

Summary Terms Sheet

For an issue of up to NZ\$250,000,000 ANZ Capital Notes (with the option to accept unlimited oversubscriptions)

| Issuer | ANZ Bank New Zealand Limited ("ANZ") | | | | | | | | | | | | |
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| Description | Mandatory convertible, non-cumulative perpetual subordinated debt securities ("ANZ Capital Notes" or "Notes"). Depending on the circumstances, the Notes may be repaid, Converted into ordinary shares ("ANZBGL Shares") in Australia and New Zealand Banking Group Limited ("ANZBGL") or Written Off | | | | | | | | | | | | |
| No Guarantee | The Notes are not deposit liabilities or protected accounts of ANZBGL or ANZ for the purposes of the Australian Banking Act. The Notes are not guaranteed by any person, and ANZBGL does not guarantee ANZ | | | | | | | | | | | | |
| Optional Exchange Date | 25 May 2020 | | | | | | | | | | | | |
| Mandatory Conversion Date | 25 May 2022 | | | | | | | | | | | | |
| Purpose | The proceeds of the Offer will be used as part of the capital management for ANZ and the ANZ Group | | | | | | | | | | | | |
| Regulatory Capital | The Notes will be treated as Additional Tier 1 Capital for ANZ and for the ANZBGL Level 2 Group | | | | | | | | | | | | |
| Credit Ratings | <table><thead><tr><th></th><th>ANZ Senior Credit Rating</th><th>Issue Credit Rating</th></tr></thead><tbody><tr><td>Standard & Poor's</td><td>AA-</td><td>BBB-</td></tr><tr><td>Fitch</td><td>AA-</td><td>n/a</td></tr><tr><td>Moody's</td><td>Aa3</td><td>n/a</td></tr></tbody></table> <p>A credit rating is not a recommendation by any rating organisation to buy, sell or hold Notes and may be subject to revision or withdrawal at any time</p> | | ANZ Senior Credit Rating | Issue Credit Rating | Standard & Poor's | AA- | BBB- | Fitch | AA- | n/a | Moody's | Aa3 | n/a |
| | ANZ Senior Credit Rating | Issue Credit Rating | | | | | | | | | | | |
| Standard & Poor's | AA- | BBB- | | | | | | | | | | | |
| Fitch | AA- | n/a | | | | | | | | | | | |
| Moody's | Aa3 | n/a | | | | | | | | | | | |
| Issue Amount | Up to NZ\$250,000,000 | | | | | | | | | | | | |
| Oversubscriptions | ANZ reserves the right to accept unlimited oversubscriptions at its discretion | | | | | | | | | | | | |
| No Public Pool | All Notes, including oversubscriptions, will be reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants and other persons invited to participate in the Bookbuild | | | | | | | | | | | | |
| Interest Rate | The Interest Rate until the Optional Exchange Date will be the Fixed Rate The Interest Rate for subsequent periods will be the Floating Rate | | | | | | | | | | | | |
| Fixed Rate | The Fixed Rate will be the sum of the Swap Rate on the Rate Set Date plus the Margin. The Swap Rate will be determined by ANZ by reference to the 5 and 6 year swap rates as being the interpolated rate for the period from the Issue Date to the Optional Exchange Date (adjusted to a quarterly rate) | | | | | | | | | | | | |
| Floating Rate | The Floating Rate will be equal to the applicable 3 Month Bank Bill Rate plus the Margin | | | | | | | | | | | | |
| Margin | The Margin will be determined on the Rate Set Date through the Bookbuild process. The Margin will not change over the term of the Notes | | | | | | | | | | | | |

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| Early Bird Interest | ANZ will pay interest on subscription money at 4.5% per annum for the period from the date on which subscription money is banked, to the Issue Date, unless your subscription money is returned for any reason. Early Bird Interest will be paid within 5 Business Days of the Issue Date |
| Interest Payments | Interest is scheduled to be paid quarterly in arrears on each Interest Payment Date. When interest is payable at the Fixed Rate, it will be calculated on an annual basis and payable in equal amounts on each Interest Payment Date unless the relevant Interest Period is a period of less than a full calendar quarter. When interest is payable at the Floating Rate or at a Fixed Rate for a short Interest Period, interest will be calculated according to the number of days in the Interest Period (Actual/365) |
| Unpaid Interest | Interest may not always be paid and is subject to: <ul style="list-style-type: none"> • ANZ's absolute discretion • A Payment Condition not existing on the relevant Interest Payment Date |
| Non-cumulative | ANZ has no liability to pay any unpaid interest. Holders have no claim against ANZ or any other member of the ANZBGL Group if interest is not paid on an Interest Payment Date |
| Restrictions on the payment of dividends by ANZ | If interest is not paid within 3 Business Days of an Interest Payment Date, ANZ must not pay (except in limited circumstances) any dividends on its ordinary shares or undertake a share buy-back or other capital reduction until interest is next paid on the Notes. This restriction only applies to ANZ, and not to ANZBGL |
| Perpetual | The Notes have no fixed maturity date and may remain on issue indefinitely if not repaid, Converted or Written Off |
| Repayment | Notes may be repaid on the Optional Exchange Date or if a Regulatory Event or Tax Event occurs. Repayment is subject to restrictions (including regulatory approvals) and will not occur unless those restrictions are complied with |
| Conversion | Some or all of the Notes may be Converted into ANZBGL Shares on the Optional Exchange Date, or if a Regulatory Event or Tax Event occurs All of the Notes must be Converted on the Mandatory Conversion Date or if a Change of Control Event occurs and some or all of the Notes must be Converted if a Trigger Event occurs |
| Conversion is subject to conditions (except following a Trigger Event) | Conversion (except following a Trigger Event) is subject to conditions and will not occur unless those conditions are met The conditions to Conversion (except following an ANZ Change of Control Event) are intended to protect holders of Notes against receiving a number of ANZBGL Shares at the time of Conversion that is worth less than approximately \$1.01 for each Note that is Converted |
| Conversion will be deferred if conditions are not met | If the conditions to Conversion cannot be met on the proposed Conversion Date, Conversion is deferred to the next Interest Payment Date on which they are met. The conditions may never be met and Conversion may never occur |
| Conversion following a Change of Control Event | All of the Notes must be Converted into ANZBGL Shares if a Change of Control Event occurs (subject to conditions being met). A Change of Control Event can occur if there is a change in control of ANZBGL (ANZBGL Change of Control Event) or if ANZBGL ceases to own 100% of ANZ (ANZ Change of Control Event) If any of the Notes are Converted following an ANZ Change of Control Event, the value of the ANZBGL Shares received may be significantly less than the principal amount of those Notes |

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| Conversion following a Trigger Event | <p>Some or all of the Notes may be required to be Converted into ANZBGL Shares if a Trigger Event occurs</p> <p>If any of the Notes are Converted following a Trigger Event, the value of the ANZBGL Shares received may be significantly less than the principal amount of those Notes</p> |
| Trigger Event | <p>A Trigger Event occurs:</p> <ul style="list-style-type: none"> • if the amount of common equity capital held by the ANZ Group or the ANZBGL Level 2 Group is less than the amount necessary to exceed a capital ratio specified by the RBNZ or APRA (as applicable), that ratio being that its common equity capital is greater than 5.125% of risk-weighted assets; or • if: <ul style="list-style-type: none"> – the RBNZ directs ANZ to convert or write off the Notes or a statutory manager is appointed to ANZ and decides ANZ must convert or write off the Notes; or – APRA notifies ANZBGL that ANZBGL would be non-viable unless the Notes are converted or written off or ANZBGL receives a public sector injection of capital or similar support, <p>which may occur, for example, if ANZ or ANZBGL encounters severe financial difficulty</p> |
| Write Off | <p>If Notes are required to be Converted following a Trigger Event, conversion is required to occur immediately and must have occurred with 5 business days after the date on which the Trigger Event occurred.</p> <p>If for any reason the Notes are not Converted into ANZBGL Shares when required following a Trigger Event for any reason (including if ANZBGL is prevented by law from Converting the Notes) then those Notes will be Written Off. If Notes are Written Off, all of the holders' rights under those Notes will be cancelled. Holders have no claim against ANZ or ANZBGL if Notes are Written Off</p> |
| How many ANZBGL Shares are issued on Conversion? | <p>The number of ANZBGL Shares a holder of Notes will receive on Conversion is calculated using the Conversion formula and is designed to operate so that a holder will receive approximately NZ\$1.01 worth of ANZBGL Shares for each Note that is Converted, unless the Maximum Conversion Number applies.</p> <p>The number of ANZBGL Shares issued may be capped at a maximum number (the Maximum Conversion Number) if:</p> <ul style="list-style-type: none"> • Conversion is on account of a Trigger Event or an ANZ Change of Control Event; and • the NZ dollar equivalent of the volume-weighted average ANZBGL Share price at the time of Conversion has fallen by more than 80% of the NZ dollar equivalent of the volume-weighted average ANZBGL Share price at the Issue Date <p>If the Maximum Conversion Number applies, the value of the ANZBGL Shares received may be significantly less than the principal amount of those Notes</p> |
| Substitution of issuer of shares on Conversion | <p>ANZ may, subject to certain conditions, substitute a "non-operating holding company" for ANZBGL as the issuer of ordinary shares on Conversion</p> |
| Subordination | <p>In a winding-up of ANZ, (if the Notes have not been repaid, Converted or Written Off) the claims of holders of Notes will rank ahead of the claims of ordinary shareholders; equally with the claims of other holders of Notes and the holders of equal ranking subordinated instruments; behind the claims of ANZ's depositors; and behind all other creditors of ANZ (such as the perpetual notes issued in April 2008)</p> <p>If the Notes are Converted into ANZBGL Shares, holders will rank equally with existing ANZBGL Shareholders</p> <p>If Notes are Written Off, all rights in relation to the Notes (including to interest) will be terminated, and holders will not have their capital repaid</p> |

Conditions to Conversion

Different conditions to Conversion apply depending on the reason for Conversion. The conditions to Conversion are summarised in the following table. The ticks and crosses indicate whether each Conversion Condition applies (✓) or does not apply (✗) to the different circumstances in which Conversion can occur

(Where ANZ has chosen to Convert Notes, ANZ must also comply with certain restrictions before it makes the decision to Convert. These restrictions are not included in the table)

| Circumstance in which Conversion can occur | First Conversion Condition The NZD VWAP on the 25th business day on which trading in ANZBGL Shares took place before the Conversion Date is greater than 56.00% of the NZD Issue Date VWAP | Second Conversion Condition The NZD VWAP during a specified period (described below this table) before the Conversion Date is greater than the specified percentage (set out opposite the relevant Conversion circumstance) of the NZD Issue Date VWAP | Third Conversion Condition On the Conversion Date, ANZBGL Shares remain quoted and admitted to trading on ASX and the trading of ANZBGL Shares has not been suspended | Fourth Conversion Condition ANZBGL Shares are able to be issued to holders of the Notes on the Conversion Date |
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| Optional Exchange Date, Regulatory Event, Tax Event | ✗ | ✓ Specified percentage: 20.21% | ✓ | ✓ |
| Mandatory Conversion Date | ✓ | ✓ Specified percentage: 50.51% | ✓ | ✓ |
| ANZBGL Change of Control Event | ✗ | ✓ Specified percentage: 20.21% | ✓ | ✓ |
| ANZ Change of Control Event | ✗ | ✗ | ✓ | ✓ |
| Trigger Event | ✗ | ✗ | ✗ | ✗ |

For the purposes of the Second Conversion Condition:

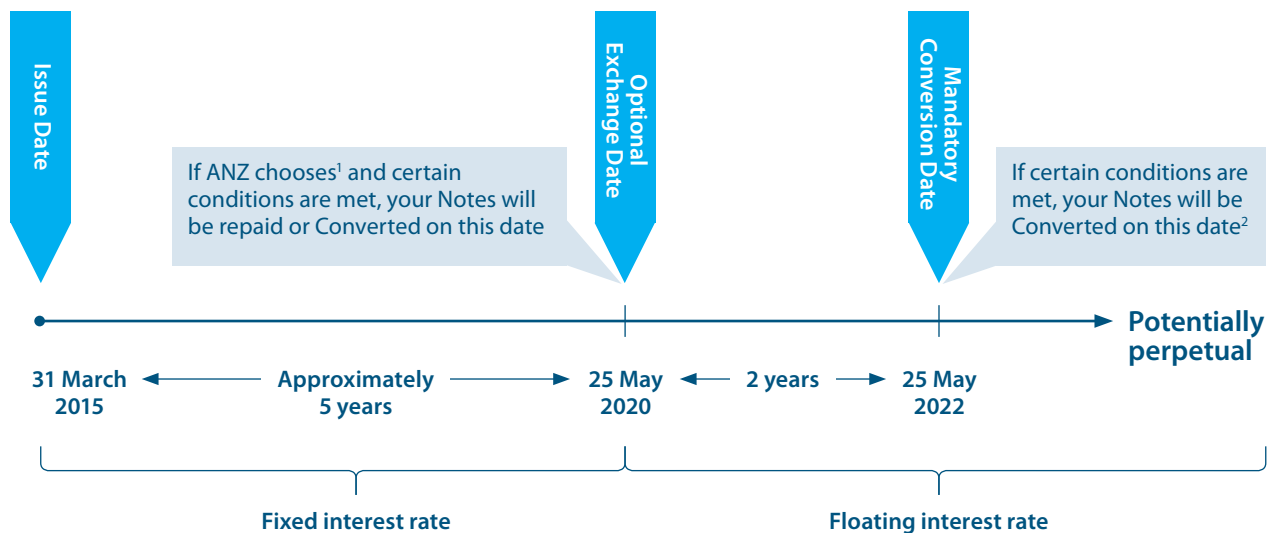
- except for an ANZBGL Change of Control Event, the specified period is the 20 Business Days on which trading in ANZBGL Shares took place before (but not including) the Conversion Date; and
- for an ANZBGL Change of Control Event, the specified period is:
 - the 20 business days on which trading in ANZBGL Shares took place; or
 - the number of business days after the occurrence of the ANZBGL Change of Control Event on which ANZBGL Shares were quoted for trading on ASX and trading in ANZBGL Shares took place, before the business day before the Conversion Date (whichever is the lesser).

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| Brokerage | 0.75% of the amount issued plus 0.50% on firm allocations, payable by ANZ |
| Minimum Denominations | NZ\$5,000 with multiples of NZ\$1,000 thereafter |
| Issue Price | Par (NZ\$1.00) |
| Record Date | 10 days before the Interest Payment Date |
| Business Days (for interest payment purposes) | Auckland, Wellington (Unless the Interest Payment Date is a Conversion Date, Auckland, Wellington and ASX) |
| Registrar and Paying Agent | Computershare Investor Services Limited The Notes will be accepted for settlement within the NZClear system |
| ISIN | NZANBDT013C0 |
| NZX Code | ANBHB Application has been made to NZX for permission to quote the Notes on the NZX Debt Market. All of NZX's requirements relating to that application that can be complied with on or before the date of this terms sheet have been complied with. However, the Notes have not yet been approved for quotation and NZX accepts no responsibility for any statement in this terms sheet. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013 |
| Principal Documents | Investment statement relating to the offer of Notes ANZ Capital Notes Deed Poll (including the Note Terms) Coordination Agreement |
| Governing Law | New Zealand and the state of Victoria, Australia |
| Selling Restrictions | The Notes are not intended to be offered for sale or subscription in any jurisdiction other than New Zealand. No action has been taken by ANZ or ANZBGL which would permit a public offering of Notes or possession or distribution of any offering material in any jurisdiction where action for that purpose is required. ANZ has done or will do all things necessary to ensure that the public offering in New Zealand complies with all applicable New Zealand laws and regulations. Notes may not be offered or sold except in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No offering document in respect of any Notes may be published, delivered, or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations |

Important Dates

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| Rate Set Date | 5 March 2015 |
| Opening Date | 6 March 2015 |
| Closing Date | 27 March 2015 |
| Issue Date | 31 March 2015 |
| Expected date of quotation on the NZX Debt Market | 1 April 2015 |
| Interest Payment Dates | 25 February, 25 May, 25 August and 25 November in each year until and including the date on which the Notes are Redeemed or Converted |
| Optional Exchange Date | 25 May 2020 |
| Mandatory Conversion Date | 25 May 2022 or any Interest Payment Date thereafter on which the Mandatory Conversion Conditions are satisfied |

Issue timeline



1. ANZ cannot choose to repay Notes unless it has first obtained regulatory approvals.
2. If the conditions to Mandatory Conversion cannot be met on that date, Conversion will be deferred until the next Interest Payment Date on which they are satisfied. The conditions may never be satisfied and Conversion may never occur.