

## News Release

For Release: 19 February 2020

### **Application of the Hybrid Mismatch Rules to ANZ Capital Notes 5**

ANZ notes the release of guidance by the Australian Taxation Office (ATO) confirming that it is not planning to take any action at this time regarding an investor's ability to claim franking benefits on hybrid capital securities issued after 9 May 2017, which includes ANZ Capital Notes 5 (CN5)<sup>1</sup>.

This guidance follows the release of draft legislation by the Government in December 2019. That draft legislation, if enacted, will allow ANZ to take steps to ensure CN5 holders continue to be entitled to franking benefits.

ANZ currently expects to satisfy those steps.

#### **What do CN5 Holders need to do?**

CN5 holders do not need to take any other action at this time in response to the guidance.

For media enquiries contact:

Stephen Ries  
+61 409 655 551

For shareholder enquiries contact:

Computershare  
1800 11 33 99  
+613 9415 4010 (international callers)

*Approved for distribution by ANZ's Continuous Disclosure Committee*

#### **Background**

The guidance referred to above is in response to a possible technical interpretation of the tax hybrid mismatch rules. This interpretation could otherwise disallow a holder of relevant hybrid securities from claiming franking benefits on distributions where the issuer is also entitled to claim an income tax deduction for that distribution in a foreign jurisdiction (notwithstanding that the deduction may represent a very small component of the distribution or may not actually be claimed at all).

A copy of the ATO guidance and the exposure draft legislation is available on the ATO's website at: [ato.gov.au/General/New-legislation/In-detail/Other-topics/International/Clarifying-the-operation-of-the-hybrid-mismatch-rules/](https://ato.gov.au/General/New-legislation/In-detail/Other-topics/International/Clarifying-the-operation-of-the-hybrid-mismatch-rules/).

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<sup>1</sup> All ANZ's other hybrid capital securities currently on issue (ANZ Capital Notes (ANZPD), ANZ Capital Notes 2 (ANZPE), ANZ Capital Notes 3 (ANZPF) and ANZ Capital Notes 4 (ANZPG)) were issued before 9 May 2017, and therefore holders of those securities are not impacted by the issues described in this announcement.