer made in accordance with clause 6.1(a)(i))) in relation to the Notes,

will be subject to and governed by the Settlement System operated by NZX (but without affecting any provisions in these Note Terms which affect the eligibility of the Notes as Additional Tier 1 Capital).

No certificates will be issued to Holders unless ANZ determines that certificates should be available or are required by law.

8.14 INDEPENDENT OBLIGATIONS

Each entry in the Register constitutes a separate and individual acknowledgement to the relevant Holder of the indebtedness of ANZ to the relevant Holder. The Holder to whom those obligations are owed is entitled to enforce them without having to join any other Holder or any predecessor in title of a Holder.

8.15 EXEMPTION NOTICE

ANZ will, both before and after the Exemption Notice is revoked:

- (a) comply with the condition in clause 6(1)(e) of the Exemption Notice;
- (b) use reasonable endeavours to ensure ANZBGL or, if an Approved NOHC Substitution Notice is given in accordance with clause 10.1, the Approved NOHC, complies with the condition in clause 6(1)(f) of the Exemption Notice;
- (c) comply with the conditions in clause 6(1)(g)-(i) of the Exemption Notice to the extent the conditions relate to matters within the control of ANZ; and
- (d) use reasonable endeavours to ensure ANZBGL or, if an Approved NOHC Substitution Notice is given in accordance with clause 10.1, the Approved NOHC, complies with the conditions in clause 6(1)(g)-(i) of the Exemption Notice to the extent that the conditions relate to matters within the control of ANZBGL or the Approved NOHC (as applicable).

9 VOTING AND OTHER RIGHTS

9.1 MEETINGS

Meetings of Holders may be held in accordance with the Meeting Provisions. A meeting may consider any matter affecting the interests of Holders, including any amendment to these Note Terms proposed by ANZ in accordance with clause 13.

9.2 NO VOTING

Notes do not confer on Holders a right to vote at any meeting of members of ANZ.

9.3 NO RIGHT TO APPLY FOR LIQUIDATION

Each Holder acknowledges and agrees that a Holder has no right to apply for ANZ or any other member of the ANZBGL Group to be liquidated, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of ANZ or any other member of the ANZBGL Group in any jurisdiction merely on the grounds that ANZ does not pay an Interest Payment when scheduled in respect of Notes.

9.4 NO ACCELERATION

Each Holder acknowledges and agrees that, without limiting clause 8.2(a), a Holder has no right to seek to have any obligations of ANZ under these Note Terms accelerated.

9.5 NO EVENTS OF DEFAULT

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

10 APPROVED NOHC EVENTS AND SUBSTITUTION

10.1 ANZ MAY GIVE APPROVED NOHC SUBSTITUTION NOTICE

If:

- (a) an Approved NOHC Event is proposed to occur; and
- (b) the Approved NOHC agrees for the benefit of Holders:
 - (i) to deliver Approved NOHC Ordinary Shares under all circumstances when ANZBGL would have otherwise been obliged under the Coordination Agreement to deliver ANZBGL Shares on a Conversion, subject to the same terms and conditions as set out in these Note Terms and the Coordination Agreement as amended by this clause 10; and
 - (ii) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of all Approved NOHC Ordinary Shares issued on a Conversion in accordance with these Note Terms and the Coordination Agreement (with all necessary modifications) on the securities exchanges on which the other Approved NOHC Ordinary Shares are quoted at the time of a Conversion; and
- (c) the Approved NOHC agrees to subscribe immediately for ANZBGL Shares in such amount as may be necessary, or to take other steps acceptable to APRA to ensure the capital position of the ANZBGL Level 2 Group will not be adversely affected,

ANZ may give a notice (an **Approved NOHC Substitution Notice**) to Holders (which, if given, must be given as soon as practicable before the Approved NOHC Event and in any event no later than 10 Business Days before the Approved NOHC Event occurs) specifying the amendments to these Note Terms and the Coordination Agreement which will be made in accordance with clause 13.2 to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion (the **Approved NOHC Substitution Terms**).

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

10.2 CONSEQUENCES OF APPROVED NOHC SUBSTITUTION NOTICE

If ANZ gives an Approved NOHC Substitution Notice to Holders in accordance with clause 10.1, the Approved NOHC Substitution Terms will have effect on and from the date specified in the Approved NOHC Substitution Notice.

10.3 NO OBLIGATION TO SUBSTITUTE

A Holder has no right to require ANZ to give an Approved NOHC Substitution Notice.

11 NOTICES

11.1 NOTICES TO HOLDERS

All notices, certificates, consents, approvals, waivers and other communications in connection with a Note to the Holders must be in writing and may be:

- (a) sent by prepaid post (airmail if appropriate) or left at the address of the relevant Holder (as shown in the Register at the close of business on the day which is 3 Business Days before the date of the relevant notice or communication);
- (b) given by an advertisement published in the Dominion Post or the New Zealand Herald; or
- (c) in the case of a Non-Conversion Notice, a Deferred Conversion Notice, a Deferred Change of Control Conversion Notice, an Exchange Notice, a Change of Control Conversion Notice, a Trigger Event Notice, an Adjustment Notice, an Approved NOHC Substitution Notice and an ANZ Details Notice, given to Holders by ANZ publishing the notice on its website and announcing the publication of the notice to NZX.

11.2 NON-RECEIPT OF NOTICES BY HOLDERS

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

11.3 NOTICES TO ANZ

All notices or other communications by a Holder to ANZ in respect of these Note Terms must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:

Attention: The Treasurer
ANZ Bank New Zealand Limited

Address: Ground floor
ANZ Centre
23-29 Albert Street
Auckland 1010

Email address: nztreasurer@anz.com,

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

- (c) signed or, in the case of email, emailed by the person making the communication or by a person duly authorised by that person; and
- (d) delivered or posted by prepaid post to the address, or sent by email to the email address, in accordance with clause 11.3(b).

11.4 RECEIPT

A notice or other communication will be taken to be received:

- (a) if sent by email, when actually received in its entirety in legible form, unless that day is not a Business Day, or is after 5.00pm (New Zealand time) on a Business Day, in which case that communication will be regarded as received at 9.00am (New Zealand time) on the next Business Day;
- (b) if sent by post, on the third Business Day after posting if posted to an address in New Zealand and on the seventh Business Day after posting if posted to an address outside of New Zealand;
- (c) if published by an announcement on NZX, when the announcement is made on NZX; and
- (d) if published in a newspaper, on the first date that publication has been made in the chosen newspaper.

11.5 NOTIFICATION OF A TRIGGER EVENT

Nothing in clauses 11.1-11.4 applies to the notification of a Trigger Event by the RBNZ or the statutory manager of ANZ or by APRA.

12 PAYMENTS

12.1 PAYMENTS TO HOLDERS ON THE RECORD DATE

Interest and Face Value amounts are only payable on an Interest Payment Date or Exchange Date (as applicable) to those persons registered as Holders on the Record Date for that Interest Payment or Redemption.

12.2 MANNER OF PAYMENT TO HOLDERS

Payments will be made by ANZ in its absolute discretion by:

- (a) crediting on the relevant payment date the amount due to a New Zealand dollar bank account maintained in New Zealand with a financial institution (excluding credit card accounts), notified by the Holder to the Registry by close of business on the Record Date in respect of that payment; or
- (b) at ANZ's option if no such account is notified, by sending a cheque through the post at the Holder's risk directed to:
 - (i) the address of the Holder (or in the case of a jointly held Note, the address of the joint Holder named first in the Register); or
 - (ii) to any other address the Holder (or in the case of a jointly held Note, all the joint Holders) directs in writing.

A cheque sent through the post on or before the date for payment is taken to have been received on the payment date.

12.3 UNCOMPLETED PAYMENTS

If:

- (a) a Holder has not notified the Registry of a New Zealand dollar bank account maintained with a financial institution (excluding credit card accounts) to which payments in respect of the Notes may be credited; or
- (b) the transfer of any amount for payment to the credit of the nominated account does not complete for any reason,

the amount of the uncompleted payment will be held in a special purpose account maintained by ANZ or the Registry until:

- (i) the Holder nominates a suitable New Zealand dollar account maintained in New Zealand with a financial institution to which the payment may be credited or ANZ elects to pay the amount by cheque;
- (ii) ANZ determines as permitted by clause 12.4 to refuse any claim in respect of that amount in which case ANZ may treat that amount as its own; or
- (iii) ANZ is entitled or obliged to deal with the amount in accordance with the law relating to unclaimed moneys.

A Holder is not entitled to any interest in respect of the account in which uncompleted payments are held or in respect of any delay in payment.

12.4 TIME LIMIT ON CLAIMS

Any payment under a Note unclaimed for 1 year from the date on which payment first became due may be invested or otherwise made use of by ANZ for ANZ's benefit until claimed. Any payment under a Note unclaimed for 5 years from the date on which payment first became due is taken to be forfeited to ANZ for ANZ's benefit.

12.5 DETERMINATION AND CALCULATION FINAL

Except where there is fraud or a manifest error, any determination or calculation which ANZ makes in accordance with these Note Terms is final and binds ANZ, the Registry and each Holder.

12.6 PAYMENT TO JOINT HOLDERS

A payment to any one of joint Holders will discharge ANZ's liability in respect of that payment irrespective of any notice to the contrary that may be provided to ANZ by any such Holder.

12.7 PAYMENT ON BUSINESS DAYS

If a payment is to be made to an account on a Business Day on which banks are not open for business in the place the account is located, payment will be made on the next day on which banks are open for business in that place, and no additional interest is payable in respect of that delay in payment.

12.8 NO INTEREST ACCRUES

No interest accrues on any unpaid amount in respect of any Note.

12.9 PAYMENTS SUBJECT TO LAW

All payments are subject to applicable law.

12.10 FATCA

- (a) ANZ may withhold or make deductions from payments or ANZBGL may withhold or make deductions from the issue of ANZBGL Shares to a Holder where it is required to do so under or in connection with FATCA, or where it has reasonable grounds to suspect that the Holder or a beneficial owner of Notes may be subject to FATCA, and may deal with such payment, and any ANZBGL Shares, in accordance with FATCA. If any withholding or deduction arises under or in connection with FATCA, ANZ will not be required to pay any further amounts and ANZBGL will not be required to issue any further ANZBGL Shares on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder or a beneficial owner of Notes for or in respect of any such withholding or deduction. A dealing with such payment and any ANZBGL Shares in accordance with FATCA satisfies ANZ's obligations to that Holder to the extent of the amount of that payment or ANZBGL's obligations to that Holder to the extent of the issue of ANZBGL Shares.
- (b) A Holder will, within 10 Business Days of request by ANZ, supply to ANZ and to ANZBGL such forms, documentation and other information relating to its status under

FATCA or any other matter as ANZ reasonably requests for the purposes of ANZ's and ANZBGL's compliance with FATCA.

13 AMENDMENT OF THESE NOTE TERMS

13.1 AMENDMENT WITHOUT CONSENT

Subject to complying with all applicable laws and clause 13.4, ANZ may amend these Note Terms, the Deed Poll or the Coordination Agreement without the authority, assent or approval of Holders where the amendment is in the reasonable opinion of ANZ:

- (a) is made to correct a manifest error;
- (b) is of a formal, minor or technical nature;
- (c) is necessary to comply with any law, the provisions of any statute or the requirements of any statutory authority;
- (d) is made in accordance with ANZ's adjustment rights in clause 6;
- (e) is expedient for the purpose of enabling the Notes to be quoted or for the Notes or the ANZBGL Shares to remain quoted on a securities exchange (including, without limitation, in connection with any change in the principal securities exchange on which ANZBGL Shares are quoted) or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place;
- (f) amends any date or time period stated, required or permitted in connection with any Exchange in a manner necessary to facilitate the Exchange;
- (g) is made in accordance with clause 13.2; or
- (h) in any other case, will not materially adversely affect the rights of Holders as a whole.

13.2 AMENDMENT WITHOUT CONSENT FOR SUBSTITUTION OF AN APPROVED NOHC

Subject to complying with all applicable laws and clause 13.4, if the circumstances described in clauses 10.1(a)-(c) apply, without the authority, assent or approval of Holders, ANZ may give an Approved NOHC Substitution Notice which:

- (a) amends the definition of "Conversion" such that, provided the RBNZ does not object and APRA otherwise agrees, on the date Notes are to be Converted each Holder will be issued a number of Approved NOHC Ordinary Shares equal to the Conversion Number instead of ANZBGL Shares;
- (b) makes such other amendments to these Note Terms as in ANZ's reasonable opinion are necessary and appropriate to effect the substitution of an Approved NOHC as the provider of the ordinary shares on Conversion in the manner contemplated by these Note Terms, including without limitation:
 - (i) amendments and additions to clause 10.1(c), the definition of "ANZBGL Group", "ANZBGL Shares", "ANZ Change of Control Event", "Conversion Obligations", "Regulatory Event", "Relevant Securities", "Tax Event" and "Tier 1 Capital";
 - (ii) amendments to the mechanics for adjusting the Conversion Number;

- (iii) any term defining the rights of Holders if the Conversion is not effected which is appropriate for the Notes to remain as Tier 1 Capital of ANZ and the ANZBGL Level 2 Group; and
- (iv) if ANZ ceases to be a direct or indirect subsidiary of ANZBGL or ceases to be a member of the ANZBGL Level 2 Group in connection with or following an Approved NOHC Event, such amendments to reflect that change including, without limitation, to clause 4.

13.3 AMENDMENT WITH CONSENT

Without limiting clause 13.1 or 13.2, but subject to clause 13.4, ANZ may amend these Note Terms, the Deed Poll or the Coordination Agreement if the amendment has been approved by ANZBGL and a Special Resolution.

13.4 RBNZ NON-OBJECTION AND APRA APPROVAL

No amendment to these Note Terms, the Deed Poll or the Coordination Agreement is permitted if such amendment would impact, or potentially impact, the classification of Notes as Additional Tier 1 Capital for ANZ or for the ANZBGL Group on a Level 2 or (if applicable) Level 3 basis unless, prior to the amendment being made, the RBNZ has been notified of the proposed amendment and has not objected to the amendment and the written approval of APRA has been obtained.

13.5 MEANINGS

In this clause 13, amend includes modify, cancel, alter or add to, and amendment has a corresponding meaning.

14 QUOTATION ON NZX DEBT MARKET

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

15 GOVERNING LAW AND JURISDICTION

15.1 GOVERNING LAW

The Notes and these Note Terms are governed by and shall be construed in accordance with the laws of New Zealand, other than clauses 4.5, 4.6, 4.7, 4.8, 4.9, 6 and 10 which shall be governed by the laws of the State of Victoria, Australia.

15.2 JURISDICTION

- (a) ANZ has irrevocably agreed, and each Holder is taken to have irrevocably agreed, that the courts of New Zealand are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and accordingly ANZ has submitted, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New Zealand and ANZ waives, and each Holder is taken to have waived, any objection to the courts of New Zealand on the grounds that they are an inconvenient or inappropriate forum.
- (b) In addition, ANZ has irrevocably agreed, and each Holder is taken to have irrevocably agreed, that the courts of the State of Victoria, Australia are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with clauses 4.5, 4.6, 4.7, 4.8, 4.9, 6 or 10 and accordingly ANZ has submitted, and each Holder is taken to have submitted, to the non-exclusive jurisdiction of the courts of the State of Victoria, Australia in respect of any such disputes and ANZ waives, and each Holder is taken to have waived, any objection to the courts of the State of Victoria, Australia on the grounds that they are an inconvenient forum.

15.3 SERVICE OF PROCESS

- (a) ANZ agrees that process in respect of legal action or proceeding arising out of or in connection with the Notes in New Zealand may be served at the principal office of ANZ, which, as at the Issue Date is located at ANZ Centre, 23-29 Albert Street, Auckland 1010, New Zealand.
- (b) ANZ agrees that process in respect of any legal action or proceeding arising out of or in connection with the Notes in the State of Victoria, Australia may be served at the principal office of ANZBGL, which, as at the Issue Date is located at ANZ Centre Melbourne, Level 9, 833 Collins Street, Docklands 3008 Victoria, Australia.
- (c) Nothing in these Note Terms affects the right to serve process in any other manner permitted by law.

16 CONTRACT AND COMMERCIAL LAW ACT 2017

- (a) Clauses 8.11, 8.12, 12.10, 13.1 and 13.3 are intended to confer a benefit on, and may be enforced by, ANZBGL under the Contract and Commercial Law Act 2017 (New Zealand).
- (b) ANZ declares that it holds the benefit of clause 6.1(a) on trust for itself and ANZ Holdings, with the intent that ANZ Holdings have the benefit of, and be entitled to enforce, these provisions as if named as a party to the Deed Poll.
- (c) Clause 2.7(c) is intended to confer a benefit on, and may be enforced by, ANZBGL, each Manager and the Registry under the Contract and Commercial Law Act 2017 (New Zealand).

17 INTERPRETATION AND DEFINITIONS

17.1 INTERPRETATION

- (a) Unless otherwise specified, a reference to a clause is a reference to a clause of these Note Terms.
- (b) If a calculation is required under these Note Terms, unless the contrary intention is expressed, the calculation will be rounded to six decimal places.
- (c) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements of Australia will apply to ANZBGL only if ANZBGL is an entity, or the holding company of an entity, or is a direct or indirect Subsidiary of a NOHC, subject to regulation and supervision by APRA at the relevant time and will apply to ANZ for so long as it is a member of a group that is subject to the regulation and supervision by APRA.
- (d) Any provisions which refer to the requirements of the RBNZ will apply to ANZ only if ANZ is an entity, or the holding company of an entity, subject to regulation and supervision by the RBNZ at the relevant time.
- (e) Any provisions which require the RBNZ's or APRA's consent, approval or non-objection will apply only if the RBNZ or APRA requires that such consent, approval or non-objection be given at the relevant time.
- (f) Any provisions in these Note Terms requiring the prior consent, approval or non-objection of the RBNZ or APRA for a particular course of action to be taken by ANZ do not imply that the RBNZ or APRA has given its consent, approval or non-objection to the particular action as of the Issue Date.

- (g) A reference to any term defined by the RBNZ (including, without limitation, "Common Equity Tier 1 Capital", "Additional Tier 1 Capital" and "Tier 1 Capital") shall, if that term is replaced or superseded in any of the RBNZ's applicable prudential supervision department documents, be taken to be a reference to the replacement or equivalent term.
- (h) A reference to any term defined by APRA (including, without limitation, "Common Equity Tier 1 Capital", "Level 2", "Level 3", "Additional Tier 1 Capital" and "Tier 1 Capital") shall, if that term is replaced or superseded in any of APRA's applicable prudential regulatory requirements or standards, be taken to be a reference to the replacement or equivalent term.
- (i) If a term is defined by both the RBNZ and APRA it shall have the meaning given to it:
 - (i) by the RBNZ if the term is used in relation to any of the entities described in clause 17.1(d) above (other than the RBNZ); and
 - (ii) by APRA if the term is used in relation to any of the entities described in clause 17.1(c) above (other than APRA).
- (j) The terms takeover bid, relevant interest and scheme of arrangement when used in these Note Terms have the meanings given in the Corporations Act.
- (k) Headings and boldings are for convenience only and do not affect the interpretation of these Note Terms.
- (l) The singular includes the plural and vice versa.
- (m) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (n) Other than in relation to a Trigger Event and a Conversion on a Trigger Event Conversion Date, if an event under these Note Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (o) A reference to NZ dollars, NZ\$, or NZ cents is a reference to the lawful currency of New Zealand; and a reference to Australian dollars, A\$ or A cents is a reference to the lawful currency of Australia.
- (p) A reference to a term defined by the NZX Listing Rules or the ASX Listing Rules shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.
- (q) If the principal securities exchange on which ANZBGL Shares are quoted becomes other than ASX, unless the context otherwise requires a reference to ASX shall be read as a reference to that principal securities exchange and a reference to the ASX Listing Rules, the ASX Settlement Operating Rules, the ASX Operating Rules or any term defined in any such rules, shall be read as a reference to the corresponding rules of that exchange or corresponding defined terms in such rules (as the case may be).
- (r) Calculations, elections and determinations made by ANZ under these Note Terms are binding on Holders in the absence of fraud or manifest error.
- (s) So long as the Notes are quoted on the NZX Debt Market in accordance with the Settlement System operated by NZX, the Note Terms are to be interpreted in a manner consistent with the NZX Listing Rules except to the extent that an

interpretation consistent with those rules would affect the eligibility of the Notes as Additional Tier 1 Capital.

17.2 DEFINITIONS

3 Month Bank Bill Rate has the meaning given in clause 3.1.

Additional Tier 1 Capital means either:

- (a) the additional tier 1 capital of ANZ as defined by the RBNZ from time to time; or
- (b) the additional tier 1 capital of the ANZBGL Level 2 Group (or, if applicable, the ANZBGL Group on a Level 3 basis) as defined by APRA from time to time.

Adjustment Notice has the meaning given in clause 6.8.

ANZ means ANZ Bank New Zealand Limited.

ANZ Capital Notes has the meaning given in clause 1.1.

ANZ Change of Control Event means an agreement is made by ANZBGL or another member of the ANZBGL Group under which ANZBGL or an Approved NOHC will cease to own beneficially directly or indirectly 100% of the ordinary shares in ANZ and:

- (a) the agreement becomes unconditional; and
- (b) all regulatory approvals necessary for the transaction to occur have been obtained.

ANZ Details Notice has the meaning given in clause 11.3.

ANZ Funds means ANZ Funds Pty Ltd (ACN 004 594 343).

ANZ Group means ANZ (as reporting entity) and all other entities included in the group as defined in section 5(1) of the Financial Reporting Act 2013 (New Zealand).

ANZ Holdings means ANZ Holdings (New Zealand) Limited.

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

ANZBGL Change of Control Event means:

- (a) a takeover bid is made to acquire all or some of the ANZBGL Shares and such offer is, or becomes, unconditional and:
 - (i) the bidder has at any time during the offer period, a relevant interest in more than 50% of the ANZBGL Shares on issue; or
 - (ii) the Directors of ANZBGL issue a statement that at least a majority of the Directors who are eligible to do so have recommended acceptance of such offer (in the absence of a higher offer),

and all regulatory approvals necessary for the acquisition to occur have been obtained; or

- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act, which scheme would result in a person having a relevant interest in more than 50% of the ANZBGL Shares that will be on issue after the scheme is implemented and:
 - (i) all classes of members of ANZBGL pass all resolutions required to approve the scheme by the majorities required under the Corporations Act to approve the scheme;
 - (ii) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of ANZBGL Shares; and

- (iii) all conditions to the implementation of the scheme, including any necessary regulatory or shareholder approvals (but not including approval of the scheme by the court) have been satisfied or waived.

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

- (i) the acquirer (or its ultimate holding company) assumes all of the Conversion Obligations by undertaking to convert each Note that is to be converted into ordinary shares of the acquirer (or its ultimate holding company) on any Conversion Date (for which purposes all references in this clause to ANZBGL will be read as a reference to the acquirer (or its ultimate holding company)); and
- (ii) the ordinary shares of the acquirer (or its ultimate holding company) are quoted on ASX.

ANZBGL Group means ANZBGL and its Controlled Entities.

ANZBGL Level 2 Group means ANZBGL together with each Related Entity included by APRA from time to time in the calculation of ANZBGL's capital ratios on a Level 2 basis.

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

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

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

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

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

Approved NOHC Substitution Notice has the meaning given in clause 10.1.

Approved NOHC Substitution Terms has the meaning given in clause 10.1.

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of ANZBGL, the ANZBGL Group or any NOHC in Australia.

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

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

Attorney has the meaning given in clause 8.10.

Banking Act means the Banking Act 1959 (Commonwealth of Australia).

Bookbuild means the process conducted prior to the opening of the Offer whereby certain investors lodged bids for Notes and, on the basis of those bids, ANZ and the book runner to the Offer determined the Margin.

Broken Interest Period means:

- (a) the Interest Period that commences on (and includes) the Issue Date and ends on (but excludes) 25 May 2015; and
- (b) any Interest Period that either ends on (and excludes) or commences on (and includes) a date described in clause 3.4(b), but not including an Interest Period that ends on (and excludes) the Optional Exchange Date.

Business Day means:

- (a) for the purposes of giving notices and clause 6.12, a day which is a business day within the meaning of the NZX Listing Rules; or
- (b) for the purposes of determining the calculation or payment of an Interest Payment in respect of an Interest Payment Date that is not a Conversion Date, an Exchange Date (where the Exchange is solely by way of Redemption) or a Record Date and clauses 3.6(d), 3.7 and 12.7, a day on which banks are open for general business in Wellington and Auckland, New Zealand; or
- (c) for the purposes of determining the Mandatory Conversion Conditions, the Optional Conversion Conditions, the definitions of "Issue Date VWAP" and "VWAP Period" and clauses 5.4(a), 6.2 and 6.5, a day which is a business day within the meaning of the ASX Listing Rules; or
- (d) for the purposes of determining a Conversion Date (other than the Trigger Event Conversion Date) or the calculation or payment of an Interest Payment in respect of an Interest Payment Date that is a Conversion Date, a day on which banks are open for general business in Wellington and Auckland, New Zealand and which is also a business day within the meaning of the ASX Listing Rules.

Buy-Back means a transaction involving the acquisition by ANZ of its ordinary shares made in accordance with the Companies Act.

Capital Reduction means a reduction in capital initiated by ANZ in respect of its ordinary shares in any way permitted by law.

Change of Control Conversion Date has the meaning given in clause 4.10(b).

Change of Control Conversion Notice has the meaning given in clause 4.10(a).

Change of Control Event means an ANZ Change of Control Event or an ANZBGL Change of Control Event.

Common Equity Capital Ratio means:

- (a) in respect of the ANZ Group, the ratio of Common Equity Tier 1 Capital to risk weighted assets of the ANZ Group as prescribed by the RBNZ from time to time; and
- (b) in respect of the ANZBGL Level 2 Group, the ratio of Common Equity Tier 1 Capital to risk weighted assets of the ANZBGL Level 2 Group as prescribed by APRA from time to time.

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

Common Equity Tier 1 Capital has:

- (a) in respect of ANZ, the meaning given by the RBNZ from time to time; and
- (b) in respect of the ANZBGL Level 2 Group, the meaning given by APRA from time to time.

Companies Act means the Companies Act 1993 (New Zealand).

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

Control has the meaning given in the Corporations Act.

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

Conversion means, in relation to a Note:

- (a) the transfer of the Note to ANZ Holdings in accordance with clause 6.1(a); and
- (b) the issue of ANZBGL Shares to the relevant Holder or the Nominee (as applicable) in accordance with these Notes Terms,

and **Convert** and **Converted** have corresponding meanings.

Conversion Date means:

- (a) the Mandatory Conversion Date;
- (b) the Trigger Event Conversion Date;
- (c) in the case of an Exchange by way of Conversion, the Exchange Date unless the Optional Conversion Conditions would not be met on that date, in which case the Conversion Date is the Deferred Conversion Date; or
- (d) in the case of a Change of Control Event, the Change of Control Conversion Date unless a Deferred Change of Control Conversion Notice is given, in which case the Conversion Date shall be the Interest Payment Date on which the applicable Change of Control Conversion Notice is not taken to be revoked in accordance with clause 4.10(c).

Conversion Number has the meaning given in clause 6.1.

Conversion Obligations means the obligation to deliver ANZBGL Shares to a Holder upon Conversion of a Note in accordance with these Note Terms and the Coordination Agreement.

Coordination Agreement means the agreement dated 23 February 2015 between ANZ, ANZBGL, ANZ Funds and ANZ Holdings.

Corporations Act means the Corporations Act 2001 (Commonwealth of Australia).

Cum Value has the meaning given in clause 6.2.

Deed Poll means the deed poll relating to the Notes made by ANZ on or about 23 February 2015 (as amended from time to time).

Deferred Change of Control Conversion Notice has the meaning given in clause 4.10(d).

Deferred Conversion Date has the meaning given in clause 5.5.

Deferred Conversion Notice has the meaning given in clause 5.5.

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

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

Directors means some or all of the directors of ANZ or, as the case may be, ANZBGL acting as a board.

Dividend means any interim, final or special dividend payable in accordance with the Companies Act and the constitution of ANZ in relation to its ordinary shares.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement (including any security interest under the Personal Property Securities Act 1999 (New Zealand) and any other arrangement of any kind having the same effect as any of the foregoing).

Equal Ranking Instruments means, in respect of the payment of interest or other distribution or the return of capital in a liquidation of ANZ, instruments that rank immediately ahead of ordinary shares in ANZ and include:

- (a) the preference shares issued by ANZ on 25 September 2013;

- (b) each other preference share that ANZ may issue that ranks or is expressed to rank equally with the Notes in respect of interest or for the return of capital in a liquidation of ANZ (as the case may be); and
- (c) any securities or other instruments that rank or are expressed to rank in respect of interest or for the return of capital in a liquidation (as the case may be) equally with those preference shares and the Notes.

Exchange means the Conversion or Redemption of the Notes, and **Exchanged** has a corresponding meaning.

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

Exchange Method has the meaning given in clause 5.3.

Exchange Notice has the meaning given in clause 5.1.

Exchange Rate means, for the purposes of calculating:

- (a) NZD VWAP in respect of a Conversion on the Trigger Event Conversion Date, a simple average (rounded to 4 decimal places) of the spot A\$/NZ\$ exchange rate quoted by 2 or more independent market makers in that exchange rate selected by ANZ at approximately 10am (New Zealand time) on the Trigger Event Conversion Date (or if the A\$/NZ\$ exchange rate is not available on that date, on the first day prior to that date on which it is available), provided that if the rate is not able to be determined by ANZ in the manner described above on a Trigger Event Conversion Date, the Exchange Rate shall be the rate specified in good faith by ANZ as soon as practicable after it becomes aware of the Trigger Event, having regard to the extent possible to spot A\$/NZ\$ exchange rates quoted to it by two or more of such market makers; and
- (b) NZD VWAP in respect of a Conversion on any other Conversion Date, a simple average (rounded to 4 decimal places) of the spot A\$/NZ\$ exchange rate quoted by 2 or more independent market makers in that exchange rate selected by ANZ at approximately 10am (New Zealand time) on the day that is the first day of the applicable VWAP Period; and
- (c) NZD Issue Date VWAP, a simple average (rounded to 4 decimal places) of the spot A\$/NZ\$ exchange rate quoted by 2 or more independent market makers in that exchange rate selected by ANZ at approximately 10am (New Zealand time) on the Issue Date.

Exemption Notice means the Securities Act (Banks' Regulatory Capital) Exemption Notice 2014.

External Administrator means, in respect of a person:

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

or in either case any similar official.

Face Value means the face value and denomination of the Notes as specified in clause 1.2.

FATCA means the Foreign Account Tax Compliance Act provisions, sections 1471 through 1474 of the United States Internal Revenue Code (including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions).

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

First Test Date has the meaning given in clause 4.3.

Fixed Rate has the meaning given in clause 3.1.

Floating Rate has the meaning given to it in clause 3.1.

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

Higher Ranking Creditors means all present and future creditors of ANZ, including depositors, whose claims are:

- (a) entitled to be admitted in the liquidation of ANZ; and
- (b) not expressed to rank equally with, or subordinate to, the claims of a Holder.

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

Inability Event means, in relation to a Note, ANZBGL is prevented by applicable law or order of any court or action of any government authority (including regarding the insolvency, winding up or other external administration of ANZBGL) or any other reason, from issuing ANZBGL Shares to the relevant Holder or the Nominee (as applicable) in accordance with these Note Terms.

Interest Payment has the meaning given in clause 3.1.

Interest Payment Date has the meaning given in clause 3.4 whether or not an Interest Payment is, or is able to be, paid on that date.

Interest Period means in respect of:

- (a) the first Interest Period, the period from (and including) the Issue Date until (but not including) the first Interest Payment Date following the Issue Date; and
- (b) each subsequent Interest Period, the period from (and including) the preceding Interest Payment Date until (but not including) the next Interest Payment Date.

Investment Statement means the investment statement for the Offer including these Note Terms.

Issue Date means the date on which Notes are issued.

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in ANZBGL Shares took place immediately preceding (but not including) the first date on which any Notes were issued, as adjusted in accordance with clauses 6.5 to 6.7 (inclusive).

Manager means each person named as arranger, joint lead manager or co-manager in the Investment Statement.

Mandatory Conversion means the mandatory conversion of the Notes to ANZBGL Shares on the Mandatory Conversion Date.

Mandatory Conversion Conditions has the meaning given in clause 4.3.

Mandatory Conversion Date has the meaning given in clause 4.2.

Margin has the meaning given in clause 3.1.

Maximum Conversion Number has the meaning given in clause 6.1(b).

Meeting Provisions means the provisions for the convening of meetings of, and passing of resolutions by, Holders set out in schedule 2 of the Deed Poll.

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

NOHC Event means an event which:

- (a) is initiated by the Directors of ANZBGL; and
- (b) would otherwise be an ANZBGL Change of Control Event,

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

Nominee has the meaning given in clause 6.10.

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

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

Non-marketable Parcel means a parcel of Notes registered in the same name or same joint names which has an aggregate Face Value of less than NZ\$5,000 or not in multiples having an aggregate Face Value of NZ\$1,000.

Non-Viability Trigger Event has the meaning given in clause 4.6.

Note has the meaning given in clause 1.1.

Note Terms means these terms of issue of Notes.

NZD Equivalent means, in relation to an amount denominated in Australian dollars, the NZ dollar equivalent of the amount determined in accordance with the following formula:

$$\text{NZ dollar equivalent} = \text{Australian dollar amount} \times \text{Exchange Rate.}$$

NZD Issue Date VWAP (expressed in NZ dollars and NZ cents) means the NZD Equivalent of Issue Date VWAP.

NZD VWAP (expressed in NZ dollars and NZ cents) means the NZD Equivalent of VWAP.

NZX means NZX Limited, and includes any person or authority which may in the future assume and perform the functions of NZX Limited.

NZX Debt Market means the debt market operated from time to time by NZX.

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

Offer means the invitation under the Investment Statement made by ANZ for persons to subscribe for Notes and ANZBGL to issue ANZBGL Shares upon Conversion.

Opening Date means the date specified as such in the Investment Statement.

Optional Conversion Conditions has the meaning given in clause 5.6.

Optional Exchange Date means the Interest Payment Date falling on 25 May 2020.

Outstanding Notes has the meaning given in the Meeting Provisions.

Payment Condition means, with respect to an Interest Payment Date:

- (a) making the Interest Payment on that date would result in either:
 - (i) ANZ not complying with the RBNZ's then current capital adequacy requirements or its conditions of registration; or
 - (ii) the ANZBGL Group (on a Level 2 basis or, if applicable, Level 3 basis) not complying with APRA's then current capital adequacy requirements;
- (b) ANZ would not satisfy the solvency test (as defined in section 4 of the Companies Act) immediately following the payment of the Interest Payment;
- (c) APRA objecting to the Interest Payment on the Notes on the payment date;
- (d) making the Interest Payment on that date would result in ANZ not complying with the terms of any other capital instruments it then has on issue; or

(e) the Interest Payment Date is the same date as a Trigger Event Conversion Date.

Preference Share means a notional preference share in the capital of ANZ conferring a claim in the liquidation of ANZ equal to the Face Value and ranking equally in respect of return of capital in a liquidation with each of the preference shares which is an Equal Ranking Instrument.

Proceeds means the net proceeds of a sale of ANZBGL Shares actually received by the Nominee calculated after deduction of any applicable brokerage, stamp duty and other taxes and charges, including the Nominee's reasonable out of pocket costs, expenses and charges properly incurred by it or on its behalf in connection with such sale from the sale price of the ANZBGL Shares.

Rate Set Date means the date specified as such in the Investment Statement.

RBNZ means the Reserve Bank of New Zealand or any successor body responsible for prudential regulation of ANZ in New Zealand.

RBNZ Act means the Reserve Bank of New Zealand Act 1989 (New Zealand).

Record Date means:

- (a) the date which is 10 calendar days before the relevant Interest Payment Date or Exchange Date (as applicable); or
- (b) such other date as is determined by the Directors of ANZ in their absolute discretion and communicated to NZX not less than seven Business Days before the specified Record Date,

or in either case such other date as may be required by NZX. If a Record Date is a day which is not a Business Day, then the Record Date will be the immediately preceding Business Day. For the purposes of determining the Record Date for an Interest Payment Date on which interest is payable at a Fixed Rate, the Business Day convention in clause 3.4 shall be disregarded.

Redeem means, in relation to a Note, redeem it in accordance with clause 7, and **Redeemed** and **Redemption** have corresponding meanings.

Register means a register of Holders of Notes established and maintained by or on behalf of ANZ. The term Register includes:

- (a) any sub-register maintained by, or on behalf of ANZ under the NZX Listing Rules; and
- (b) any branch register, provided that, in the event of any inconsistency, the principal register will prevail over any sub-register or branch register.

Registry means, initially, Computershare Investor Services Limited and thereafter such other person or persons resident in New Zealand as ANZ may from time to time appoint to maintain the Register.

Regulatory Event means a determination by ANZ (after having consulted with ANZBGL in the case of a change that has or will affect ANZBGL) that:

- (a) there has been, or there will be, a change in any New Zealand or Australian law, regulation or directive (including by way of the imposition of any New Zealand or Australian law, regulation or directive) that applies, or is to apply, after the Issue Date;
- (b) there has been, or there will be, a change in the interpretation or administration of any New Zealand or Australian law, regulation or directive by any authority (including the RBNZ or APRA) that applies, or is to apply, after the Issue Date; or
- (c) any member of the ANZBGL Group is or will be required to comply with a change in any New Zealand or Australian law, regulation or directive or changed interpretation or administration that applies, or is to apply, after the Issue Date,

the consequence of which adversely affects, or will adversely affect, ANZ or ANZBGL in relation to its regulatory capital treatment of the Notes (as determined by ANZ, after having consulted with ANZBGL in the case of a consequence affecting ANZBGL), provided such event is not minor and could not have been anticipated when the Notes were issued.

Related Entity has the meaning given by APRA from time to time.

Relevant Date has the meaning given in clause 4.2.

Relevant Interest Payment Date has the meaning given in clause 3.7.

Relevant Number has the meaning given in clause 6.1(b).

Relevant Security means, where a Trigger Event occurs:

- (a) in relation to ANZ, a Tier 1 Capital instrument of ANZ; and
- (b) in relation to ANZBGL, an instrument constituting Tier 1 Capital of the ANZBGL Level 2 Group (whether issued by ANZBGL or any other member of the ANZBGL Level 2 Group),

in each case that, in accordance with its terms or by operation of law, is capable of being converted into ordinary shares of ANZ or ANZBGL (as applicable) or written off where that event occurs.

Reorganisation has the meaning given in clause 6.3(a).

Scheduled Mandatory Conversion Date means the Interest Payment Date falling on 25 May 2022.

Special Resolution means either (i) a resolution passed at a meeting of Holders by at least 75% of the votes validly cast on a poll by Holders in person or by proxy or (ii) a resolution signed by Holders of at least 75% of the aggregate Face Value of Outstanding Notes at that time.

Subsidiary has the meaning given in the Corporations Act.

Swap Rate has the meaning given to it in clause 3.1.

Tax has the meaning given in clause 3.6.

Tax Act means the Income Tax Act 2007 (New Zealand).

Tax Event means a determination by ANZ (after having consulted with ANZBGL in the case of a change that has or will affect ANZBGL) that:

- (a) there has been, or there will be, a change in any New Zealand or Australian law, regulation, ruling or directive (including by way of the imposition of, or any change to, any New Zealand or Australian law, ruling or directive) that applies, or is to apply, after the Issue Date;
- (b) there has been, or there will be, a change in the application, interpretation or administration of any New Zealand or Australian law, regulation, ruling or directive by any authority (including the New Zealand Inland Revenue Department or the Australian Taxation Office) that applies, or is to apply, after the Issue Date; or
- (c) any member of the ANZBGL Group is or will be required to comply with a change in any New Zealand or Australian law, regulation, ruling or directive or changed application, interpretation or administration that applies, or is to apply, after the Issue Date,

which affects the taxation treatment in relation to the Notes with the effect that any member of the ANZBGL Group would be exposed to a more than de minimis increase to its costs in relation to the Notes, provided such event could not have been anticipated when the Notes were issued.

Tier 1 Capital means either:

- (a) the tier 1 capital of ANZ as defined by the RBNZ from time to time; or

- (b) the tier 1 capital of the ANZBGL Level 2 Group (or, if applicable, the ANZBGL Group on a Level 3 basis) as defined by APRA from time to time.

Transfer Failure Event means, in relation to a Note, as a consequence of applicable law or order of any court or action of any government authority (including regarding the insolvency, liquidation, bankruptcy or other external administration of the relevant Holder or ANZ Holdings) or any other reason, the transfer of the Note to ANZ Holdings in accordance with clause 6.1(a) does not occur.

Trigger Event means a Common Equity Capital Trigger Event or a Non-Viability Trigger Event.

Trigger Event Conversion Date has the meaning given in clause 4.7.

Trigger Event Notice has the meaning given in clause 4.8(d).

VWAP means, subject to any adjustments under clause 6, the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of ANZBGL Shares sold on ASX:

- (a) for the purposes of applying the Conversion Number formula in clause 6.1(b), during the applicable VWAP Period; or
- (b) for any other purpose, during the relevant period or on the relevant day as specified in these Note Terms,

but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Operating Rules, or any overseas trades or trades pursuant to the exercise of options over ANZBGL Shares.

VWAP Period means:

- (a) in the case of a Conversion resulting from an ANZBGL Change of Control Event the lesser of:
- (i) 20 Business Days on which trading in ANZBGL Shares took place; and
- (ii) the number of Business Days after the occurrence of the ANZBGL Change of Control Event on which:
- (A) the ANZBGL Shares are quoted for trading on ASX; and
- (B) trading in ANZBGL Shares took place,

in each case immediately preceding (but not including) the Business Day before the applicable Change of Control Conversion Date;

- (b) in the case of a Conversion resulting from a Trigger Event, the period of 5 Business Days on which trading in ANZBGL Shares took place immediately preceding (but not including) the Trigger Event Conversion Date; or
- (c) in the case of any other Conversion, the period of 20 Business Days on which trading in ANZBGL Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these Note Terms.

Written Off has the meaning given in clause 6.12 and **Write Off** has a corresponding meaning.

SCHEDULE 2

Provisions for Meetings of Registered Holders

1. CONVENING

1.1 In these provisions:

"**Appointed Time**" means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

"**clause**" is a reference to a clause of this schedule unless specified otherwise.

"**Outstanding Notes**" means all Notes other than those that are Converted, Redeemed or Written Off.

"**Proxy Closing Time**" means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

"**Representative**" means:

- (a) in the case of a Holder being an individual a person appointed by an instrument by way of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder;
- (b) in the case of Holder being a corporation or corporation sole either:
 - (i) a person appointed by an instrument by way of proxy or by power of attorney; or
 - (ii) a person authorised by the directors of the corporation or in the case of a corporation sole a person authorised pursuant to its constitution.

1.2 ANZ may at any time of its own volition convene a meeting of the Holders.

1.3 ANZ will whenever required to do so pursuant to the Companies Act 1993, the Financial Markets Conduct Act 2013 or any regulations made thereunder or the NZX Listing Rules convene a meeting of the Holders.

1.4 ANZ will at the request in writing of Holders holding not less than 5% of the aggregate Face Value of the Outstanding Notes convene a meeting of the Holders. The request shall state the nature of the business proposed to be dealt with at the meeting concerned.

1.5 Notwithstanding the other provisions of this clause 1, ANZ will not be obliged to convene a meeting of Holders pursuant to such provisions until it has been indemnified to its satisfaction against all costs and expenses to be thereby incurred.

2. PLACE

2.1 Meetings will be held in Wellington at a place designated in the relevant notice of meeting.

3. NOTICE OF MEETINGS

3.1 Notice of every meeting will be given in the manner provided in clause 11 of the Note Terms to every Holder entered in the Register as at the close of business five Business Days prior to the date of despatch of the notice.

3.2 At least 14 days' notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given. The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted but it will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution proposed to be passed as a Special Resolution in which case the text of the proposed resolution must be set out.

3.3 The accidental omission to give notice to, or the non-receipt of notice by, any person entitled to receive notice will not invalidate the proceedings at any meeting.

4. QUORUM

4.1 No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business. In the case of all meetings at least two Holders must be present (in person or by Representative).

4.2 The quorum for passing a Special Resolution will be Holders present in person or by Representative holding or representing a majority of the Face Value of the Outstanding Notes.

4.3 The quorum for the transaction of any business other than the passing of a Special Resolution will be the Holders present in person or by Representative of at least 10% of the aggregate Face Value of the Outstanding Notes.

4.4 If within 15 minutes or such longer time not exceeding 45 minutes as the chairman of the meeting may decide after the Appointed Time a quorum is not present the meeting if convened upon the request of Holders will be dissolved. In any other case it will stand adjourned to such day and time not being less than 14 days thereafter and to such place as may be appointed by the Chairman and at such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Special Resolutions.

4.5 Notice of any such adjourned meeting of Holders at which a Special Resolution is to be submitted will be given in the same manner as for an original meeting (except that only 7 clear days' notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting and whatever the amount of Notes held by them (but comprising at least two individuals) will form a quorum.

5. CHAIRMAN

5.1 A person appointed (by a Holders' resolution) from the Holders or any Representatives present will preside as chairman at every meeting.

6. RIGHT TO ATTEND AND SPEAK

6.1 Any director, officer or solicitor of ANZ or any person authorised in that behalf by ANZ may attend any meeting and all such persons will have the right to speak at the meeting.

7. ADJOURNMENT

7.1 The chairman may, with the consent of any meeting at which a quorum is present, and will, if so directed by the meeting, adjourn the meeting from time to time from place to place.

7.2 No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

8. ONLY PERSONS ON REGISTER RECOGNISED BY ANZ

- 8.1 The persons registered as Holders in the Register and no other person or persons will be recognised and treated as the legal holders of the Notes therein mentioned whether such persons are or are not in fact the owners thereof.

9. AUTHORITY TO VOTE

- 9.1 A Holder that is an individual may vote personally or by his Representative and a Holder that is a corporation may vote by its Representative.
- 9.2 The persons registered as at the Proxy Closing Time as Holders in the Register will be exclusively entitled to vote in person or by Representative in respect of the Notes recorded as owned by them.

10. PROXIES

- 10.1 The instrument appointing a proxy must be in writing signed by the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, signed by an attorney or any director, officer, general manager, investment manager or other person who appears to have authority to appoint a party on behalf of such corporation.
- 10.2 A person appointed to act as a proxy need not be a Holder and a holder of a proxy will have the right to speak at the meeting.
- 10.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by ANZ must be deposited at such place as ANZ may in the notice convening the meeting direct or (if no such place is appointed) then at the registered office of ANZ not later than the Proxy Closing Time. An instrument of proxy which is not so deposited will not be treated as valid unless ANZ, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that such instrument or any power of attorney or other authority is received or produced at a place other than that specified above or out of time.
- 10.4 An instrument of proxy may be in any usual or common form or in any other form approved by ANZ and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.
- 10.5 A proxy whether in a usual or common form or not will unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed. Notwithstanding any provisions contained in an instrument of proxy no instrument of proxy will be valid after the expiration of 12 months from the date of its execution but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.
- 10.6 An instrument of proxy in favour of:
- (a) the chief executive of ANZ; or
 - (b) the chairman of the meeting,
- (howsoever expressed) will be valid and effectual as though it were in favour of a named person and will constitute in the case of paragraph (a) above the person holding the office of the chief executive of ANZ and in the case of paragraph (b) above the person who chairs the meeting (as the case may be) for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

11. HOLDER MAY APPOINT ATTORNEY

- 11.1 Any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on his behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney as so empowered may appoint a proxy for the Holder granting the power of attorney.

12. CORPORATE REPRESENTATIVES

- 12.1 A Representative of a Holder which is a corporation or corporation sole will, until the authority is revoked by the corporation concerned, be entitled to exercise the same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of the authority to act at any time before the Appointed Time of or at the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.
- 12.2 A Representative will have the right to demand or join in demanding a poll and shall (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting from the Holder concerned.

13. VOTING PROCEDURE AND POLLS

- 13.1 A resolution (other than a Special Resolution) put to the vote of a meeting will be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman, ANZ or any representative of ANZ or by one or more Holders holding or representing not less than 5% of the aggregate Face Value of the Outstanding Notes. Unless a poll is so demanded a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 13.2 A Special Resolution put to the vote of a meeting will be decided on a poll.
- 13.3 On a show of hands every Holder who is present in person or by a Representative will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every Note of which he is the Holder.
- 13.4 If a poll is duly demanded in accordance with clause 13.1 or required under clause 13.2, it will be taken in such manner as the chairman may direct and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded.
- 13.5 In the case of an equality of votes whether on a show of hands or on a poll the chairman of the meeting at which the show of hands took place or at which the poll is demanded will be entitled to a casting vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.
- 13.6 A poll demanded on the election of a chairman or on a question of adjournment will be taken forthwith. A poll demanded on any other question will be taken either immediately or at such time (not being more than 30 days from the date of the meeting) and place as the chairman may direct. The result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.
- 13.7 The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question of which the poll has been demanded.
- 13.8 On a poll votes may be given either personally or by Representative. On a poll a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

- 13.9 In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.
- 13.10 A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney under which the proxy was executed or the transfer of the Notes in respect of which the vote is given provided that no intimation in writing of such death, insanity, liquidation, revocation or transfer is received by ANZ at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.
- 13.11 Unless it is a Special Resolution, a resolution will be passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained at which a majority of the persons voting thereat upon a show of hands or if a poll is duly demanded then a majority of the votes given on such a poll voted in favour of the resolution.

14. SPECIAL RESOLUTIONS

- 14.1 The expression "**Special Resolution**" means a resolution passed at a meeting of the Holders duly convened and held in accordance with the provisions herein contained, at which not less than 75% of the votes given on a poll voted in favour of the resolution.
- 14.2 A meeting of Holders will, subject to the Note Terms, have the following powers exercisable by Special Resolution namely:
- (a) power to sanction either unconditionally or upon any conditions the release of ANZ from the payment of all or any part of the moneys payable pursuant to the Note Terms or the Notes;
 - (b) power to sanction any request from ANZ for the exchange of the Notes for or the conversion of the Notes into shares, stock, debentures, debenture stock or other obligations or securities of ANZ or any other company formed or to be formed;
 - (c) power to sanction any alteration, release, modification, waiver, variation or compromise or any arrangement in respect of the rights of the Holders against ANZ or against its assets however such rights arise;
 - (d) power to assent to any amendment to the provisions contained in the Note Terms or the Coordination Agreement proposed or agreed to by ANZ (if the consent of the Holders is required) and to authorise ANZ to execute any supplemental deed poll or amendment agreement (as applicable) embodying any such amendment;
 - (e) power to give any sanction, assent, release or waiver of any breach or default by ANZ under any of the provisions of the Note Terms;
 - (f) power to sanction any scheme for the reconstruction of ANZ or for the amalgamation of ANZ with any other corporation where such sanction is necessary;
 - (g) power to authorise or direct ANZ to execute any supplemental deed or other document embodying such sanction, authority or approval, assent, release, waiver, direction or request.

However, no amendment, alteration, release, modification, waiver, variation or compromise or any arrangement (whether made by Special Resolution or otherwise) may be made or entered into with respect to the Note Terms or the Coordination Agreement that would impact, or potentially impact, the classification of the Notes as Additional Tier 1 Capital for ANZ or for the

ANZBGL Group on a Level 2 or (if applicable) Level 3 basis unless the RBNZ has been notified of the proposal and has not objected to it and the written approval of APRA has been obtained.

- 14.3 A Special Resolution passed at a meeting of the Holders duly convened and held will be binding upon all the Holders whether or not present or entitled to be present at the meeting and the Holders will be bound to give effect thereto accordingly and the passing of any such resolution will as between ANZ and the Holders be conclusive evidence that the circumstances justify the passing thereof the intention being that it will rest with the meeting to determine without appeal whether or not the circumstances justify the passing of any such resolution.

15. MINUTES TO BE KEPT

Minutes of all resolutions and proceedings at every meeting will be made by ANZ or, if ANZ is not present at such meeting, by some person appointed by the chairman of such meeting and will be duly entered in books from time to time provided for that purpose by ANZ. Minutes purporting to be signed by the chairman of the meeting or by the chairman of the next succeeding meeting will be prima facie evidence of the matters therein stated. Until the contrary is proved, every meeting for which minutes have been so made and signed shall be deemed to have been duly held and convened and all resolutions passed or proceedings transacted at the meeting shall be deemed to have been duly passed and transacted.

16. RESOLUTIONS IN WRITING

- 16.1 Anything that may be done by Holders by a resolution or Special Resolution passed at a meeting of Holders may be done by a resolution in writing signed by Holders of a majority of the aggregate Face Value of the Outstanding Notes at that time in relation to a resolution and by Holders of not less than 75% of the aggregate Face Value of the Outstanding Notes at that time in relation to a Special Resolution.
- 16.2 Any such resolution may consist of several documents in similar form, each signed by one or more Holders.
- 16.3 Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an attorney so authorised by the company.