

The image is a blue-tinted photograph of a modern bank interior. In the center, a person is walking past an ATM. The ATM screen displays 'Cash Based', 'Instant Deposit', and 'Low withdrawal'. The background shows a bank lobby with other people and a service counter. The ANZ logo is visible on the wall and the counter. The overall atmosphere is clean and professional.

ANZ CAPITAL NOTES 5

AUSTRALIA AND NEW ZEALAND
BANKING GROUP LIMITED

(ABN 11 005 357 522)
16 August 2017

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ANZ CAPITAL NOTES 5: KEY TERMS

Offer	<ul style="list-style-type: none"> Offer by Australia and New Zealand Banking Group Limited (“ANZ”) of ANZ Capital Notes 5 (“Notes”) – Mandatorily Convertible into Ordinary Shares Includes an offer to Eligible CPS3 Holders to sell their CPS3 through a Buy-Back Facility and to reinvest the sale proceeds in Notes or receive the proceeds in cash
Offer size	<ul style="list-style-type: none"> Up to \$1 billion. ANZ reserves the right to raise less than \$1 billion under the Offer
Term	<ul style="list-style-type: none"> Perpetual unless Redeemed, Converted or Resold Mandatory Conversion on 20 March 2027 or following a Trigger Event or a Change of Control Event ANZ Optional Exchange on 20 March 2025 or following a Tax Event or Regulatory Event
Distributions	<ul style="list-style-type: none"> Discretionary, non-cumulative distributions scheduled to be paid quarterly based on a floating rate (90 Day BBSW), subject to certain Payment Conditions including ANZ not breaching its APRA capital adequacy requirements Distribution Rate = (90 day BBSW + Margin) x (1 – Australian corporate tax rate) Margin expected to be in the range of 3.80% to 4.00% per annum Expected to be fully or substantially franked. If a Distribution is not fully franked, the cash amount of the Distribution will be increased to compensate holders for the unfranked portion of the Distribution
Ranking¹	<ul style="list-style-type: none"> In a Winding-Up of ANZ, the Notes rank for payment: <ul style="list-style-type: none"> – ahead of Ordinary Shares; – equally with ANZ Capital Securities and any other Equal Ranking Instruments; and – behind depositors, senior ranking securities and other creditors of ANZ
Purpose	<ul style="list-style-type: none"> ANZ is issuing the Notes to help meet capital requirements set by APRA. APRA requires ADIs to maintain a level of regulatory capital to help promote the stability of ANZ and protect ANZ’s depositors and other creditors APRA has confirmed that the Notes will constitute Additional Tier 1 Capital for regulatory capital requirements ANZ will use the proceeds to refinance CPS3 and for general corporate purposes
Offer structure	<ul style="list-style-type: none"> The Offer includes: <ul style="list-style-type: none"> – ANZ Securityholder Offer to Eligible CPS3 Holders and eligible ANZ Securityholders; – Broker Firm Reinvestment Offer which is an offer to Eligible CPS3 holders; and – Broker Firm New Money Offer (should it proceed) to clients of syndicate brokers and to institutional investors Record date - 7:00pm AET on 11 August 2017
Listing	<ul style="list-style-type: none"> Expected to trade under ASX code ‘ANZPH’

1. The ranking of Note Holder’s claims in a winding-up will be adversely affected if a Trigger Event occurs. Following Conversion, Holders will have a claim as an Ordinary Shareholder. If a Note is Written-Off, all rights in respect of a Note will be terminated and the Holder will not have their investment repaid.

COMPARISON TO OTHER ANZ CAPITAL NOTES

Reinvestment of CPS3 into Notes is not a simple rollover into a similar investment. The Notes and CPS3 have different rights, benefits and risks which must be evaluated separately

	ANZ Capital Notes 5	ANZ Capital Notes 4	ANZ CPS 3
ASX Code	ANZPH	ANZPG	ANZPC
Term	Perpetual, subject to Mandatory Conversion on 20 March 2027 (~9.5 years after its issue date)	Perpetual, subject to Mandatory Conversion on 20 March 2026 (~9.5 years after its issue date)	Perpetual, subject to Mandatory Conversion on 1 September 2019 (~8 years after its issue date)
Margin	Expected to be between 3.80% and 4.00%	4.70%	3.10%
Distribution Payment Dates	Quarterly	Quarterly	Half-yearly
Franking	Franked, subject to gross-up for non-franked portion	Franked, subject to gross-up for non-franked portion	Franked, subject to gross-up for non-franked portion
Conditions to payment of Distributions	Yes, subject to ANZ's discretion and Payment Conditions	Yes, subject to ANZ's discretion and certain payment conditions	Yes, subject to ANZ's discretion and certain payment conditions
Restrictions for non-payment of Distribution	Yes, applies to Ordinary Shares until the next quarterly Distribution Payment Date	Yes, applies to Ordinary Shares until the next quarterly distribution payment date	Yes, applies to Ordinary Shares until the next semi-annual CPS3 dividend payment date
Mandatory Conversion	20 March 2027 and a Change of Control	20 March 2026 and a change of control	1 September 2019 and a change of control
ANZ Early Redemption Option	20 March 2025 and for Tax or Regulatory Events	20 March 2024 and for tax or regulatory events	1 March 2018 and each subsequent semi-annual CPS3 dividend payment date and for tax or regulatory events
Conversion on Trigger Event	On a Common Equity Capital Trigger Event for the ANZ Level 1 and 2 Groups and Non-Viability Trigger Event. Write-Off if unable to convert.	On a Common Equity Capital Trigger Event for the ANZ Level 1 and 2 Groups and Non-Viability Trigger Event. Write-Off if unable to convert.	On a Common Equity Capital Trigger Event for the ANZ Level 2 Group
Capital Classification	Additional Tier 1	Additional Tier 1	Additional Tier 1 (Until 1 Sept 2019)

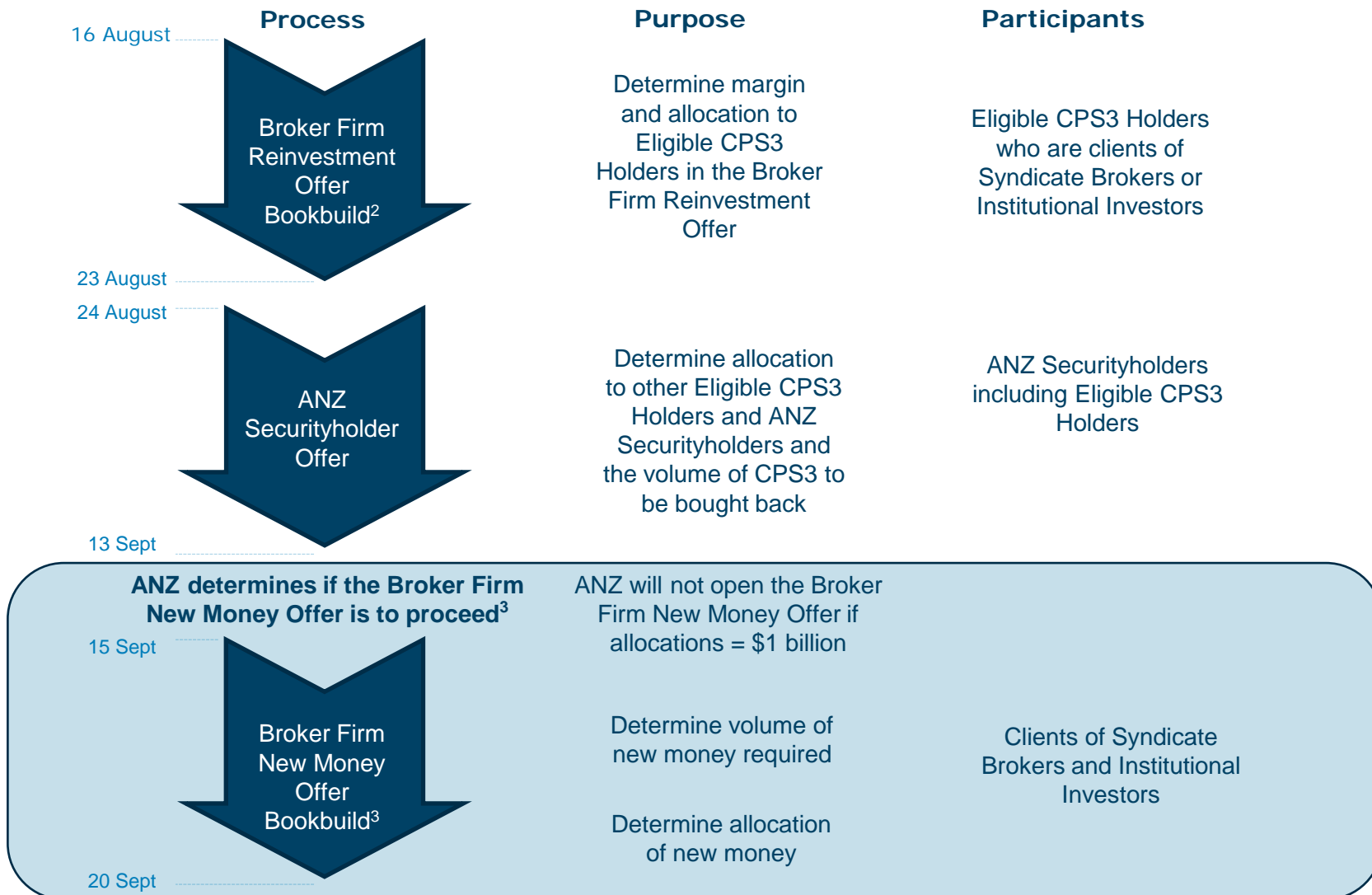
OPTIONS FOR ELIGIBLE CPS3 HOLDERS

Option	Description	Required Eligible CPS3 Holder action
Buy-Back Facility	<p>1</p> <p>Reinvest into ANZ Capital Notes 5</p> <ul style="list-style-type: none"> Apply to participate in the Buy-Back Facility and reinvest the Buy-Back Price into Notes 	<ul style="list-style-type: none"> Apply to reinvest the Buy-Back Price in Notes under either: <ul style="list-style-type: none"> – the Broker Firm Reinvestment Offer; or – the ANZ Securityholder Offer¹.
	<p>2</p> <p>Receive cash</p> <ul style="list-style-type: none"> Apply to participate in the Buy-Back Facility and receive the Buy-Back Price of \$100 per Participating CPS3 in cash² 	<ul style="list-style-type: none"> Apply to participate in the Buy-Back Facility via the ANZ Securityholder Offer only
	<p>3</p> <p>Continue to hold CPS3</p> <ul style="list-style-type: none"> Continue to hold CPS3, under the existing terms of the security CPS3 will continue to trade on ASX until Converted or Redeemed³ 	<ul style="list-style-type: none"> Take no action
	<p>4</p> <p>Sell ANZ CPS3 on-market</p> <ul style="list-style-type: none"> Sell your CPS3 on the market 	<ul style="list-style-type: none"> Transact through your broker

• **Eligible CPS3 Holders can also apply for additional Notes through the ANZ Securityholder Offer or the Broker Firm New Money Offer (should it proceed)**

- The allocation policy is described in Section 4.4.3 of the Prospectus
- Eligible CPS3 Holders may receive additional consideration for any Participating CPS3 sold by the Selling Broker at a price higher than \$100 in the event that there is a higher market price available on that day.
- ANZ is planning for the aggregate of Notes issued and the CPS3 not bought-back to be approximately \$1 billion. Accordingly, the value amount of the Notes issued under the Offer may be taken into account when determining whether, when and to what extent ANZ will redeem, buy-back or return capital on the remaining CPS3.

OFFER STRUCTURE¹



1. Full timetable details are contained in the Key Dates and Contacts section
2. The Broker Firm Reinvestment Offer Bookbuild will take place during the “exposure period” for the Initial Prospectus. No applications received will be processed until the expiry of the exposure period, The Broker Firm Reinvestment Offer closes on 13 September 2017.
3. ANZ will not open the Broker Firm New Money Offer if Allocations under the Broker Firm Reinvestment Offer and ANZ Securityholder Offer amount to in aggregate \$1 billion (or such lesser amount as ANZ determines). ANZ reserves the right to raise less than \$1 billion under the Offer.

BUY-BACK FACILITY FOR CPS3 HOLDERS

What is the Buy-Back Facility?	<ul style="list-style-type: none">• The Buy-Back Facility is a facility under which Eligible CPS3 Holders may apply to sell some or all of their CPS3 and reinvest the Buy-Back Price in Notes or receive the Buy-Back Price in cash.• The Buy-Back Price is \$100 for each participating CPS3
Who is an Eligible CPS3 Holder?	<ul style="list-style-type: none">• A CPS3 Holder who is:<ul style="list-style-type: none">– a registered holder of CPS3 at 7pm AET on 11 August 2017 (and still held on the Closing Date);– shown on the CPS3 register as having an address in Australia; and– not in, or acting as a nominee for a person in, the United States
Differences between CPS3 and Notes	<ul style="list-style-type: none">• Reinvesting CPS3 into Notes is not a simple rollover into a similar investment. The Notes and CPS3 have different rights, benefits and risks, which must be evaluated separately. There are a number of differences between them
Pro-rata dividend	<ul style="list-style-type: none">• A scheduled dividend will be paid on 1 September 2017• A Pro-rata dividend will be paid on all CPS3 on the Buy-Back Settlement Date expected to be 28 September 2017• If you hold CPS3 at the relevant record date (expected to be 20 September 2017), then you will receive that dividend subject to settlement of the Buy-Back• Dividends for CPS3 not bought back through the Buy-Back Facility are scheduled to be paid on 1 March 2018, calculated from (and including) the Buy-Back Settlement Date to (but excluding) 1 March 2018 at the same rate as the Pro Rata Dividend• The payment of all dividends will be subject to the payment tests in the CPS3 terms
What happens to CPS3 that do not participate in the Buy-Back Facility or the Reinvestment Offer	<ul style="list-style-type: none">• CPS3 not bought back under the Buy-Back Facility will remain listed on ASX, and subject to ANZ's early redemption or conversion option on each semi annual dividend payment date from 1 March 2018 up to and including 1 September 2019• If ANZ does not exercise the early redemption or conversion option CPS3 would mandatorily convert into ANZ ordinary shares on 1 September 2019 at a 1% discount (subject to the mandatory conversion conditions)• ANZ may take into account a number of factors when determining how it will deal with the CPS3 not bought-back. ANZ is planning, at the date of this document, for the aggregate of Notes and the CPS3 not bought-back to be approximately \$1 billion

3Q17 TRADING UPDATE

Comparisons are Cash Profit¹ based and for the third quarter Financial Year 2017 to 30 June to the average of the first two quarters of Financial Year 2017 unless otherwise noted.

Group

- Cash Profit was \$1.79 billion (up 5.3%). Profit Before Provisions increased 0.3%.
- Revenue decreased 0.3% which in part reflected a normalisation of the Markets business performance after an unusually strong first half along with the sale of 100 Queen Street.
- Expenses reduced 1% and continue to be well managed.
- Net Interest Margin (NIM) was stable², up several basis points excluding Markets. Australia Division NIM improved offsetting a decline in Institutional NIM. The Australian Bank Levy will impact the NIM in the fourth quarter being reflected within the cost of funds.
- The reshaping of the Institutional Division asset base continued with Risk Weighted Assets (RWA) reducing a further \$3 billion to \$156 billion, a cumulative reduction of \$12 billion (-7%) during the Financial Year to date. The changing profile of the book has resulted in a decline in the Division's provision charge and an improvement in the risk adjusted return.
- Above system growth in residential mortgages in Australia has been primarily driven by the Owner Occupier segment. The Division is tracking well in respect of meeting various macro prudential requirements regarding mortgage growth.

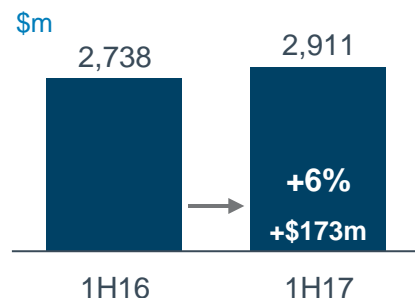
Credit Quality

- The total provision charge of \$243 million was comprised of an Individual Provision (IP) charge of \$308 million and a Collective Provision (CP) release. The release of CP was largely driven by continued reshaping of the Institutional portfolio along with some transfers to IP.

1. Cash Profit excludes non-core items included in Statutory profit and is provided to assist with understanding the results of the ongoing business activities of the Group
2. Reference point is the Group NIM at 30 March 2017 of 200 basis points as reported in the Consolidated Financial Report & Dividend Announcement page 20.

FINANCIAL PERFORMANCE

STATUTORY PROFIT

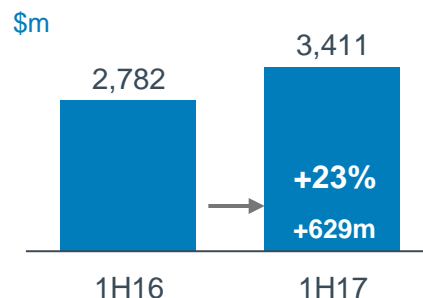


Statutory Profit movement

\$629m cash profit growth

- \$140m change in stat adj. (ex SRCB)¹
- \$316m SRCB reclassification²

CASH PROFIT

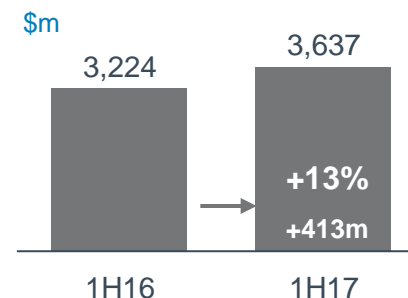


Cash Profit movement

\$413m operating profit growth

- Specified items in 1H16³
- Impact of divestments in 1H17³

ADJUSTED PRO-FORMA PROFIT

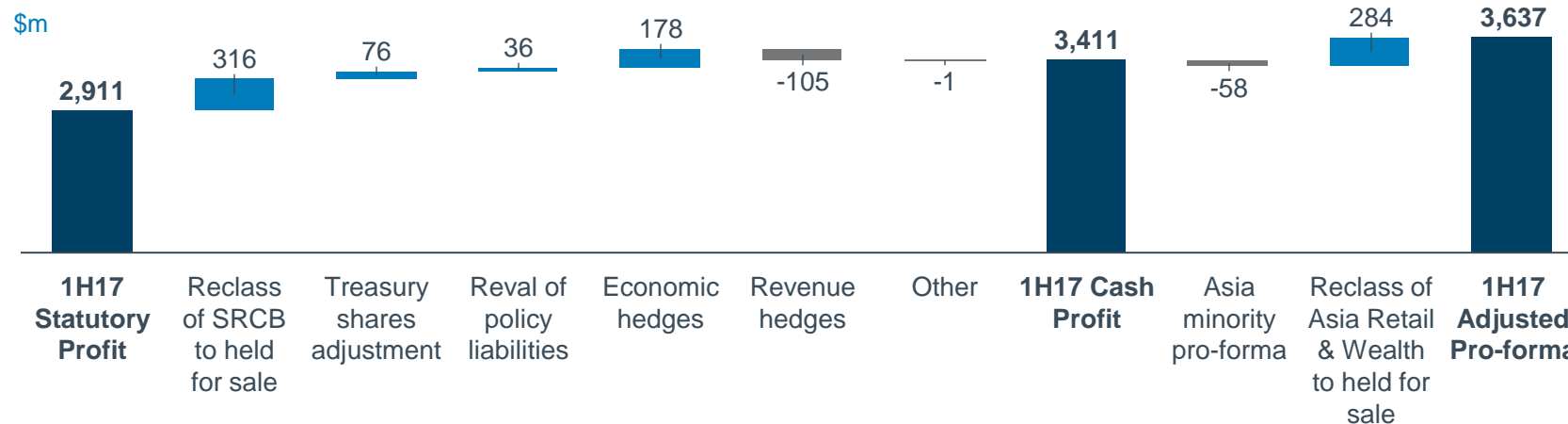


Adjusted pro-forma movement

\$413m operating profit growth

(Like for like operating performance, excluding specified items in 1H16 & impact of divestments in 1H17)³

1H17 PROFIT



1. Adjustments largely from movement in treasury shares, revaluation of policy liabilities, fair value adjustments from economic and revenue hedges

2. Classified as a non cash item in light of timing differences in recognition of the net loss on reclassification to held for sale (1H17) and release of reserves on completion (expected 2H17)

3. For a description of pro-forma measures, see pages 29-31 of ANZ's 2017 Half Year Results Presentation.

REGULATORY CAPITAL

CAPITAL POSITION (AS AT JUNE 2017)

- ANZ's Common Equity Tier-1 (CET1) ratios at Level 1 and Level 2 were 9.6% and 9.8% respectively.
- These positions take into account the 2017 interim dividend paid on 3rd July and an ~\$8bn increase in mortgages risk weights following implementation of new mortgage risk model approved by APRA

CAPITAL OUTLOOK

- Announced but not yet completed asset sales (Asia Retail and Wealth business, SRCB and UDC Finance) are expected to increase CET1 ratio by approximately 70 bps
- On 19 July 2017 APRA release an information paper which outlines APRA's conclusions to the quantum and timing of capital increases that will be required for ADIs to achieve "unquestionably strong" capital position. As a result ANZ will be required to target a CET1 ratio of at least 10.5% by 2020
- Given ANZ's current CET1 position, ANZ will look to achieve the new capital requirements ahead of time. This is expected to be achieved through business as usual initiatives including the announced assets sales referenced above

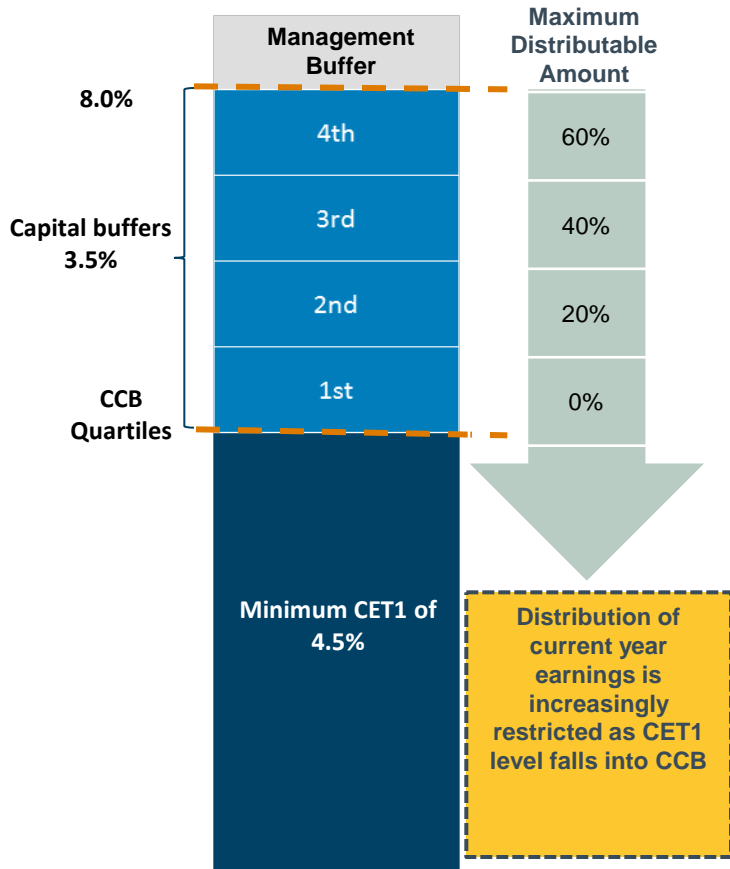
APRA COMMON EQUITY TIER 1 (CET1) AT LEVEL 2



AT1 DISTRIBUTIONS AND CONVERSION TRIGGER PROTECTION

ANZ's CET1 capital position and strong earnings provide buffers for AT1 investors

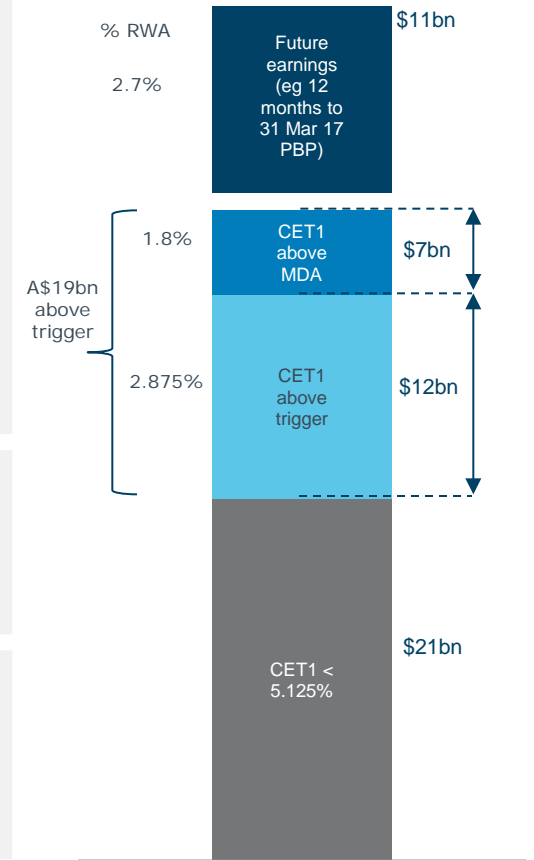
Basel 3 CET1 Capital & Capital Conservation Buffers¹



Actions available to strengthen capital

Management Actions	<p>Possible actions to be invoked if CET1 ratio declines below management target include:</p> <ul style="list-style-type: none"> Reducing dividend payout DRP discount and underwrite New share issuance Expense management Restricting RWA growth Asset sales
CCB Restrictions	<p>Regulatory restrictions on ordinary share dividends, discretionary bonuses and AT1 distribution payments as CCB buffer is breached</p>
Hierarchy Respected	<p>Priority to payment of AT1 distributions to prevent the dividend restriction applying and to enable ANZ to be able to continue paying Ordinary Share dividends.</p>

Indicative buffers²



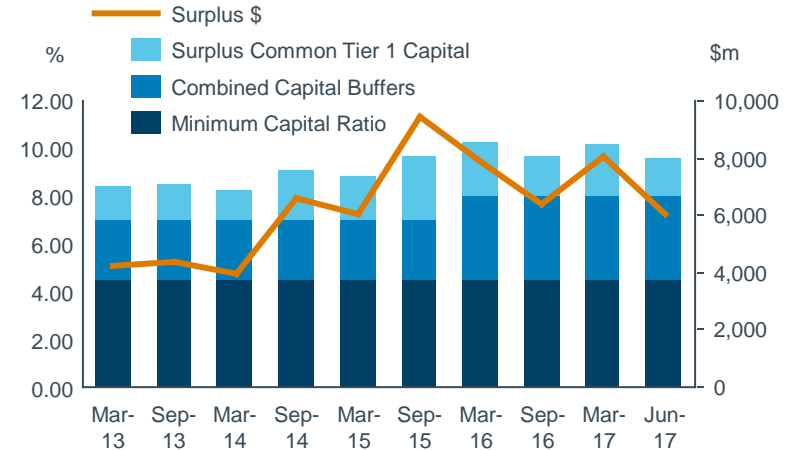
1. Applicable to Australian D-SIBs from 1 January 2016. APRA may set higher minimum capital requirements for individual ADIs. A counter-cyclical buffer may also be required, which APRA has currently set for Australia at 0%. 2. Future earnings are not forecast. Profit before provisions for the 12 months to 31 March 2017 was \$10.6bn.

AT1 DISTRIBUTION PROTECTIONS

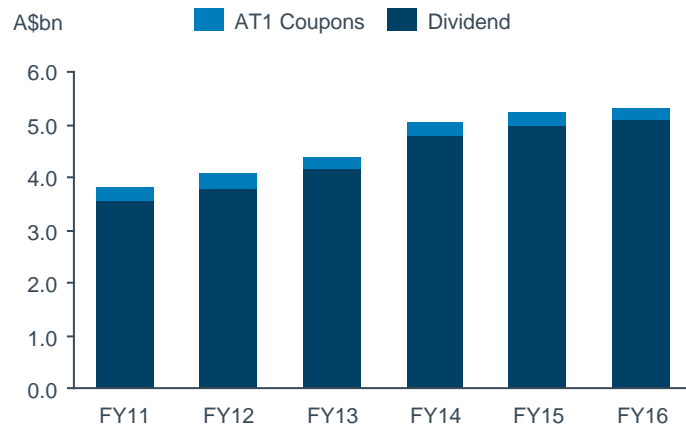
ANZ's CET1 capital position and strong earnings provide buffers for AT1 investors

- AT1 distributions may be progressively restricted if ANZ allows the CET1 ratio to drop below APRA's minimum plus prescribed buffers. Under APRA's current rules this equates to a CET1 ratio of 8%.
- Ordinary share dividends are subject to the dividend restriction if any AT1 distributions are not paid
- Total AT1 distributions = ~5% of total ordinary equity dividends in FY17, ~4% of statutory profit
- Flexibility to reduce size of cash ordinary dividend payment through use of dividend reinvestment plans if required

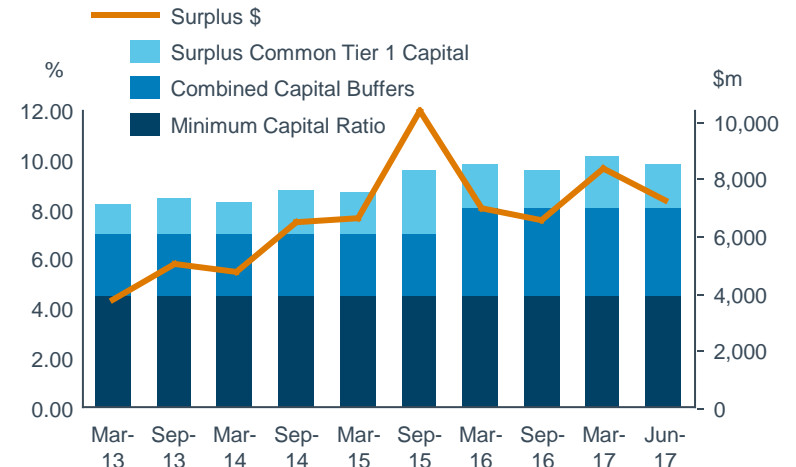
LEVEL 1 SURPLUS CET1 OVER 8%: \$6.1 BILLION



ORDINARY DIVIDEND AND AT1 COUPONS



LEVEL 2 SURPLUS CET1 OVER 8%: \$7.4 BILLION



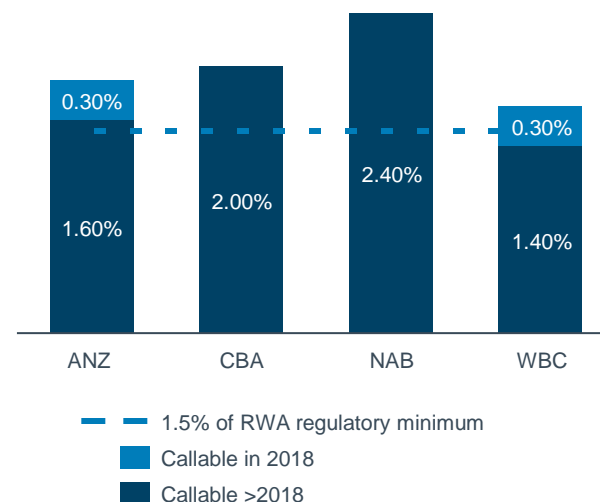
NEAR TERM AT1 SUPPLY IS EXPECTED TO BE LIMITED

- ANZ's near term AT1 requirements are expected to be limited
 - AT1 currently on issue exceeds requirements
 - ANZ may take into account a number of factors when determining how it will deal with the CPS3 not bought-back. ANZ is planning for the aggregate of Notes and the CPS3 not bought-back to be approximately \$1 billion
- Following CPS3, ANZ's next AUD AT1 call date is in 2021. There is only 1 other major bank AT1 security that is callable in the period to September 2018

ANZ's NEXT AT1 AUD CALL DATE IS SEP-21

	Ccy	Volume A\$m	First Call Date ¹	Mandatory Conversion Date	CET1 Trigger	PONV Trigger
CPS3	AUD	1,340	Mar-18 ³	Sep-19	5.125%	N/A
CN1	AUD	1,120	Sep-21	Sep-23	5.125%	Yes
CN2	AUD	1,610	Mar-22	Mar-24	5.125%	Yes
CN3	AUD	970	Mar-23	Mar-25	5.125%	Yes
CN4	AUD	1,622	Mar-24	Mar-26	5.125%	Yes
ANZNZ	NZD	457 ²	May-20	May-22	5.125%	Yes
CS1	USD	1,309 ²	Jun-26	N/A	5.125%	Yes
Total		8,428				

MAJOR AUSTRALIAN BANK AT1 AS % RWA⁴



1. Represents the first possible issuer call option prior to the conversion date upon which debt securities convert to ordinary shares, subject to certain conditions being satisfied. 2. All securities included at face value at spot 31 March 2017 exchange rates unless otherwise stated. Details of all ANZ regulatory capital instruments available from <http://www.shareholder.anz.com/regulatory-disclosure/regulatory-capital-instruments>. 3. CPS3 includes an issuer call each semi-annual dividend payment date up to and including the mandatory conversion date. 4. Source: Company disclosures as at 11 August 2017.

APPENDIX 1: KEY TERMS



KEY TERMS: OFFER SUMMARY

Offer	<ul style="list-style-type: none"> • Offer by Australia and New Zealand Banking Group Limited (“ANZ”) of ANZ Capital Notes 5 (“Notes”) – Mandatorily Convertible into Ordinary Shares • Includes an offer to Eligible CPS3 Holders to sell their CPS3 through a Buy-Back Facility and to reinvest the sale proceeds in Notes or receive the proceeds in cash
Offer size	<ul style="list-style-type: none"> • Up to \$1 billion. ANZ reserves the right to raise less than \$1bn
Term	<ul style="list-style-type: none"> • Perpetual unless Redeemed, Converted or Written-Off • Mandatory Conversion on 20 March 2027 or following a Trigger Event or a Change of Control Event • ANZ Optional Exchange on 20 March 2025 or following a Tax Event or Regulatory Event
Face Value	<ul style="list-style-type: none"> • \$100 per Note
Ranking¹	<ul style="list-style-type: none"> • In a Winding-Up of ANZ, the Notes rank for payment: <ul style="list-style-type: none"> – ahead of Ordinary Shares; – equally with ANZ Capital Securities and any other Equal Ranking Instruments; and – behind depositors, senior ranking securities, ANZ Subordinated Notes and other creditors of ANZ
Purpose	<ul style="list-style-type: none"> • ANZ is issuing the Notes to help meet the capital requirements for ADIs set by APRA. APRA requires ADIs to maintain a level of regulatory capital to help promote the stability of ANZ and protect ANZ’s depositors and other creditors. • APRA has confirmed that the Notes will constitute Additional Tier 1 Capital for regulatory capital requirements • ANZ will use the proceeds to refinance CPS3 and for general corporate purposes
Offer structure	<ul style="list-style-type: none"> • The Offer includes: <ul style="list-style-type: none"> – ANZ Securityholder Offer to Eligible CPS3 Holders and to eligible ANZ Securityholders; – Broker Firm Reinvestment Offer which is an offer to eligible CPS3 holders; – Broker Firm New Money Offer (should it proceed) to retail clients of syndicate brokers and institutional investors. • Record date - 7:00pm AET on 11 August 2017
Listing	<ul style="list-style-type: none"> • Expected to trade under ASX code ‘ANZPH’

1. The ranking of Holder’s claims in a winding-up will be adversely affected if a Trigger Event occurs. Following Conversion, Holders will have a claim as an Ordinary Shareholder. If a Note is Written-Off, all rights in respect of a Note will be terminated and the Holder will not have their capital repaid.

KEY TERMS: DISTRIBUTIONS

Distributions	<ul style="list-style-type: none">• Non-cumulative based on a floating rate (90 Day BBSW)• Expected to be fully or substantially franked• If a Distribution is not fully franked, the cash amount of the Distribution will be increased to compensate holders for the unfranked portion of the Distribution, subject to certain Payment Conditions• Distributions scheduled to be paid on each 20th of March, June, September and December, subject to complying with applicable law, ANZ's absolute discretion and no Payment Condition existing.• A Payment Condition exists where:<ul style="list-style-type: none">• payment results in ANZ or the Group breaching its APRA capital adequacy requirements;• payment results in ANZ becoming, or being likely to become, insolvent; or• APRA objects to the payment of the Distribution
Distribution Rate	<ul style="list-style-type: none">• $\text{Distribution Rate} = (90 \text{ day BBSW} + \text{Margin}) \times (1 - \text{Australian corporate tax rate})$• Margin expected to be in the range of 3.80% to 4.00% per annum
Dividends and Capital Restrictions	<ul style="list-style-type: none">• If a Distribution is not paid in full within 3 Business Days after a Distribution Payment Date, ANZ cannot, without approval of a Special Resolution of Holders, until and including the next Distribution Payment Date (i.e. for the next 3 months):<ul style="list-style-type: none">• resolve to pay or pay a dividend on ANZ Ordinary Shares; or• buy back or reduce capital on ANZ Ordinary Shares• Limited exceptions apply, including not applying to dividends on shares of an approved NOHC

KEY TERMS: MANDATORY CONVERSION DATE

Mandatory Conversion	<ul style="list-style-type: none">• On 20 March 2027 (“Mandatory Conversion Date”), subject to satisfaction of the Mandatory Conversion Conditions, the Notes will mandatorily Convert into a variable number of ANZ Ordinary Shares at a 1% discount to the 20 day VWAP¹, unless previously Converted, Redeemed or Resold or Written Off following a Trigger Event• The number of Ordinary Shares issued following Conversion on the Mandatory Conversion Date is subject to the Maximum Conversion Number which is set to reflect a VWAP of 50% of the Issue Date VWAP (i.e. the average Ordinary Share price over 20 business days prior to the issue date of the Notes)
Mandatory Conversion Conditions	<ol style="list-style-type: none">1. The VWAP on the 25th business day before (but not including) a possible Mandatory Conversion Date is greater than 56.00% of the Issue Date VWAP2. The VWAP during the 20 business days before (but not including) a possible Mandatory Conversion Date is greater than 50.51% of the Issue Date VWAP3. Ordinary Shares remain listed and admitted to trading and trading has not been suspended for 5 consecutive Business Days before, and the suspension is not continuing on, the Mandatory Conversion Date and no Inability Event exists (ie. ANZ is not prevented by applicable law or court order (such as insolvency, winding-up or external administration of ANZ) from converting the Notes or another reason)
Intention of Mandatory Conversion Conditions	<ul style="list-style-type: none">• The Mandatory Conversion Conditions are intended to provide protection on Conversion (other than following a Trigger Event) to Holders from receiving less than approximately \$101 worth of Ordinary Shares per Note on the Mandatory Conversion Date and that those Ordinary Shares are capable of being sold on the ASX
Deferral of Conversion	<ul style="list-style-type: none">• If any of the Mandatory Conversion Conditions are not satisfied, the Mandatory Conversion Date will be deferred until the next Distribution Payment Date on which all of those conditions are satisfied• Notes may remain on issue indefinitely if those conditions are not satisfied

1. The VWAP during the 20 business days on which trading in Ordinary Shares took place immediately preceding (but not including) the Mandatory Conversion Date that is used to calculate the number of Ordinary Shares that Holders receive may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than anticipated when they are issued or thereafter.

KEY TERMS: MANDATORY CONVERSION TRIGGER EVENT

Trigger Event	<ul style="list-style-type: none"> Means a Common Equity Capital Trigger Event or Non-Viability Trigger Event
Common Equity Capital Trigger Event	<ul style="list-style-type: none"> ANZ determines, or APRA has notified ANZ in writing that it believes, that ANZ's Common Equity Capital Ratio is equal to or less than 5.125%
Non-Viability Trigger Event	<ul style="list-style-type: none"> APRA notifies ANZ in writing that: <ul style="list-style-type: none"> - Conversion or Write-Off of Relevant Securities is necessary because without it ANZ would become non-viable; or - without a public sector injection of capital ANZ would become non-viable
Conversion following a Trigger Event	<ul style="list-style-type: none"> ANZ may be required to immediately Convert all or some of the Notes into a variable number of Ordinary Shares at a 1% discount to the 5 day VWAP prior to the Conversion date, subject to the Maximum Conversion Number If a Non-Viability Trigger Event occurs because APRA determines that ANZ would become non-viable without a public sector injection of capital, all of the Notes will Convert There are no conditions to Conversion following a Trigger Event The application of the Maximum Conversion Number means that, depending on the price of Ordinary Shares at the time of Conversion, Holders may suffer a loss as a consequence
Maximum Conversion Number	<ul style="list-style-type: none"> The number of Ordinary Shares per Note that Holders are issued on Conversion may not be greater than the Maximum Conversion Number. The Maximum Conversion Number is the Face Value of the Notes (\$100) divided by 20% of the Issue Date VWAP (as adjusted in limited circumstances)

KEY TERMS: EARLY REDEMPTION, CONVERSION AND RESALE RIGHTS

Optional Exchange Date	<ul style="list-style-type: none"> • ANZ may choose to Exchange all or some Notes on issue on 20 March 2025
Regulatory or Tax Event	<ul style="list-style-type: none"> • ANZ may choose to Exchange all or some Notes if a Regulatory Event or a Tax Event occurs
Change of Control Event	<ul style="list-style-type: none"> • All Notes will mandatorily Convert into Ordinary Shares if a Change of Control Event occurs, subject to satisfaction of certain conditions
Exchange	<ul style="list-style-type: none"> • Subject to APRA's prior written approval and provided certain conditions are satisfied, ANZ may Exchange Notes via any or a combination of: <ul style="list-style-type: none"> - Conversion into Ordinary Shares worth approximately \$101 per Note; - Redemption for \$100 per Note; or - Reselling the Notes to a nominated purchaser for \$100 per Note • Key conditions to Redemption are: <ul style="list-style-type: none"> - the Notes being replaced concurrently or beforehand with Tier 1 Capital of the same or better quality as the Notes and the replacement of the Notes is done under conditions that are sustainable for ANZ's income capacity; or - APRA is satisfied that ANZ's capital position is well above its minimum capital requirements after ANZ elects to Redeem the Notes • Conversion into Ordinary Shares is subject to the Maximum Conversion Number which is calculated by reference to 20% of the Ordinary Share price at issue of the Notes • Holders should not expect that APRA will approve any Exchange
Holder Exchange	<ul style="list-style-type: none"> • Holders do not have the right to request Exchange

KEY TERMS: WHAT HAPPENS POST A TRIGGER EVENT

1 A Common Equity Capital or Non-Viability Trigger Event occurs

2 Can Ordinary Shares be issued?

No

Basel III AT1 written off up to required amount of CET1¹

Yes

2a Notes Convert to Ordinary Shares up to required amount of CET1¹:

$$\text{Conversion Number} = \frac{\text{Outstanding principal amount}}{99\% \times \text{VWAP}^2}$$

$$\text{Where Maximum Conversion Number} = \frac{\text{Outstanding principal amount}}{20\% \times \text{Issue Date VWAP}^3}$$

3 Ordinary Shares issued to Holder⁴

1. All Notes convert to ordinary shares or are written off in the event that APRA has notified ANZ in writing that without a public sector injection of capital, or equivalent support, ANZ would become non-viable. 2. "VWAP" is the average of the daily volume weighted average sale prices of Ordinary Shares sold on the ASX during the 5 Business Days prior to the Trigger Event Date. 3. "Issue Date VWAP" is the average of the daily volume weighted average sale prices of Ordinary Shares sold on the ASX during the period of 20 Business Days prior to the issue date. 4. In limited cases, Ordinary Shares may be issued to a nominee and sold on a Holder's behalf, with the proceeds delivered to the Holder.

APPENDIX 2: KEY DATES AND CONTACTS

KEY DATES: CN5 OFFER¹

Record Date	11 August 2017
Lodgement of the Prospectus with ASIC	16 August 2017
Broker Firm Reinvestment Offer Bookbuild to determine the Margin	23 August 2017
Lodgement of the replacement prospectus with ASIC	24 August 2017
Opening Date for ANZ Securityholder Offer & Broker Firm Reinvestment Offer	24 August 2017
Closing Date for ANZ Securityholder Offer & Broker Firm Reinvestment Offer	5:00pm AEDT on 13 September 2017
Opening Date for Broker Firm New Money Offer (should it proceed)	15 September 2017
Bookbuild for Broker Firm New Money Offer (should it proceed)	20 September 2017
Closing Date for Broker Firm New Money Offer (should it proceed)	10:00am AEDT on 27 September 2017
Issue Date	28 September 2017
ANZ Capital Notes 5 commence trading on ASX (deferred settlement basis)	29 September 2017
Confirmation Statements despatched by	5 October 2017
ANZ Capital Notes 5 commence trading on ASX (normal settlement basis)	6 October 2017
First quarterly Distribution Payment Date	20 December 2017
Optional Exchange Date	20 March 2025
Mandatory Conversion Date ²	20 March 2027

1. The key dates for the Offer are indicative only and may change without notice

2. The Mandatory Conversion Date may be later than 20 March 2027 or may not occur at all if the Mandatory Conversion Conditions are not satisfied

KEY DATES: CPS3 HOLDERS¹

Record Date	11 August 2017
Opening Date for the Buy-Back Facility	24 August 2017
Closing Date for the Buy-Back Facility	5:00pm AET on 13 September 2017
Expected record date for the Pro Rata Dividend	20 September 2017
Buy-Back Date	26 September 2017
Payment date for Pro Rata Dividend on CPS3	28 September 2017
Issue Date of ANZ Capital Notes 5	28 September 2017
Buy-Back Settlement Date and payment of the Buy-Back Price or reinvestment of the Buy-Back Price into Notes	28 September 2017
Expected record date for next scheduled half yearly dividend for remaining CPS3	14 February 2018
Scheduled half-yearly dividend payment dates and optional redemption dates for remaining CPS3	1 March 2018, 1 September 2018, 1 March 2019, 1 September 2019
Mandatory conversion date for remaining CPS3 (unless otherwise exchanged before that date)	1 September 2019

1. The key dates for the Offer are indicative only and may change without notice

2. The Mandatory Conversion Date may be later than 20 March 2027 or may not occur at all if the Mandatory Conversion Conditions are not satisfied

KEY CONTACTS

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Disclaimer

Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) ("ANZ") is the issuer of the ANZ Capital Notes 5 ("ANZ Capital Notes 5" or "Notes").

A public offer of the Notes will be made by ANZ pursuant to a Prospectus under Part 6D.2 of the Corporations Act. A Prospectus has been lodged with the Australian Securities and Investments Commission on or about 16 August 2017. A replacement Prospectus with the Margin determined after the Bookbuild will be lodged on or about 24 August 2017. The Prospectus is available (and the replacement Prospectus will be available) on ANZ's website, capitalnotes5.anz.com. Applications for Notes can only be made on the application form in, or accompanying the Prospectus. Before making an investment decision you should read the Prospectus in full and consult with your broker or other professional adviser as to whether Notes are a suitable investment for you having regard to your particular circumstances, financial objectives and needs. This document is not a Prospectus under Australian law and does not constitute an invitation to subscribe for or buy any securities or an offer for subscription or purchase of any securities or a solicitation to engage in or refrain from engaging in any transaction. It is also not financial product advice, and does not take into account your investment objectives, financial situation or particular needs.

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