

Disclosure of ceasing to have substantial holding

Section 279, Financial Markets Conduct Act 2013

To NZX Limited

And

To ANZ Group Holdings Limited (**ANZ** or **Company**)

Date this disclosure made: **3 January 2023**

Date last disclosure made: **21 December 2022**

Date on which substantial holding ceased: **3 January 2023**

Substantial product holder(s) giving disclosure

Full name(s): Australia and New Zealand Banking Group Limited ("**ANZBGL**")

Summary of previous substantial holding

Class of quoted voting products: Ordinary shares in the Company.

Summary for ANZBGL

For **last** disclosure,—

- (a) total number held in class: 1
- (b) total in class: 1
- (c) total percentage held in class: 100%

For current holding **after** ceasing to have substantial holding,—

- (a) total number held in class: 0
- (b) total in class: 3,003,366,782
- (c) total percentage held in class: 0.000%

Details of transactions and events giving rise to ceasing of substantial holding

Pursuant to a scheme of arrangement which became legally effective on 20 December 2022, the Company has been established as the non-operating holding company and listed parent company of the ANZ group. The Company was listed on 21 December 2022, at which point (as the sole shareholder of the Company), ANZBGL became a substantial product holder in respect of the Shares for the purposes of section 276 of the Financial Markets Conduct Act 2013.

On implementation of the scheme of arrangement on 3 January 2023, the Company issued, and eligible ANZBGL shareholders received, one share in the Company for each ANZBGL share they held as at the scheme record date (being 22 December 2022). At the

same time, ANZBGL's share in the Company was cancelled. Ineligible foreign ANZBGL shareholders did not receive any shares in the Company.

Additional information

Address(es) of substantial product holder(s): ANZ Centre Melbourne Level 9, 833 Collins Street, Docklands, Victoria, Australia 3008

Contact details: Australia and New Zealand Banking Group Limited
C/- Simon Pordage
ANZ Centre Melbourne Level 9, 833 Collins Street, Docklands,
Victoria, Australia 3008
Telephone: (03) 8654 0000
Email: investor.relations@anz.com

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Financial Markets Conduct Act 2013 in relation to the financial products to which this disclosure relates: Not applicable.

Certification

I, Simon Mark Pordage, certify that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.

PROPOSED RESTRUCTURE OF THE ANZ GROUP TO ESTABLISH A NON-OPERATING HOLDING COMPANY EXPLANATORY MEMORANDUM

VOTE IN FAVOUR

Your Directors unanimously recommend that you vote "Yes" in favour of the Scheme, which is one of the steps required to implement the proposed Restructure.

You can vote at the Scheme Meeting to be held on 15 December 2022 – see section 1 for how you can vote, including voting online.

The Independent Expert has concluded that the Restructure (including the Scheme) is in the best interests of ANZ Shareholders.

This is an important document and requires your immediate attention.

You should read the whole document before you decide how to vote on the Scheme, which is one of the steps required to implement the proposed Restructure.

If you are in any doubt about how to deal with this document, you should contact your financial, taxation, legal or other professional adviser.

Legal
Adviser



HERBERT
SMITH
FREEHILLS

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IMPORTANT NOTICES

General

This Explanatory Memorandum is important and requires your immediate attention. You should read this Explanatory Memorandum in full before making any decision as to how to vote at the Scheme Meeting.

Nature of this Explanatory Memorandum

This Explanatory Memorandum includes the explanatory statement for the Scheme required by subsection 412(1) of the Corporations Act.

This Explanatory Memorandum does not constitute or contain an offer to ANZ Shareholders, or a solicitation of an offer from ANZ Shareholders, in any jurisdiction. This Explanatory Memorandum is not a disclosure document required by Chapter 6D of the Corporations Act. Subsection 708(17) of the Corporations Act provides that Chapter 6D of the Corporations Act does not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under subsection 411(1). Instead, ANZ Shareholders asked to vote on an arrangement at such a meeting must be provided with an explanatory statement as referred to above.

ASIC, ASX and NZX

A copy of this Explanatory Memorandum has been registered by ASIC for the purposes of subsection 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Explanatory Memorandum in accordance with subsection 411(2) of the Corporations Act. Neither ASIC, nor any of its officers, takes any responsibility for the contents of this Explanatory Memorandum.

ASIC has been requested to provide a statement, in accordance with paragraph 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court at the time of the Court hearings to approve the Scheme.

A copy of this Explanatory Memorandum has been provided to the ASX and NZX. Neither the ASX, NZX, nor any of their officers, takes any responsibility for the contents of this Explanatory Memorandum.

Important notice associated with Court order under subsection 411(1) of the Corporations Act

The fact that, under subsection 411(1) of the Corporations Act, the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- has formed any view as to the merits of the proposed Scheme or as to how ANZ Shareholders should vote (on this matter ANZ Shareholders must reach their own conclusion); or

- has prepared, or is responsible for the content of, the explanatory statement.

APRA

A copy of this Explanatory Memorandum has been provided to APRA. Neither APRA nor any of its officers take any responsibility for the content of this Explanatory Memorandum.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure 5.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any ANZ Shareholder may appear at the Second Court Hearing, currently expected to be held at 10.15am (Melbourne time) on 22 December 2022 at 305 William Street, Melbourne VIC. Any ANZ Shareholder who wishes to oppose approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on ANZ a notice of appearance in the prescribed form together with any affidavit that the ANZ Shareholder proposes to rely on.

No investment advice

This Explanatory Memorandum has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any ANZ Shareholder or any other person. The information and recommendations contained in this Explanatory Memorandum do not constitute, and should not be taken as, financial product advice. The ANZ Directors encourage you to seek financial, taxation, legal or other professional advice before making any investment decision and any decision as to whether or not to vote in favour of the Scheme. This Explanatory Memorandum should be read in full before making a decision on whether or not to vote in favour of the Scheme. In particular, it is important that you consider the potential risks if the Scheme does not proceed, as set out in section 5.5, and the views of the Independent Expert set out in the Independent Expert's Report contained in Annexure 1. If you are in any doubt about how to deal with this document, you should contact your financial, taxation, legal or other professional adviser.

Forward looking statements

Some of the statements appearing in this Explanatory Memorandum (including in the Independent Expert's Report) may be in the nature of forward looking statements. Forward looking statements or statements of intent in relation to future events in this Explanatory Memorandum (including in the Independent Expert's Report) should not

be taken to be forecasts or predictions that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as 'believe', 'aim', 'expect', 'anticipate', 'intending', 'foreseeing', 'likely', 'should', 'planned', 'may', 'estimate', 'potential', or other similar words. Similarly, statements that describe the objectives, plans, goals, intentions or expectations of ANZ are or may be forward looking statements. You should be aware that such statements are only opinions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to ANZBGL, ANZ NOHC, the industries in which they operate or will operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in financial markets. These risks and uncertainties also include factors relating to the Restructure, such as the timing of satisfaction of the Conditions Precedent or the ability to realise the anticipated benefits of the Restructure. See section 5 for a discussion of the potential risks and disadvantages associated with the Restructure for further information.

Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. Neither ANZ nor its officers, directors, employees or advisers or any person named in this Explanatory Memorandum or any person involved in the preparation of this Explanatory Memorandum makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

Any forward looking statements in this Explanatory Memorandum reflect views held only at the date of this Explanatory Memorandum. Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, ANZ and its officers, directors, employees and advisers disclaim any obligation or undertaking to distribute after the date of this Explanatory Memorandum any updates or revisions to any forward looking statements to reflect (a) any change in expectations in relation to such statements; or (b) any change in events, conditions or circumstances on which any such statement is based.

Responsibility statement

ANZ has prepared this Explanatory Memorandum as at the date of this Explanatory Memorandum and takes responsibility for the content of this Explanatory Memorandum.

Grant Samuel & Associates Pty Limited has prepared the Independent Expert's Report (as set out in Annexure 1) and takes responsibility for that report.

KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd) has prepared the Investigating Accountant's Report (as set out in Annexure 2) and takes responsibility for that report.

Neither ANZ nor any of its subsidiaries, directors, officers, employees or advisers assume any responsibility for the accuracy or completeness of the information contained in the Independent Expert's Report or the Investigating

Accountant's Report, except in relation to the information which it has provided to the Independent Expert and the Investigating Accountant.

No consenting party has withdrawn their consent to be named before the date of this Explanatory Memorandum.

Foreign jurisdictions

ANZ Shareholders who are Ineligible Foreign Shareholders are not permitted to participate in the Scheme and will not receive ANZ NOHC Shares. Instead, Ineligible Foreign Shareholders will have their ANZ Shares automatically transferred to the Sale Agent (as nominee for the Ineligible Foreign Shareholder) on the Implementation Date without the need for any action by the Ineligible Foreign Shareholder. The Sale Agent will participate in the Scheme in respect of those ANZ Shares and will be issued ANZ NOHC Shares on a one for one basis. The ANZ NOHC Shares that are issued to the Sale Agent will be sold, with the proceeds of such sale to be paid to Ineligible Foreign Shareholders. Refer to Section 7.2(g) for further information.

This Explanatory Memorandum does not in any way constitute an offer of securities in any place in which, or to any person to whom, it would be unlawful to make such an offer. No action has been taken to register or qualify ANZ NOHC Shares or otherwise permit a public offer of such securities in any jurisdiction outside Australia or New Zealand.

Based on the information available to ANZ, ANZ Shareholders whose addresses are shown in the ANZ Share Register on the Scheme Record Date as being in Australia (and its external territories), New Zealand or an Eligible Foreign Jurisdiction, or any other jurisdiction in respect of which ANZ reasonably believes that it is not prohibited and not unduly onerous or impractical to issue ANZ NOHC Shares to an ANZ Shareholder with a registered address in such jurisdiction, will be entitled to have ANZ NOHC Shares issued to them under the Scheme subject to any qualifications set out in this Explanatory Memorandum. Nominees, custodians and other ANZ Shareholders who hold ANZ Shares on behalf of a beneficial owner resident outside Australia may not forward this Explanatory Memorandum (or any accompanying document) to anyone outside Australia without the consent of ANZ.

Notice to US Investors

The ANZ NOHC Shares to be issued pursuant to the Scheme, including any ANZ NOHC Shares represented by ANZ NOHC ADSs, have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The ANZ NOHC Shares and ANZ NOHC ADSs will be issued in reliance on the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof on the basis of the approval of an Australian court, which will consider, among other things, the fairness of the terms and conditions of the Scheme to ANZ NOHC Shareholders.

US investors should refer to section 9.9 for further information concerning transfer restrictions disclosures and other notices.

Financial amounts and effects of rounding

All financial amounts in this Explanatory Memorandum are expressed in Australian currency unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in the Explanatory Memorandum are subject to the effect of rounding. Accordingly, any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding. All financial and operational information set out in this Explanatory Memorandum is current as at the Last Practicable Date, unless otherwise stated.

Charts and diagrams

Any diagrams, charts, graphs or tables appearing in this Explanatory Memorandum are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, graphs and tables is based on information available as at Last Practicable Date.

Timetable and dates

All times and dates referred to in this Explanatory Memorandum are times and dates in Melbourne, Australia, unless otherwise indicated. All times and dates relating to the implementation of the Scheme referred to in this Explanatory Memorandum may change and, among other things, are subject to all necessary approvals from Government Agencies.

External websites

Unless expressly stated otherwise, the content of the websites of ANZ does not form part of this Explanatory Memorandum and ANZ Shareholders should not rely on any such content.

Privacy

ANZ may collect personal information in the process of implementing the Scheme. The type of information that it may collect about you includes your name, contact details and information on your shareholding in ANZ and the names of persons appointed by you to act as a proxy, attorney or corporate representative at the Scheme Meeting as relevant to you. The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist ANZ to conduct the Scheme Meeting and implement the Scheme. Without this information, ANZ may be hindered in its ability to issue this Explanatory Memorandum and implement the Scheme. Personal information of the type described above may be disclosed to the ANZ Share Registry, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, related bodies corporate of ANZ, Government Agencies, and also where disclosure is otherwise required or allowed by law. ANZ Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. If you would like to obtain details of the information about you held by the ANZ Share Registry in connection with ANZ Shares, please contact the ANZ Share Registry. ANZ Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above. Further information about how ANZ collects, uses and discloses personal information is contained in ANZ's Privacy Policy located at anz.com.au/privacy/centre/.

Date of Explanatory Memorandum

This Explanatory Memorandum is dated 27 October 2022

LETTER FROM THE CHAIRMAN OF THE ANZ BOARD

Dear fellow ANZ shareholder

On behalf of the ANZ Board, I am pleased to present you with this Explanatory Memorandum which explains and provides detailed information about ANZ's proposed Restructure.

The Restructure involves the establishment of a new non-operating holding company as the listed parent of the ANZ Group. This occurs through shareholders exchanging their existing ANZ shares for shares in the new listed holding company. It also involves the separation of ANZ's banking and certain non-banking businesses under the new listed holding company. If the Restructure proceeds, there will be no change to the level of your shareholding in ANZ as this is an internal re-organisation.

The Restructure is about making our banking business more efficient, providing us with greater strategic and operational flexibility for growth, and importantly allowing us to create opportunities for our customers to engage more closely with their banking.

ANZ's core business is strong and our strategic focus remains consistent

Our core banking business is the heart of what ANZ does. We are the pre-eminent bank in New Zealand, the lead Institutional Bank in Australia and indeed a leader in Asia Pacific and have a strong Australian Retail and Commercial franchise. The Restructure aims to assist us to better deliver ANZ's strategy to strengthen and grow our core business further.

An important part of our strategy is to improve the financial wellbeing and sustainability of customers by providing connected, relevant and efficient services, tools and insights. We are already driving further capability in digital banking and are excited about the customer service propositions currently being developed under the ANZ Plus brand.

Your Board and Executive team remain highly focussed on continuing to develop our core business and to drive value for you, our shareholders.

The Restructure is very much about adding to that strength and if it goes ahead:

- ANZ's existing banking businesses and operations will remain the same.
- ANZ's focus will remain banking and financial products.
- The people responsible for the overall governance and management of the ANZ Group, including Shayne Elliott as CEO, will remain substantially the same.
- The ANZ strategy will remain the same (and execution of that strategy will be assisted by the Restructure).
- The ANZ Group's strong financial position will not be affected by the Restructure.
- Dividend returns to shareholders will not be affected.

Why ANZ proposes to undertake the Restructure

The financial services industry in Australia is changing rapidly:

- Traditional banking businesses like ANZ are facing significant disruption, principally from non-banking businesses that are launching competing financial service products. These businesses are not regulated in the same way as banks like ANZ.
- Bank customers are demanding better and more tailored banking products and services, including through interconnected services and products, digital solutions and providers.

To take advantage of this changing environment, ANZ aims to grow with its customers and meet their changing expectations.

The ANZ Board considers that the Restructure can help ANZ:

- through growth and expansion, acquisitions or partnerships with third parties, develop a holistic 'digital banking ecosystem' including adjacent, non-banking services, platforms and partnerships that complement ANZ's core banking business;
- better meet customers' needs in the digital age;
- compete in banking-adjacent areas on a level playing field with other non-banking businesses, to allow ANZ to provide better products and services to its customers;
- be an employer of choice in both banking and non-banking areas; and
- remain a great bank that strives to improve the financial wellbeing of its customers.

This is in line with ANZ's existing strategy.

About the proposed Restructure

This Explanatory Memorandum provides the information you need to help you decide on how to vote in relation to our proposed Restructure.

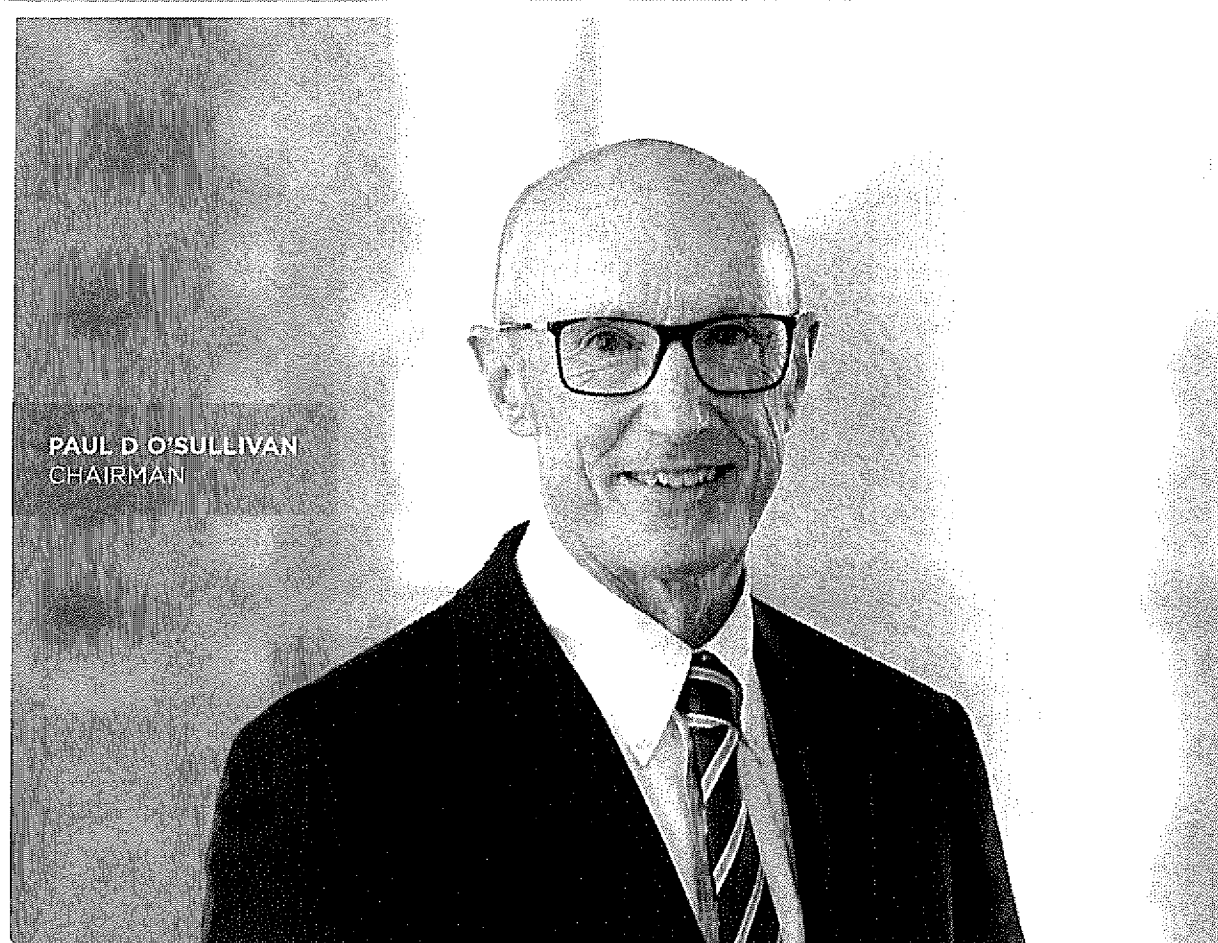
If the Restructure goes ahead, then ANZ will:

- establish a non-operating holding company, ANZ Group Holdings Limited (**ANZ NOHC**), as the new listed parent company of the ANZ Group; and
- separate ANZ's banking and certain non-banking businesses into the ANZ Bank Group and ANZ Non-Bank Group.

For the proposed Restructure to go ahead, ANZ shareholders need to approve the scheme of arrangement (**Scheme**), which is one of the steps required to implement the proposed Restructure. ANZ shareholders are to vote on the Scheme at the Scheme Meeting on 15 December 2022.

The proposed Restructure is important to ANZ's future.

Each of your Directors recommend that you **vote "Yes" in favour** of the Scheme. Your vote is important. I encourage you to vote.



PAUL D O'SULLIVAN
CHAIRMAN

Direct implications for ANZ shareholders and ANZ dividends

If the Restructure goes ahead, there will be no change to the number of shares you hold in ANZ. You will receive the same number of shares in ANZ NOHC as your existing ANZ shares (unless you are an ineligible foreign shareholder).¹ The total number of shares in ANZ will not increase as part of the Scheme or Restructure.

ANZ NOHC shares will trade on the ASX and NZX with the familiar 'ANZ'. They will have the same dividend rights and the same voting rights as your current ANZ shares.

The Restructure itself is not expected to:

- impact the ANZ Group's ability to pay dividends;
- affect the ANZ dividend payout ratio (being the percentage of earnings paid to shareholders as a dividend); or
- affect the amount of franking credits available in respect of any dividend paid (nor is it expected to affect ANZ NOHC's ability to pass franking credits to shareholders).

Benefits of the proposed Restructure

A NOHC or similar holding company structure is used by many leading financial institutions and financial conglomerates, including those with regulated banking operations (for example, Macquarie Group and Suncorp Group in Australia and Bank of America, J.P. Morgan, HSBC and Barclays internationally).

After the Restructure, ANZ's banking activities (including Suncorp Bank, if that transaction goes ahead) will continue to be subject to the same prudential regulation as they are subject to now. However, the activities of certain non-banking businesses will not be subject to the full suite of APRA prudential and reporting standards for banking activities. This will help enable a fit for purpose application of regulations, policies and procedures to these non-banking businesses.

¹ You are an Ineligible Foreign Shareholder if your address is shown in the ANZ Share Register as at the Scheme Record Date as being outside Australia (and its external territories), New Zealand, or an Eligible Foreign Jurisdiction. See sections 4.5(c) and 7.2(g), for more details.

Key benefits of the proposed Restructure are:

- **Transparency:** The Restructure will separate ANZ's banking and certain non-banking businesses within the ANZ Group. This separation will create transparency and clarity for employees, customers, regulators and investors.
- **Flexibility:** After the Restructure, the ANZ Group will have a corporate structure that positions ANZ to have more strategic and operational flexibility. That structure can enable ANZ to be more innovative and responsive to the changes occurring in the financial services industry.
- **Stronger non-banking businesses:** The Restructure will better enable ANZ to develop its non-banking businesses to enhance the provision of banking and finance products and services to its customers. Although the ANZ Non-Bank Group will initially be modest in scale, the ANZ Board expects it to be used as a vehicle for innovation and growth in certain non-banking businesses (including banking-adjacent businesses) that ANZ may develop or acquire. This will help bring new technology and non-bank products and services to ANZ customers in line with ANZ's strategy to strengthen and grow ANZ's core banking business, and to improve the financial wellbeing of its customers.
- **Employer and partner of choice:** The Restructure can assist ANZ to attract staff and partners with skills outside traditional banking, who are more aligned with a broad financial services group.

Potential disadvantages of the proposed Restructure

The most significant disadvantages of the Restructure are:

- One off transaction costs of approximately \$35 million (before tax).
- Additional ongoing incremental costs of less than approximately \$5 million (before tax) per annum.
- One or more of the potential risks associated with the Restructure occurring (these risks are described in section 5.3).

ANZ considers that these disadvantages are not expected (or likely) to have a material impact on the ANZ Group.

The benefits, disadvantages and risks of the proposed Restructure are described in more detail in section 5.

The Independent Expert has concluded that the Restructure (including the Scheme) is in the best interests of ANZ shareholders.

ANZ Directors recommend you vote "Yes" in favour of the Scheme to implement the proposed Restructure

Your Directors believe that the proposed Restructure (including the Scheme) is in the best interests of ANZ shareholders. The Restructure can go ahead only if the Scheme is approved by ANZ shareholders.

Each Director recommends that you **vote "Yes" in favour** of the Scheme.

Each ANZ Director intends to vote all the ANZ shares they own or control in favour of the Scheme.

What should you do?

Your vote is important because the Restructure can go ahead only if the Scheme is approved by ANZ shareholders at the Scheme Meeting.

The Scheme Meeting will be held on 15 December 2022 immediately after ANZ's 2022 Annual General Meeting but not before 12.30pm. You may participate in the Scheme Meeting by attending in person or online at meetnow.global/ANZ2022.

How can you vote?

There are five ways ANZ shareholders can vote: in person, online, by proxy, by attorney or by corporate representative. See section 1 of this Explanatory Memorandum for more information on how you can vote, including voting online.

If you are voting by proxy, your completed proxy form must be received by 4.00pm on 13 December 2022.

There are two separate ANZ shareholder meetings on 15 December 2022 – the Scheme Meeting and the Annual General Meeting. If you intend to vote by proxy, please return a proxy form for each meeting.

Further information

You should carefully read this Explanatory Memorandum in full before you make any decision in relation to the Scheme.

If you have any questions, please contact the ANZ Shareholder Information Line on 1800 11 33 99 (within Australia) or +61 3 9415 4010 (outside Australia). This line is open between 8.30am and 5.00pm, Monday to Friday (excluding public holidays).

If you are in any doubt as to what you should do, you should contact your financial, taxation, legal or other professional adviser.

On behalf of the ANZ Board, thank you for your continued support of ANZ.

Yours faithfully



Paul D O'Sullivan
Chairman

Australia and New Zealand Banking Group Limited

SECTION

WHAT DO YOU
NEED TO DO?

1.1 STEP 1: READ THIS EXPLANATORY MEMORANDUM

You should carefully read this Explanatory Memorandum in full before deciding whether to vote in favour of the Scheme.

If you have any questions, please contact the ANZ Shareholder Information Line on 1800 11 33 99 (within Australia) or +61 3 9415 4010 (outside Australia). This line is open between 8.30am and 5.00pm, Monday to Friday (excluding public holidays).

If you are in any doubt as to what you should do, you should contact your financial, taxation, legal or other professional adviser.

1.2 STEP 2: VOTE ON THE SCHEME

(a) Your vote is important

Your vote is important because the Restructure can only go ahead if the Scheme is approved by ANZ shareholders at the Scheme Meeting.

(b) Are you entitled to vote?

If you are a registered ANZ Shareholder on the ANZ Share Register at 7.00pm on 13 December 2022, you will be entitled to vote on the Scheme.

If you hold ANZ Regulatory Capital Securities (including ANZ Capital Notes) only, you will not be entitled to vote. If you hold ANZ ADSs only, you will not be solicited for voting instructions.

You can read more about entitlements to vote in the Notice of Scheme Meeting in Annexure 5.

(c) How may you vote?

You may vote:

- **in person**, by attending the Scheme Meeting held at The Adelaide Convention Centre, North Terrace, Adelaide on 15 December 2022 immediately after the Annual General Meeting but not before 12.30pm;
- **online**, by participating and voting online at meetnow.global/ANZ2022;
- **by proxy**, by completing a proxy form online at investorvote.com.au or by completing, signing and lodging a paper proxy form for the Scheme Meeting in accordance with the instructions set out on the form. To be valid, your proxy form (online or paper) must be received by the ANZ Share Registry by 4.00pm on 13 December 2022;
- **by attorney**, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the ANZ Share Registry by 4.00pm on 13 December 2022; or
- **by corporate representative**, if you are a body corporate, by appointing a corporate representative to attend and vote at the Scheme Meeting on behalf of that ANZ Shareholder. The representative needs to provide a duly executed certificate of appointment (in accordance the Corporations Act) to be admitted to the Scheme Meeting.

You can read more about how to vote in the Notice of Scheme Meeting in Annexure 5 and in the Online Meeting Guide available on the ANZ website at anz.com/schememeeting.

As the Scheme Meeting is being held after ANZ's 2022 Annual General Meeting, you may register for the Scheme Meeting any time after registration for the Annual General Meeting has opened. Registration for the Annual General Meeting will open at 9.30am (Melbourne time) (being 1 hour before the start of the Annual General Meeting).

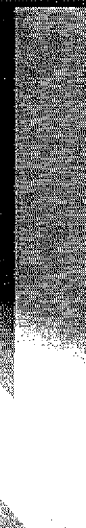
Proxyholders will need to contact the ANZ Share Registry on +61 3 9415 4024 no later than 1 hour before the Scheme Meeting to obtain a unique email invitation link to participate online.

1.3 SCHEME MEETING RESULTS

ANZ expects the results of the Scheme Meeting to be available shortly after the Scheme Meeting ends. ANZ will announce the results to the ASX (asx.com.au) and NZX (nzx.com) once they are available.

SECTION

KEY DATES IN THE PROPOSED RESTRUCTURE



EVENT	TIME AND DATE, MELBOURNE TIME
First Court Hearing The date the Court ordered the convening of the Scheme Meeting	26 October 2022
Proxy deadline Deadline by which proxy forms or powers of attorney must arrive at the ANZ Share Registry for them to be counted	4.00pm, 13 December 2022
Voting eligibility Time and date at which someone must own ANZ Shares to be able to vote at the Scheme Meeting	7.00pm, 13 December 2022
Annual General Meeting	10.30am (Melbourne time) / 10.00am (Adelaide time), 15 December 2022
Scheme Meeting For more information about the Scheme Meeting, see the Notice of Scheme Meeting in Annexure 5	12.30pm (Melbourne time) / 12.00pm (Adelaide time), 15 December 2022 However, if the Annual General Meeting continues after 12.30pm (Melbourne time) / 12.00pm (Adelaide time), then the Scheme Meeting will start as soon as the Annual General Meeting ends or has been adjourned
If ANZ Shareholders approve the Scheme at the Scheme Meeting, then the following process takes place	
Second Court Hearing Court hearing for ANZ to seek approval of the Scheme	22 December 2022
Effective Date – that is, the date on which the Scheme becomes Effective ANZ to lodge the Court order approving the Scheme with ASIC. ANZ to announce that lodging to the ASX and NZX ANZ Shares will be suspended from trading on the ASX and NZX from close of trading ANZ Regulatory Capital Securities quoted for trading on the ASX will be suspended from trading on the ASX under their existing codes from close of trading	23 December 2022
ANZ NOHC listing ASX listing of ANZ NOHC. First day of trading in ANZ NOHC Shares on the ASX (on a deferred settlement basis) NZX foreign exempt listing of ANZ NOHC. First day of trading in ANZ NOHC Shares on NZX (on a deferred settlement basis) First day of trading in ANZ Regulatory Capital Securities quoted for trading on the ASX under their new ASX codes (on a deferred settlement basis)	28 December 2022

Scheme Record Date	7.00pm, 29 December 2022
The date for determining eligibility to receive ANZ NOHC Shares (or, in the case of Ineligible Foreign Shareholders, ² the cash proceeds of the sale of the ANZ NOHC Shares)	
Implementation Date	6 January 2023
ANZ NOHC Shares are transferred to Eligible Shareholders	
Commencement of normal trading	9 January 2023
Holding statements for ANZ NOHC Shares sent to Eligible Shareholders	
Commencement of normal trading of ANZ NOHC Shares on the ASX (ASX: ANZ) and NZX (NZX: ANZ)	
Commencement of normal trading of ANZ Regulatory Capital Securities quoted for trading on the ASX under their new ASX codes	
The Business Restructure is undertaken	
Completion of sales of ANZ NOHC Shares by the Safe Agent and payment of the cash proceeds of the sale of the ANZ NOHC Shares to be made to Ineligible Foreign Shareholders	By no later than 1 month from the Implementation Date

Dates and times depend on approval. Certain times and dates in this Explanatory Memorandum depend on ANZ Shareholders and the Court approving the Scheme.

Dates and times may change. Other than the First Court Hearing, the times and dates in this Explanatory Memorandum are indicative only. So ANZ may change any or all of the times and dates. If ANZ does so, it will announce the changes to the ASX and NZX. In particular, the times and dates in this Explanatory Memorandum may change (including the date of the Second Court Hearing) if the Condition Precedent relating to obtaining the Regulatory Approvals (see section 7.4 for more information) has not been satisfied or waived.

Melbourne time. The times and dates in this Explanatory Memorandum refer to the time and date in Melbourne, Australia, unless otherwise stated.

² An Ineligible Foreign Shareholder is an ANZ Shareholder whose address is shown in the ANZ Share Register as at the Scheme Record Date as being outside Australia (and its external territories), New Zealand or an Eligible Foreign Jurisdiction. See sections 4.5(c) and 7.2(g) for more details.

SECTION

5

FREQUENTLY
ASKED QUESTIONS

You should read these frequently asked questions and answers with the rest of this Explanatory Memorandum. These questions and answers are not intended to address all relevant issues for ANZ Shareholders.

QUESTION	ANSWER	MORE INFORMATION
Your ANZ Shares and your dividends		
What will happen to your ANZ shares?	<p>If the Restructure goes ahead, there will be no change to the number of shares you hold in ANZ.</p> <p>You will receive the same number of ANZ NOHC Shares as your existing ANZ Shares (unless you are an Ineligible Foreign Shareholder).</p> <p>After the Scheme, ANZ NOHC Shares will trade on the ASX and NZX with the familiar 'ANZ' code. They will have the same voting rights as your current ANZ Shares.</p>	Letter from the Chairman of the ANZ Board and sections 4.5(b) and 4.5(c)
Will the number of ANZ Shares on issue increase?	The total number of shares in ANZ will not increase as part of the proposed Restructure.	Letter from the Chairman of the ANZ Board
Will ANZ's dividend payout ratio change as a result of the Restructure?	<p>If the Restructure goes ahead, you will have the same dividend rights as you do with your current ANZ Shares.</p> <p>The Restructure itself is not expected to:</p> <ul style="list-style-type: none"> • impact the ANZ Group's ability to pay dividends; • affect the ANZ dividend payout ratio (being the percentage of earnings paid to shareholders as a dividend); or • affect the amount of franking credits available in respect of any dividend paid (nor is it expected to affect ANZ NOHC's ability to pass franking credits to shareholders). 	Section 4.11(c)
Your vote and this Explanatory Memorandum		
Why have you received this Explanatory Memorandum?	<p>You have received this Explanatory Memorandum because you are an ANZ Shareholder.</p> <p>This Explanatory Memorandum explains and provides detailed information about ANZ's proposed Restructure. It is intended to help you decide on how to vote on the Scheme, which is one of the steps required to implement the proposed Restructure.</p>	<p>Section 4</p> <p>A copy of the Scheme is in Annexure 3</p>
What do you need to do?	<p>You should carefully read this Explanatory Memorandum in full before deciding whether to vote in favour of the Scheme.</p> <p>The proposed Restructure will be implemented by the Scheme and Business Restructure. ANZ Shareholders must approve the Scheme for the Restructure to go ahead.</p>	Letter from the Chairman of the ANZ Board and section 1
Can you vote?	<p>If you are a registered ANZ Shareholder on the ANZ Share Register at 7.00pm on 13 December 2022, you will be entitled to vote on the Scheme.</p> <p>If you hold ANZ Regulatory Capital Securities (including ANZ Capital Notes) only, you will not be entitled to vote. If you hold ANZ ADSs only, you will not be solicited for voting instructions.</p>	Letter from the Chairman of the ANZ Board and section 1

QUESTION	ANSWER	MORE INFORMATION
How may you vote?	<p>You may vote by attending the Scheme Meeting in person or online at meetnow.global/ANZ2022.</p> <p>Alternatively, you can vote by appointing:</p> <ul style="list-style-type: none"> • a proxy (including by lodging your proxy form online at investorvote.com.au); • attorney; or • corporate representative. 	Section 1 and Annexure 5 (Notice of Scheme Meeting)
What are the tax implications of the Scheme?	<p>The tax implications of the Scheme will depend on your particular circumstances.</p> <p>Section 8 provides a general description of the taxation consequences for eligible ANZ Shareholders in Australia, New Zealand, the United Kingdom and the United States.</p> <p>You should consult with your own independent tax adviser regarding the tax implications of participating in the Scheme based on your particular circumstances.</p>	Section 8
The Restructure		
What is the Restructure?	<p>The Restructure is the proposed internal reorganisation of ANZ under which:</p> <ul style="list-style-type: none"> • ANZ NOHC will become the new listed parent company of the ANZ Group in place of ANZBGL; • ANZ's banking and certain non-banking businesses will be separated into two groups, the ANZ Bank Group and ANZ Non-Bank Group; and • ANZ ServiceCo will become an internal service company. <p>If the proposed Restructure goes ahead, the ANZ Group will have a similar holding company structure to many leading financial institutions and financial conglomerates (for example, Macquarie Group and Suncorp Group in Australia and Bank of America, J.P. Morgan, HSBC and Barclays internationally).</p>	Section 4.4
What is a NOHC?	<p>A non-operating holding company (a "NOHC") is a company that owns or controls other companies but does not carry on an operating business itself.</p> <p>A NOHC or similar holding company structure is used by many leading financial institutions and financial conglomerates globally, including those with regulated banking operations (for example, Macquarie Group and Suncorp Group in Australia and Bank of America, J.P. Morgan, HSBC and Barclays internationally).</p>	N/A
What is ANZ NOHC?	<p>If the Scheme is approved and implemented, ANZ NOHC will become the new listed parent company of the ANZ Group in place of the current company, ANZBGL.</p> <p>After the Restructure, ANZ NOHC will be a NOHC and will own all ANZ Group businesses and assets.</p> <p>ANZ NOHC will be an authorised NOHC under the Banking Act.</p>	Section 4.6(a)(1)

QUESTION	ANSWER	MORE INFORMATION
Which of ANZ's businesses will be in the ANZ Bank Group?	<p>The ANZ Bank Group will hold all of ANZ's:</p> <ul style="list-style-type: none"> • banking businesses (including ANZBGL and ANZ NZ); • international regulated bank operations; and • insurance businesses (including ANZ Lenders Mortgage Insurance and ANZ Cover). <p>If the Suncorp Transaction and Restructure both go ahead, Suncorp Bank will be held in the ANZ Bank Group.</p>	Section 4.6(a)(2)
Which of ANZ's non-banking businesses will be in the ANZ Non-Bank Group?	<p>The ANZ Non-Bank Group will hold certain non-banking businesses, including ANZ's:</p> <ul style="list-style-type: none"> • beneficial interests in the 1835I trusts; • non-controlling interest in the Worldline merchant acquiring joint venture; and • equity interests in Lygon, TIN and Pollination. <p>The ANZ Non-Bank Group will initially be modest in scale (relative to the ANZ Bank Group). The ANZ Board expects it to be used as a vehicle for innovation and growth in certain non-banking businesses (including banking-adjacent businesses) that ANZ may develop or acquire. This will help bring new technology and non-bank services to ANZ customers.</p> <p>It is currently expected that there will be no material changes to the way ANZ operates its non-banking businesses after the Restructure. However, ANZ may, in the future, change how it operates certain non-banking businesses that are held in the ANZ Non-Bank Group.</p> <p>Immediately following the Restructure, neither ANZ NOHC nor ANZ Non-Bank HoldCo will hold an AFSL or ACL. ANZ NOHC may seek to obtain an AFSL following implementation of the Restructure.</p>	Section 4.6(a)(3)
What is ANZ ServiceCo?	<p>ANZ ServiceCo has been established to become an internal service company to hold certain property interests and, in the future, to potentially provide certain central shared service functions across the ANZ Group.</p>	Section 4.6(a)(4)
Will ANZ's banking businesses change as a result of the Restructure?	<p>The Restructure will not result in any change to ANZ's existing banking businesses or operations. ANZ's focus will remain banking and financial products.</p> <p>After the Restructure, ANZ will continue to provide banking services in the ordinary course, including retail, commercial and institutional services to Australia, New Zealand, Asia, Europe and the US.</p>	Section 4.6(a)(2)
What is the Suncorp Transaction?	<p>The Suncorp Transaction is ANZ's proposed acquisition of Suncorp Bank. This transaction remains subject to a number of conditions.</p> <p>The Suncorp Transaction does not relate to the Restructure. Accordingly, this Explanatory Memorandum, including the pro-forma financial information included in section 6, does not contemplate or include the Suncorp Transaction.</p>	Section 4.3

QUESTION	ANSWER	MORE INFORMATION
The ANZ Directors' recommendation and the Independent Expert		
What do the ANZ Directors recommend?	<p>The ANZ Directors consider that the Restructure is in the best interests of ANZ Shareholders. Each ANZ Director recommends that you vote "Yes" in favour of the Scheme.</p> <p>The reasons for this recommendation are summarised in the question below titled "What are the potential benefits of the Restructure?".</p> <p>If you are in any doubt as to what you should do, you should contact your financial, taxation, legal or other professional adviser.</p>	Letter from the Chairman of the ANZ Board and section 5
How will the ANZ Directors vote?	Each ANZ Director who holds ANZ Shares intends to vote in favour of the Scheme at the Scheme Meeting.	Letter from the Chairman of the ANZ Board
What is the Independent Expert's opinion?	The Independent Expert has concluded that the Restructure (including the Scheme) is in the best interests of ANZ Shareholders.	A copy of the Independent Expert is in Annexure 1
Rationale, benefits, disadvantages and risks of the Restructure		
What is the rationale of the Restructure?	<p>The financial services industry is changing rapidly.</p> <ul style="list-style-type: none"> Traditional banking businesses like ANZ are facing significant disruption, principally from non-banking businesses that are launching competing financial service products. These businesses are not regulated in the same way as banks like ANZ. Bank customers are demanding better and more tailored banking products and services, including through interconnected services and products, digital solutions and providers. <p>To take advantage of this changing environment, ANZ aims to grow with its customers and meet their changing expectations.</p> <p>The ANZ Board considers that the Restructure can help ANZ:</p> <ul style="list-style-type: none"> through growth and expansion, acquisitions or partnerships with third parties, develop a holistic 'digital banking ecosystem' including adjacent, non-banking services, platforms and partnerships that complement ANZ's core banking business; better meet customers' needs in the digital age; compete in banking adjacent areas on a level playing field with other non-banking businesses, to allow ANZ to provide better products and services to its customers; be an employer of choice in both banking and non-banking areas; and remain a great bank that strives to improve the financial wellbeing of its customers. <p>This is in line with ANZ's existing strategy.</p>	Letter from the Chairman of the ANZ Board and section 5.1

QUESTION	ANSWER	MORE INFORMATION
What are the potential benefits of the Restructure?	<p>After the Restructure, ANZ's banking activities (including Suncorp Bank, if the Suncorp Transaction goes ahead) will continue to be subject to the same prudential regulation as they are subject to now. However, the activities of certain non-banking businesses will not be subject to the full suite of APRA prudential and reporting standards for banking activities. This will help enable a fit for purpose application of regulations, policies and procedures to these non-banking businesses.</p> <p>The benefits of the Restructure are set out in section 5.1. In summary, the key benefits are:</p> <ul style="list-style-type: none"> • Transparency: The Restructure will separate ANZ's banking and certain non-banking businesses within the ANZ Group. This separation will create transparency and clarity for employees, customers, regulators and investors. • Flexibility: After the Restructure, the ANZ Group will have a corporate structure that positions ANZ to have more strategic and operational flexibility. That structure can enable ANZ to be more innovative and responsive to the changes occurring in the financial services industry. • Stronger non-banking businesses: The Restructure will better enable ANZ to develop its non-banking businesses. Although the ANZ Non-Bank Group will initially be modest in scale (relative to the ANZ Bank Group), the ANZ Board expects it to be used as a vehicle for innovation and growth in certain non-banking businesses (including banking-adjacent businesses) that ANZ may develop or acquire. This will help bring new technology and non-bank products and services to ANZ customers in line with ANZ's strategy to strengthen and grow ANZ's core banking business, and to improve the financial wellbeing of its customers. • Employer and partner of choice: The Restructure can assist ANZ to attract staff and partners with skills outside traditional banking, who are more aligned with a broad financial services group. 	Letter from the Chairman of the ANZ Board and section 5.1
What are the potential disadvantages of the Restructure?	<p>The most significant disadvantages of the Restructure are:</p> <ul style="list-style-type: none"> • one off transaction costs of approximately \$35 million (before tax) (of which approximately \$25 million (before tax) is expected to be incurred by ANZ if the Restructure does not proceed); • additional ongoing incremental costs associated with corporate and operating costs of less than approximately \$5 million (before tax) per annum; and • one or more of the risks identified in section 5.3. <p>ANZ considers that these disadvantages are not expected (or likely) to have a material impact on the ANZ Group.</p>	Letter from the Chairman of the ANZ Board and section 5.2

QUESTION	ANSWER	MORE INFORMATION
What are the potential risks of the Restructure?	<p>The following potential risks have been identified:</p> <ul style="list-style-type: none"> • possible negative consequences as a result of unforeseen changes in APRA's final regulatory framework for NOHCs of an ADI; • the operating model of ANZ not functioning as expected as a result of any unforeseen changes to business, market and/or regulatory factors; • adverse impacts on ANZ as a result of unexpected developments to timing of implementation and/or the form and scope of the Restructure; and • unexpected liabilities caused by any delays in non-material regulatory approvals or by regulatory relief not being granted. <p>The ANZ Board believes that the overall risk profile of the ANZ Group will not be adversely affected by the Restructure. This is due to a number of reasons, including the following:</p> <ul style="list-style-type: none"> • ANZ's existing banking businesses and operations will remain the same; • ANZ's focus will remain banking and financial products; • the people responsible for the overall governance and management of the ANZ Group will remain substantially the same; • the ANZ strategy will remain the same (and execution of that strategy will be assisted by the Restructure); • the ANZ Group's consolidated financial position will not be affected by the Restructure itself; and • ANZ's dividend payout ratio (being the percentage of earnings paid to shareholders as a dividend) will not be affected. 	Letter from the Chairman of the ANZ Board and section 5.3
What alternatives did the ANZ Board consider?	<p>Before proposing the Restructure, the ANZ Board considered a number of alternatives it believes are available to ANZ to ensure that it can continue to pursue its strategy while meeting its obligations to APRA and other regulators. These alternatives include a dual listed company structure, stapled security structure and minority investment structure.</p> <p>The ANZ Board has decided to not pursue these alternatives because, after due consideration, the ANZ Board believes that the Restructure will provide the optimal structure for ANZ.</p> <p>These alternatives are described in more detail in section 5.4.</p>	Section 5.4

QUESTION	ANSWER	MORE INFORMATION
Implementing the Restructure and treatment of ANZ Shareholders		
How will the Restructure be implemented?	<p>The Restructure will be implemented by the Scheme and Business Restructure.</p> <p>The Scheme will involve ANZ NOHC:</p> <ul style="list-style-type: none"> • acquiring all of the ANZ Shares; • issuing ANZ NOHC Shares to ANZ Shareholders (other than Ineligible Foreign Shareholders) and the Sale Agent on a one for one basis; and • remitting the cash proceeds of the sale of the relevant ANZ NOHC Shares to Ineligible Foreign Shareholders. <p>The Business Restructure will be implemented immediately after the Scheme. It involves:</p> <ul style="list-style-type: none"> • ANZ's banking and certain non-banking businesses and assets being separated into the ANZ Bank Group and ANZ Non-Bank Group; and • certain property interests being transferred to ANZ ServiceCo. <p>The Restructure can only be implemented if the Scheme is approved by ANZ Shareholders.</p>	Sections 4.4 and 7
What will Eligible Shareholders receive for their ANZ Shares?	<p>If you are an Eligible Shareholder, then you will receive one ANZ NOHC Share for each ANZ Share that you hold as at the Scheme Record Date (currently expected to be 7.00pm on 29 December 2022).</p> <p>Eligible Shareholders are ANZ Shareholders whose addresses are shown in the ANZ Share Register as at the Scheme Record Date as being in Australia (and its external territories), New Zealand or an Eligible Foreign Jurisdiction.</p> <p>Following implementation of the Scheme, ANZ NOHC Shares will trade under the ASX and NZX code "ANZ".</p>	Sections 4.5(b) and 4.5(c)
What will Ineligible Foreign Shareholders receive for their ANZ Shares?	<p>Ineligible Foreign Shareholders are ANZ Shareholders whose addresses are shown in the ANZ Share Register as at the Scheme Record Date as being outside Australia (and its external territories), New Zealand or an Eligible Foreign Jurisdiction.</p> <p>If you are an Ineligible Foreign Shareholder, your ANZ Shares will be automatically transferred to the Sale Agent (as nominee for the Ineligible Foreign Shareholder) on the Implementation Date without any action by you.</p> <p>Ineligible Foreign Shareholders are not permitted to participate in the Scheme and will not be issued ANZ NOHC Shares. Instead of receiving ANZ NOHC Shares, Ineligible Foreign Shareholders will receive the cash proceeds of the sale of the ANZ NOHC Shares.</p> <p>If any Ineligible Foreign Shareholder wishes to be an ANZ Shareholder after the Restructure, they may purchase ANZ NOHC Shares (subject to any legal requirements or restrictions) in the usual way.</p>	Sections 4.5(c) and 7.2(g)
How will ANZ Senior Notes and ANZ RMBS be affected?	<p>ANZ Senior Notes and ANZ RMBS will not be affected by the Restructure. Following implementation of the Scheme, the ANZ Senior Notes and ANZ RMBS will remain on issue on the same terms and, where applicable, will remain listed on the same exchanges as at present.</p>	Section 4.5(d)

QUESTION	ANSWER	MORE INFORMATION
How will ANZ Regulatory Capital Securities be affected?	<p>Following implementation of the Scheme, ANZ Regulatory Capital Securities (including ANZ Capital Notes) will remain on issue and (where applicable) quoted for trading on the ASX by ANZBGL under their new ASX codes until they are repaid, converted or written off in accordance with their terms.</p> <p>Section 7.2(d) identifies the current and new ASX codes of ANZ Regulatory Capital Securities that are quoted for trading on the ASX.</p> <p>Following implementation of the Scheme, ANZBGL will remain listed on the ASX as a debt listing with the ASX code "AN3" (and ANZ Shares will no longer be quoted for trading on the ASX).</p>	Sections 4.5(e) and 7.2(d)
How will ANZ NZ security holders be affected?	ANZ NZ security holders will not be affected by the Restructure. Following implementation of the Scheme, ANZ NZ securities will remain on issue on the same terms.	Section 4.5(f)
What is required for the Scheme to be implemented?	<p>The Scheme will be implemented if:</p> <ul style="list-style-type: none"> the Scheme is approved by ANZ Shareholders at the Scheme Meeting on 15 December 2022; the Court approves the Scheme at the Second Court Hearing; and all of the outstanding Conditions Precedent to the Scheme are satisfied or waived (as applicable). 	Sections 7.2(b)(1) and 7.2(a)
What is the ANZ Shareholder approval threshold for the Scheme?	<p>The Scheme can only be implemented if ANZ Shareholders approve it by the following thresholds:</p> <ul style="list-style-type: none"> unless the Court orders otherwise, a majority in number (more than 50%) of ANZ Shareholders who vote on the Scheme Resolution; and at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting. <p>Even if the Scheme is approved by ANZ Shareholders at the Scheme Meeting, the Scheme is still subject to the approval of the Court at the Second Court Hearing.</p>	Section 7.2(b)(1)
What regulatory approvals are required to implement the Restructure?	<p>As at the date of this Explanatory Memorandum, all Regulatory Approvals (including those from APRA, the Treasurer and RBNZ in New Zealand) required for ANZ to implement the Restructure have been obtained, other than the approval from the US Federal Reserve.</p> <p>If the approval from the US Federal Reserve has not been obtained prior to the currently scheduled date for the Second Court Hearing, ANZ may:</p> <ul style="list-style-type: none"> postpone or adjourn the Second Court Hearing; or proceed with the Second Court Hearing (currently expected to be held on 22 December 2022) on the basis that the Scheme will not be implemented until the approval from the US Federal Reserve is obtained. <p>ANZ will announce to the ASX and NZX any updates to the status of the approval from the US Federal Reserve. ANZ will also provide an update of this status at or before the Scheme Meeting held on 15 December 2022.</p> <p>More information about the Regulatory Approvals is in section 7.4.</p>	Section 7.4

QUESTION	ANSWER	MORE INFORMATION
What happens to the elections that ANZ Shareholders have given about their shareholdings?	<p>All instructions, notifications and elections relating to your shareholding (for example, about dividend payment elections, participation in the ANZ DRP and/or BOP and about how you receive notices and communications) will automatically be transferred to ANZ NOHC unless prohibited by law or revoked by you.</p> <p>This transfer also includes TFNs, ABNs or any relevant exemption from providing a TFN which was provided by ANZ Shareholders to ANZ. If you do not want this to occur, then before the Effective Date, please :</p> <ul style="list-style-type: none"> • call the ANZ Shareholder Information Line on 1800 11 33 99 (within Australia) or +61 3 9415 4010 (outside Australia); or • write to the ANZ Share Registry. 	Sections 9.3 and 8.2(f)(1)
What happens if the Restructure does not proceed?	<p>If the Restructure does not proceed, ANZ has the appropriate strategy, governance framework and policies in place to effectively manage the ANZ Group. However, the ANZ Board believes that if the Restructure does not proceed, the structure of the ANZ Group will be less optimal for the effective execution of ANZ's strategy.</p> <p>If the Restructure does not proceed, approximately \$25 million (before tax) one off transaction costs is expected to be incurred by ANZ.</p> <p>More implications are described in section 5.5.</p>	Section 5.5

SECTION

4

OVERVIEW OF THE
RESTRUCTURE AND EFFECT
ON THE ANZ GROUP

4.1 OVERVIEW OF ANZ AND THE ANZ GROUP

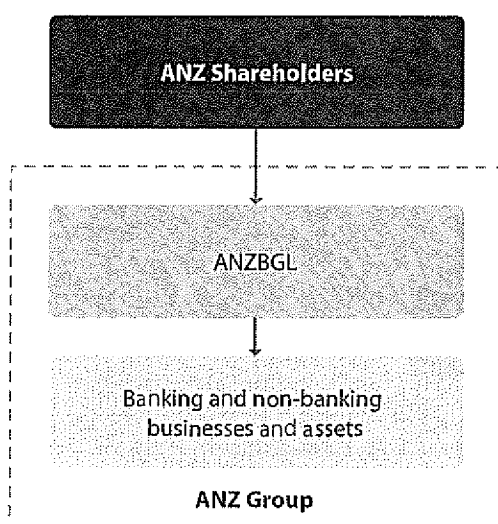
ANZ comprises banking and non-banking businesses and assets, and provides banking and financial products and services, including:

- retail and commercial and private bank services to customers in Australia;
- institutional services in Australia, New Zealand, Asia, Europe and the US;
- personal and business services in New Zealand; and
- products and services to retail and commercial customers in the Pacific Islands.

Currently, ANZBGL is the listed parent company of the ANZ Group. ANZBGL is an ADI and is regulated by various prudential regulators, including APRA in Australia, RBNZ in New Zealand and various international regulators.

All banking and non-banking businesses and assets in the ANZ Group are owned by ANZBGL. The current composition of the ANZ Group is shown in the diagram below.³

Refer to the ANZ website for more details (anz.com.au).



4.2 ANZ PURPOSE AND STRATEGY

The ANZ purpose is to shape a world where people and communities thrive. It drives everything ANZ does, infuses ANZ strategy and is fundamental to ANZ shareholder returns.

The ANZ purpose is brought to life through the ANZ strategy: to improve the financial wellbeing and sustainability of customers by providing connected, relevant and efficient services, tools and insights, directly and in partnership with others.

ANZ will achieve its strategy through:

- **Propositions:** Easy to use services that improve the financial wellbeing and sustainability of customers.
- **Platforms:** More agile and more resilient banking infrastructure platforms provided to ANZ and third parties.

- **Partnerships:** Integrated, data-enabled, home owner and business owner ecosystems (that bring propositions to life).
- **People:** A diverse team, who listen, learn and adapt to deliver outcomes that address financial and sustainability challenges.

The ANZ strategy can be viewed on the ANZ website (anz.com/shareholder/centre/about/our-purpose-and-strategy/), in the ANZ 2021 Annual Report and in ANZ's announcement to the ASX on 18 July 2022 regarding the Suncorp Transaction.

4.3 DEVELOPMENTS TO THE ANZ GROUP

As announced by ANZ to the ASX on 18 July 2022, ANZ has entered into an agreement to acquire Suncorp Bank from Suncorp Group Limited (Suncorp Transaction). The Suncorp Transaction remains subject to a minimum completion period of at least 12 months from the date the Suncorp Transaction was announced and a number of conditions precedent (including Federal Treasurer approval, Australian Competition and Consumer Commission authorisation or approval and repeal of / certain amendments to the *State Financial Institutions and Merger Act 1996* (Qld)). Accordingly, this Explanatory Memorandum, including the pro-forma financial information included in section 6, does not contemplate or include the Suncorp Transaction on the basis that this transaction is unrelated to the Restructure and remains conditional.

4.4 OVERVIEW OF THE RESTRUCTURE

The proposed Restructure will be implemented by the Scheme and Business Restructure. The proposed composition of the ANZ Group after the Restructure is shown in the diagram below.⁴

(a) Scheme to establish ANZ NOHC as the new listed parent company of the ANZ Group

If the Scheme is approved and implemented, ANZ NOHC will become the new listed parent company of the ANZ Group.

Under the Scheme, it is proposed that ANZ NOHC will acquire all of the ANZ Shares and will issue ANZ NOHC Shares to ANZ Shareholders (other than Ineligible Foreign Shareholders) on a one for one basis.

More details about the Scheme are set out in section 7.2.

(b) Business Restructure

After the Scheme, ANZ will undertake the Business Restructure. The Business Restructure will involve separating certain businesses and assets of the ANZ Group into the ANZ Bank Group and ANZ Non-Bank Group. The Business Restructure will also involve the transfer of certain property interests to ANZ ServiceCo.

More details about the Business Restructure are set out in section 7.3.

³ This diagram has been simplified and does not show all subsidiaries of the ANZ Group and interests of ANZ. Note that references to ANZ Shareholders includes holders of ANZ ADSs representing ANZ Shares. ⁴ This diagram has been simplified and does not show all subsidiaries of the ANZ Group and interests of ANZ. Note that references to ANZ NOHC Shareholders includes holders of ADSs representing ANZ NOHC Shares.

4.5 IMPLICATIONS OF THE RESTRUCTURE FOR ANZ SHAREHOLDERS AND OTHER STAKEHOLDERS

(a) ANZ Shareholders

The way in which an individual ANZ Shareholder participates in the Scheme will depend on whether that shareholder is an:

- Eligible Shareholder; or
- Ineligible Foreign Shareholder.

(b) Eligible Shareholders

If the Scheme is approved and implemented, each ANZ Shareholder who is an Eligible Shareholder will receive one ANZ NOHC Share for each ANZ Share that they hold as at the Scheme Record Date (currently expected to be 7.00pm on 29 December 2022).

Eligible Shareholders are ANZ Shareholders whose addresses are shown in the ANZ Share Register as at the Scheme Record Date as being in Australia (and its external territories), New Zealand or an Eligible Foreign Jurisdiction.

(c) Ineligible Foreign Shareholders

Ineligible Foreign Shareholders are ANZ Shareholders whose addresses are shown in the ANZ Share Register at the Scheme Record Date as being outside Australia (and its external territories), New Zealand or an Eligible Foreign Jurisdiction.

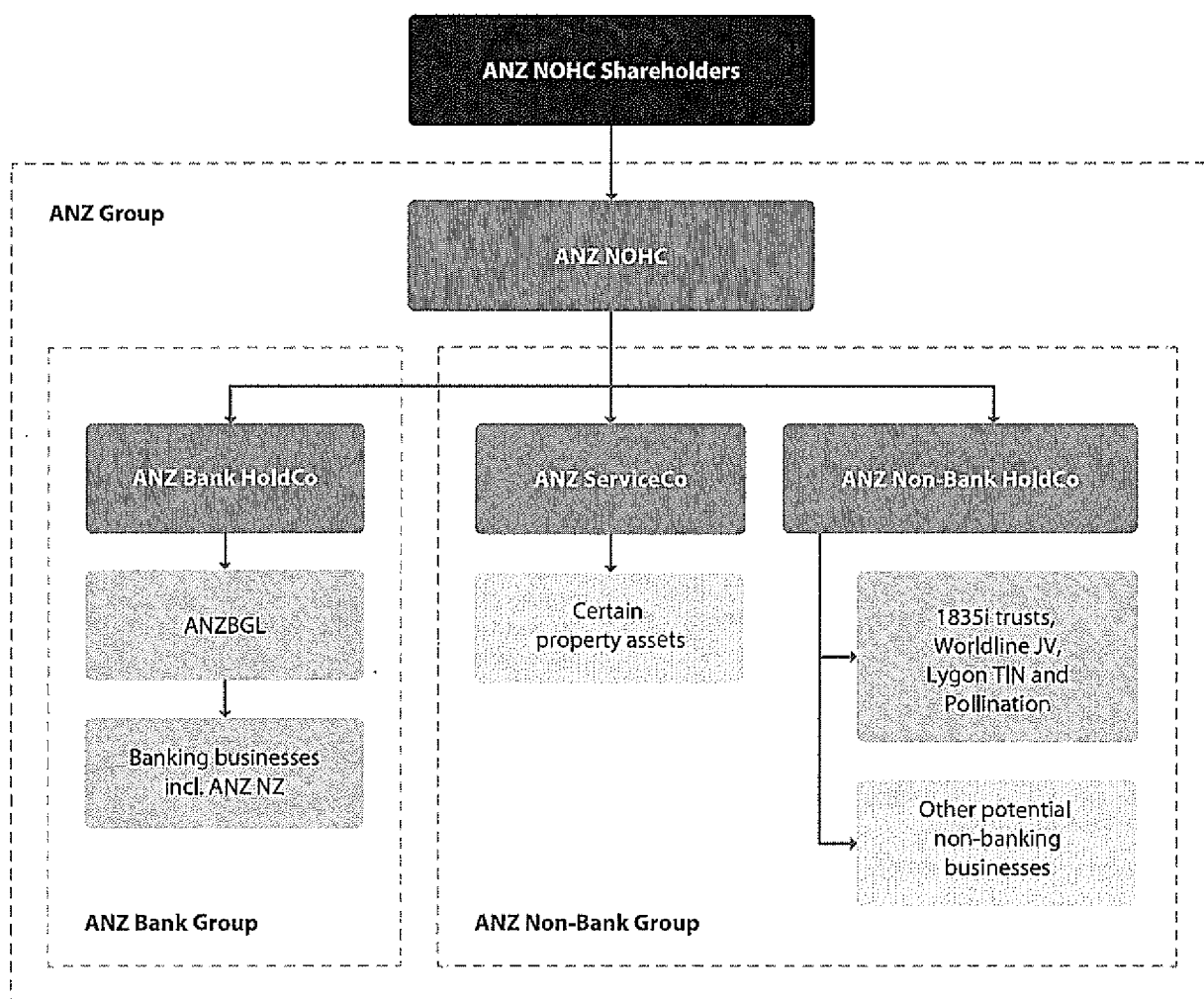
Ineligible Foreign Shareholders are not permitted to participate in the Scheme and will not be issued ANZ NOHC Shares. Instead, Ineligible Foreign Shareholders will receive the cash proceeds of the sale of the ANZ NOHC Shares.

If any Ineligible Foreign Shareholder wishes to be an ANZ Shareholder after the Restructure, they may purchase ANZ NOHC Shares (subject to any legal requirements or restrictions) in the usual way.

More details about the impact of the Scheme for Ineligible Foreign Shareholders are set out in section 7.2(g).

(d) ANZ Senior Notes and ANZ RMBS

ANZ Senior Notes and ANZ RMBS will not be affected by the Restructure. Following implementation of the Scheme, the ANZ Senior Notes and ANZ RMBS will remain on issue on the same terms and, where applicable, will remain listed on the same exchanges as at present.



(e) ANZ Regulatory Capital Securities

Following implementation of the Scheme, ANZBGL will remain listed on the ASX as a debt listing with the ASX code "AN3" (and ANZ Shares will no longer be quoted for trading on the ASX). Following implementation of the Scheme, ANZ Regulatory Capital Securities (including ANZ Capital Notes) will remain on issue by ANZBGL and (where applicable) quoted for trading on the ASX under their new ASX codes until they are repaid, converted or written off in accordance with their terms. Section 7.2(d) identifies the current and new ASX codes of ANZ Regulatory Capital Securities that are quoted for trading on the ASX.

More details about the impact of the Scheme on ANZ Regulatory Capital Securities are set out in section 7.2(d).

(f) ANZ NZ security holders

ANZ NZ security holders will not be affected by the Restructure. Following implementation of the Scheme, ANZ NZ securities will remain on issue on the same terms.

(g) ANZ ADS Holders

If the Scheme is approved and implemented, ANZ ADS Holders will receive one ADS representing one ANZ NOHC Share for each ANZ ADS that they hold as at the Effective Date.

More details about the impact of the Scheme on ANZ ADSs and the ADR program are set out in section 7.2(e).

4.6 EFFECT OF THE RESTRUCTURE ON THE ANZ GROUP

(a) Outline of the ANZ Group after the Restructure

A description of ANZ NOHC, the ANZ Bank Group and ANZ Non-Bank Group, and ANZ ServiceCo following the proposed Restructure is set out below in this section 4.6(a).

(1) ANZ NOHC

ANZ NOHC has been established to become the new listed parent company of the ANZ Group in place of ANZBGL. ANZ NOHC will be a NOHC and will own all ANZ Group businesses and assets.

ANZ NOHC will be an authorised NOHC for the purposes of the Banking Act.

(2) ANZ Bank Group and ANZBGL

ANZ Bank HoldCo has been established to become the non-operating holding company of the ANZ Bank Group. The ANZ Bank Group will hold ANZ's banking businesses (including ANZBGL and ANZ NZ), all international regulated bank operations and insurance businesses (including ANZ Lenders Mortgage Insurance and ANZ Cover). After the Restructure, ANZ will continue to provide banking services in the ordinary course, including retail, commercial and institutional services to Australia, New Zealand, Asia, Europe and the US.

If the Suncorp Transaction and Restructure both go ahead, Suncorp Bank will be held in the ANZ Bank Group.

Following implementation of the Scheme, ANZBGL will continue to be listed on the ASX as a debt listing with the ASX code "AN3".

(3) ANZ Non-Bank Group

ANZ Non-Bank HoldCo has been established to become the non-operating holding company of the ANZ Non-Bank Group. The ANZ Non-Bank Group will hold certain non-banking businesses and assets. These businesses and assets are set out in the table below.

INVESTMENT	DESCRIPTION	ANZ NON-BANK GROUP INTEREST ⁵
1835i trusts	Economic interest in start-up businesses which support or are involved in the development of technology and related services in the financial services industry. Interests of varying sizes in these businesses are held by the 1835i trusts in which ANZ has a 100% beneficial interest.	100% economic interest in 1835i trusts
Worldline merchant acquiring joint venture	Minority stake in the merchant acquiring business ANZ Wordline Payment Solutions.	49%
Pollination	Pollination provides advisory services, project investment, and asset management for corporations accelerating their transition to net-zero.	~12%
Lygon	Lygon is a private blockchain platform which allows customers to request, track and exchange bank guarantees all from the one portal.	25%
Trade Information Network (TIN)	TIN is a trade data registry, which enables the collation and exchange of original trade supply data between buyers, suppliers and financiers around the globe.	16.7%

5. Other than for 1835i trusts, the interests set out in this table are current as at the half year ended 31 March 2022.

The ANZ Non-Bank Group will initially be modest in scale (relative to the ANZ Bank Group). The ANZ Board expects it to be used as a vehicle for innovation and growth in certain non-banking businesses (including banking-adjacent businesses) that the ANZ Group may develop or acquire. This will help bring new technology and non-bank services to ANZ customers.

Having regard to the nature of the interests to be initially held by the ANZ Non-Bank Group, ANZ does not expect to make material changes to the way ANZ operates its non-banking businesses immediately following the Restructure. The future operation of non-banking businesses, including the appropriate application of ANZ Group policies, will be determined at the time of developing or acquiring non-banking businesses as part of the ANZ Non-Bank Group. ANZ will monitor the appropriateness of these operating models and policy applications having regard to the nature, size, scale or complexity of the underlying entities and businesses in the ANZ Non-Bank Group.

The ANZ NOHC Board is ultimately responsible for overseeing all activities in the ANZ Group. It is possible that senior executive reporting and accountability may be adjusted as non-banking businesses are developed or acquired. As noted in section 5.1(b), the Restructure provides ANZ with this flexibility.

Immediately following the Restructure, neither ANZ NOHC nor ANZ Non-Bank HoldCo will hold an AFSL or ACL. ANZ NOHC may seek to obtain an AFSL following implementation of the Restructure.

(4) ANZ ServiceCo

ANZ ServiceCo has been established to become an internal service company to hold certain property interests and, in the future, to potentially provide certain central shared service functions across the ANZ Group.

(5) Interaction between ANZ Group members

It is intended that intragroup services and resourcing agreements will be put in place to: set out the terms on which:

- ANZ ServiceCo can, in the future, potentially provide certain central shared service functions across the ANZ Group; and
- ANZ Group members can access certain resources (including employees and technology), materials or assistance that are retained by ANZBGL.

These agreements will be on standard commercial terms and have regard to applicable prudential standards and ANZ Group policies.

(b) ANZ strategy

ANZ's strategy to improve the financial wellbeing and sustainability of customers by providing connected, relevant and efficient services, tools and insights will remain the same. The Restructure can facilitate the execution of ANZ's strategy by providing ANZ with greater flexibility for how it runs its businesses and partners with others, whilst maintaining the appropriate protections for customers and other stakeholders.

4.7 PROPOSED ANZ GROUP GOVERNANCE FRAMEWORK AND POLICIES

(a) Proposed boards after the Restructure

(1) ANZ NOHC

It is proposed that, from the Effective Date, the ANZ NOHC Board will comprise the following individuals (subject to any elections or retirements in relation to the ANZ Board at the ANZ 2022 Annual General Meeting):

- Paul O'Sullivan (Chairman);
- Shayne Elliott (CEO);
- Ilana Atlas AO;
- Jane Halton AO PSM;
- Rt Hon Sir John Key GNZM AC;
- John Macfarlane;
- Christine O'Reilly;
- Jeff Smith; and
- Graeme Liebelt.

The ANZ NOHC Board will be responsible for the oversight and strategic direction of the ANZ Group.

(2) ANZ Bank HoldCo and ANZBGL

It is proposed that the ANZ Bank HoldCo and ANZBGL boards will comprise the following individuals (subject to any elections or retirements in relation to the ANZ Board at the ANZ 2022 Annual General Meeting) Paul O'Sullivan (Chairman), Shayne Elliott (CEO), Ilana Atlas AO, Jane Halton AO PSM, Rt Hon Sir John Key GNZM AC, Graeme Liebelt, John Macfarlane, Christine O'Reilly, Jeff Smith and one additional non-executive director who is independent of ANZ NOHC (and ANZ Non-Bank Group).

The ANZ Bank HoldCo and ANZBGL boards will be responsible for the oversight of the ANZ Group's banking businesses.

(3) ANZ Non-Bank HoldCo

It is proposed that the ANZ Non-Bank HoldCo board will comprise the following individuals (subject to any elections or retirements in relation to the ANZ Board at the ANZ 2022 Annual General Meeting) Paul O'Sullivan (Chairman), Shayne Elliott, Ilana Atlas AO, Jane Halton AO PSM, Rt Hon Sir John Key GNZM AC, Graeme Liebelt, John Macfarlane, Christine O'Reilly and Jeff Smith.

The ANZ Non-Bank HoldCo board will be responsible for the oversight of the ANZ Group's non-bank businesses and assets that are owned by ANZ Non-Bank HoldCo.

Going forward, depending on the growth in size and complexity of the ANZ Non-Bank Group, consideration will be given to the appointment of additional non-executive director(s) to the ANZ Non-Bank HoldCo Board, not currently on the ANZ NOHC Board, to provide independent thought leadership and challenge on non-banking related matters.

(4) ANZ ServiceCo

It is proposed that the ANZ ServiceCo board will comprise an independent non-executive director and appropriately qualified senior management.

The ANZ ServiceCo board will be responsible for overseeing the property interests held by ANZ ServiceCo and the potential services provided in the future by ANZ ServiceCo to other ANZ Group members.

(b) Executive Committee

After the Restructure, it is proposed that the existing ANZ Executive Committee will continue to operate on an ANZ Group wide basis. It is proposed that the Executive Committee will comprise the current members (subject to any appointments or resignations), being Shayne Elliott (CEO), Maile Carnegie, Kevin Corbally, Farhan Faruqui, Gerard Florian, Kathryn van der Merwe, Antonia Watson, Mark Whelan and Antony Strong (who is appointed to the ANZ Executive Committee effective 1 November 2022).

The ANZ Group Executive Committee headed by the ANZ Group CEO is the ANZ Group's leadership team whose role is to support the ANZ Group CEO to deliver ANZ's purpose, which is summarised in section 4.2. It does this by focusing on:

- all key stakeholders;
- ANZ's culture and capabilities; and
- prioritising efforts and allocating resources in line with ANZ's strategic objectives and pillars.

(c) ANZ NOHC constitution

The ANZ NOHC constitution will be the main document governing the rights and obligations of ANZ NOHC Shareholders. The terms of the ANZ NOHC constitution will be substantially the same as the existing ANZBGL constitution.

A summary of the material differences between the existing ANZBGL constitution and the ANZ NOHC constitution is set out in section 9.4.

(d) ANZBGL constitution

The ANZBGL constitution will remain in effect and will not be amended as part of the Restructure. The ANZBGL constitution may in the future be amended to reflect ANZBGL's status as a wholly owned subsidiary.

(e) Board committee charters and governance policies

The terms of the ANZ NOHC Group Board committee charters and governance policies will be adopted in substantially the same form and structure as the existing ANZ Group's Board committee charters and governance policies, subject to certain changes that will be made to reflect the structure of the ANZ Group after the Restructure. Following implementation of the Scheme, certain ANZ NOHC Group Board committee charters and governance policies will be available on the ANZ website (anz.com.au).

(f) Director remuneration

The Restructure itself will not change the current remuneration of ANZ Directors and the remuneration policies after the Restructure will (including for the directors of the ANZ Non-Bank Group entities) remain the same as those currently applied to the ANZ Group (although, as noted in section 9.6, certain non-material amendments will be made to the ANZ Incentive Plans to reflect the corporate structure of the ANZ Group after the Restructure).

4.8 APRA REGULATORY REQUIREMENTS

(a) APRA's regulation after the Restructure

As part of the Restructure, ANZ's prudential policy framework will be adjusted to reflect APRA's regulation of the ANZ Group after the Restructure. A summary of APRA's regulation of the ANZ Group after the Restructure is set out below.

- **ANZ NOHC:** will be a non-operating holding company that is authorised by APRA (an authorised NOHC). It will be required to comply with the conditions of its authorisation, which are summarised in section 4.8(c) and include the specific capital requirements. As an authorised NOHC, it will also be subject to regulation under the Banking Act and certain APRA prudential standards. As the head of a Level 3 group, it will be required to ensure certain APRA prudential standards are applied appropriately throughout the ANZ Group (including the ANZ Bank Group and relevant members of the ANZ Non-Bank Group).
- **ANZ Bank Group:** includes the ANZ Group's entities that conduct banking business (including ANZBGL and ANZ NZ). The ANZ Bank Group will continue to be subject to the full suite of APRA prudential and reporting standards for ADIs, including standards in relation to capital adequacy and liquidity.
- **ANZ Non-Bank Group:** will comprise the ANZ Group's entities that are not within the ANZ Bank Group. Subject to those requirements relating to APRA's authorisation (see sections 4.8(b) and 4.8(c) for more information), these entities will not be subject to ADI-specific regulation, such as bank capital adequacy and liquidity requirements currently applied to ANZBGL. As noted above, ANZ NOHC will be required to apply certain APRA prudential standards appropriately throughout the ANZ Group, including to relevant members of the ANZ Non-Bank Group being those where the ANZ NOHC has considered it appropriate to do so to protect the ANZ Group or ANZ customers or where APRA has required ANZ NOHC to do so.

Initially, ANZ's risk management framework will apply to the ANZ Group following implementation of the Scheme in substantially the same form as the current risk management framework. However, over time, ANZ's risk management framework and risk appetite statement may be adjusted as the ANZ Non-Bank Group (including ANZ ServiceCo) develops.

(b) APRA capital requirements

After the Restructure, ANZ NOHC will be required to hold adequate capital to reflect the risks of the whole ANZ Group, including both the ANZ Bank Group and ANZ Non-Bank Group.

The capital requirements of the ANZ Group will be the sum of the capital requirements of the ANZ Bank Group and the ANZ Non-Bank Group. The ANZ Bank Group's capital requirements will continue to be determined by existing APRA requirements. The capital requirements of the ANZ Non-Bank Group will be assessed using an independently validated and ANZ NOHC Board approved economic capital framework and model, which will be subject to independent assurance.

(c) APRA conditions

ANZ NOHC will be an APRA-regulated entity, with obligations under the Banking Act and APRA prudential and reporting standards. APRA's authorisation of ANZ NOHC as a non-operating holding company under the Banking Act is subject to certain conditions, including the following:

- ANZ Bank HoldCo and ANZBGL must have an independent director who is not on the board of ANZ NOHC or any ANZ Non-Bank Group entity;
- ANZ NOHC itself must not undertake any activities other than for example, providing executive leadership across the ANZ Group, holding investments in subsidiaries, raising funds to invest in or support subsidiaries or to conduct its own activities or other activities required to achieve compliance with its prudential obligations, or other activities approved by APRA;
- ANZ NOHC must obtain APRA's no-objection confirmation prior to starting material activities in ANZ Non-Bank Group;
- ANZBGL must retain ownership of, or access to, all functions critical to its operations;
- non-regulated businesses of the ANZ Group must be financially and operationally separable from ANZBGL; and
- ANZ NOHC must ensure that the ANZ Non-Bank Group does not carry on any activities that pose excessive risk to the ADI (and ensure that the ANZ Bank Group transfers to the ANZ Non-Bank Group any activities that APRA notifies in writing to constitute an undue risk to the ADI).

APRA has the ability to review and modify these conditions at any time if it considers it appropriate to do so.

A copy of the APRA conditions imposed on ANZ NOHC as an authorised non-operating holding company is in Annexure 6.

4.9 RBNZ REGULATORY REQUIREMENTS

ANZ NOHC and ANZ Bank HoldCo will not be RBNZ-regulated entities. The Restructure is not expected to result in any material change to the regulation of ANZBGL and ANZ NZ (or ANZ NZ's subsidiaries) by RBNZ.

4.10 OTHER REGULATORY IMPACTS

After the Restructure, a number of regulators will continue to maintain oversight and regulation of the ANZ Group (including both the ANZ Bank Group and ANZ Non-Bank Group). These regulators include:

- ASIC – in relation to corporations and securities matters;
- Australian Transaction Reports and Analysis Centre – in relation to anti-money laundering and counter-terrorism financing laws; and
- the Office of the Australia Information Commissioner – in relation to privacy and freedom of information law.

As discussed in section 4.8, the ANZ Non-Bank Group will not be subject to specific bank or ADI regulation. However, to the extent the activities of the ANZ Non-Bank Group involve the provision of products or services to ANZ customers, ANZ will be required to continue to comply with a range of laws and regulation (as is currently the case) including those relating to conflicts of interest and customer data protection.

4.11 FINANCIAL AND TAXATION IMPACT OF THE RESTRUCTURE ON THE ANZ GROUP

(a) Financial impact

The Restructure itself is not expected to result in any material change to the consolidated financial position of the ANZ Group.

More details on the financial impact of the Restructure on the ANZ Group are set out in section 6.

(b) Funding arrangements

The Restructure itself is not expected to result in any material change to the overall funding requirements or debt issuance capacity of the ANZ Bank Group or the ANZ Group as a whole, nor is it expected to impact ANZ Bank Group's liquidity and stable funding requirements.

After the Restructure, ANZ NOHC will have the ability to raise debt to provide funding support to the ANZ Group as needed including, potentially, to refinance (in whole or in part) the short term loan from ANZBGL to ANZ ServiceCo referred to in section 6.3. The interest costs associated with any debt raised by ANZ NOHC may exceed the interest costs associated with any debt raised by ANZBGL because the credit rating of ANZ NOHC will likely be lower than ANZBGL's credit rating (see section 4.11(e)). However, the structure of the ANZ Group after the Restructure provides ANZ greater flexibility to raise debt at different levels and/or groups (generally at the ANZ NOHC level or the ANZ Bank Group level) within the ANZ Group, however, ANZ NOHC may not raise debt finance in the short term.

(c) Dividends

If the Restructure goes ahead, ANZ NOHC Shareholders will have the same dividend rights as their current ANZ Shares.

The Restructure itself is not expected to:

- impact the ANZ Group's ability to pay dividends;
- affect the ANZ dividend payout ratio (being the percentage of earnings paid to shareholders as a dividend); or
- affect the amount of franking credits available in respect of any dividend paid (nor is it expected to affect ANZ NOHC's ability to pass franking credits to shareholders).

(d) ANZ DRP and BOP

On implementation of the Scheme, ANZ NOHC will establish its own DRP and BOP. These will be on substantially same terms as the current ANZ DRP and BOP.

If an ANZ Shareholder has an election in place to participate in the ANZ DRP and/or the BOP, that election will on the Implementation Date automatically apply to the ANZ NOHC DRP and/or BOP. If you do not wish to participate in the ANZ NOHC DRP and/or BOP, please contact the ANZ Share Registry.

Following implementation of the Scheme, a full copy of the ANZ NOHC DRP and BOP will be available on the ANZ website (anz.com.au).

Any positive residual balance held in a participant's ANZ DRP account on the Scheme Record Date will be transferred to the participant's respective ANZ NOHC DRP on implementation of the Scheme.

(e) ANZ's credit ratings

It is expected that:

- the credit rating of ANZBGL and ANZ NZ will not be impacted by the Restructure itself; and
- ANZ NOHC is likely to obtain an investment grade rating from credit rating agencies (as noted in section 4.11(b), the credit rating for ANZ NOHC is expected to be lower than the credit rating of ANZBGL).

As is the case prior to the Restructure, any applicable credit rating of any entity may be received, suspended, withdrawn or downgraded.

(f) Taxation implications on the ANZ Group

ANZBGL is currently the head company of the ANZ consolidated tax group. After the Restructure, the ANZ consolidated tax group will continue in existence with ANZ NOHC as the new head company.

The applicable stamp duties regimes Australia wide will continue to apply to the ANZ Group after the Restructure in the same way as they did before the Restructure. If corporate consolidation and reconstruction relief is obtained in relation to the Restructure such that certain amounts of stamp duty that may otherwise have become payable are not payable, conditions for relief may include that certain entities remain within the ANZ Group for up to 3 years (failing which stamp duty may become payable at the applicable future time).

The tax implications of the Scheme on ANZ Shareholders are described in section 8.

SECTION

5

RATIONALE, BENEFITS,
DISADVANTAGES
AND RISKS

5.1 RATIONALE AND POTENTIAL BENEFITS OF THE RESTRUCTURE

The financial services industry in Australia is changing rapidly. Traditional banking businesses like ANZ are facing significant disruption, principally from non-banking businesses that are launching competing financial and service products. These businesses are not regulated in the same way as banks like ANZ. In addition, bank customers are demanding better and more tailored banking products and services, including through interconnected services and products, digital solutions and providers.

To take advantage of this changing environment, ANZ aims to grow with its customers and meet their changing expectations.

The ANZ Board considers that the Restructure can help ANZ:

- through growth and expansion, acquisitions or partnerships with third parties, develop a holistic 'digital banking ecosystem' including adjacent, non-banking services, platforms and partnerships that complement ANZ's core banking business;
- better meet customers' needs in the digital age;
- compete in banking adjacent areas on a level playing field with other non-banking businesses, to allow ANZ to provide better products and services to its customers;
- be an employer of choice in both banking and non-banking areas; and
- remain a great bank that strives to improve the financial wellbeing of its customers.

This is in line with ANZ's existing strategy.

A NOHC or similar holding company structure is used by many leading financial institutions and financial conglomerates (including those with regulated banking operations) (for example, Macquarie Group and Suncorp Group in Australia and Bank of America, J.P. Morgan, HSBC and Barclays internationally).

After the Restructure, ANZ's banking activities (including Suncorp Bank, if that transaction goes ahead) will continue to be subject to the same prudential regulation as they are subject to now. However, the activities of certain non-banking businesses will not be subject to the full suite of APRA prudential and reporting standards for banking activities. This will help enable a fit for purpose application of regulations, policies and procedures to these non-banking businesses.

The key benefits of the Restructure are summarised below in this section 5.1.

(a) Transparency

The Restructure will separate ANZ's banking and certain non-banking businesses within the ANZ Group. This separation will create transparency and clarity for employees, customers, regulators and investors. After the Restructure, APRA will retain oversight of non-banking businesses in the ANZ Non-Bank Group, without the added complexity of applying the full suite of APRA prudential and reporting standards for ADIs (including standards in relation to bank capital adequacy and liquidity).

This separation also places ANZ in a stronger and clearer position in the event recovery actions are required or recovery progresses to resolution. The ANZ Group structure after the Restructure will allow certain assets, liabilities and risks to be quarantined (or "legally separated") from those of the other members of the ANZ Group, providing additional protection and minimising contagion risk.

(b) Flexibility

After the Restructure, the ANZ Group will have a corporate structure that positions ANZ to have more strategic and operational flexibility. That structure can enable ANZ to be more innovative and responsive to the changes occurring in the financial services industry. The NOHC structure proposed by the Restructure can allow ANZ to deliver a fuller suite of products and services to customers, while maintaining appropriate protections for customers and other stakeholders.

Under ANZ's current corporate structure, ANZBGL is the listed parent company of the ANZ Group and is an ADI. Accordingly, all of the ANZ consolidated group's activities are subject to the full suite of APRA prudential and reporting standards for ADIs, including standards in relation to bank capital adequacy and liquidity.

The Restructure will allow a fit for purpose application of regulations, policies and procedures suitable to certain non-banking businesses. This fit for purpose application can allow ANZ to adapt more readily to changes occurring in the financial services industry. It can ensure ANZ is better able to pursue its purpose and strategy, while ensuring the appropriate application of regulatory requirements to ANZ's banking and certain non-banking businesses.

As part of the Restructure, ANZ will adjust its current prudential policy framework to take account of its NOHC structure and the separation of ANZ's banking and certain non-banking businesses. Over time, ANZ expects that the revised prudential policy framework can provide the ANZ Group with additional flexibility to appropriately apply its policies to its underlying businesses in a way that takes account of the nature of those underlying businesses. In particular, ANZ expects that the framework can be applied in a way that allows the ANZ Non-Bank Group to pursue ANZ's strategy.

(c) Stronger non-banking business

As described above, the Restructure will better enable ANZ to develop its non-banking businesses by allowing a fit for purpose application of regulations, policies and procedures.

The ANZ Non-Bank Group will initially be modest in scale (relative to the ANZ Bank Group). The ANZ Board expects it to be used as a vehicle for innovation and growth in certain non-banking businesses (including banking-adjacent businesses) that the ANZ Group may develop or acquire. This will help bring new technology and non-bank services to ANZ customers in line with ANZ's strategy to strengthen and grow ANZ's core banking business, and to improve the financial wellbeing of its customers.

(d) Employer and partner of choice

The Restructure can assist ANZ to attract staff and partners with skills outside traditional banking, who are more aligned with a broad financial services group.

The ANZ Non-Bank Group will aim to create a workforce that will diverge from traditional banking skillsets, creating space to grow, attract, motivate and remunerate new talent differently, and to incubate its own fit for purpose innovative, fast-paced, high performance culture.

5.2 POTENTIAL DISADVANTAGES OF THE RESTRUCTURE

The most significant disadvantages of the Restructure are:

- the one off cash transaction and implementation costs associated with the Restructure are estimated to be in aggregate approximately \$35 million (before tax) and largely relate to stamp duty, advisor fees, and costs associated with ANZ's internal project team (of which approximately \$25 million is expected to be incurred by ANZ if the Restructure does not proceed);
- there will be additional ongoing incremental costs associated with corporate and operating costs of the ANZ Group. These are estimated to be less than approximately \$5 million (before tax) per annum and largely relate to the incremental resources required to support the new NOHC structure and the separate ANZ Bank Group and ANZ Non-Bank Group, as well as additional costs associated with ASX listing compliance, governance, reporting, share registry and maintaining additional boards; and
- one or more of the risks identified in section 5.3 might occur.

ANZ considers that these disadvantages are not expected (or likely) to have a material impact on the ANZ Group.

5.3 POTENTIAL RISKS ASSOCIATED WITH THE RESTRUCTURE

The following potential risks have been identified:

- APRA has not yet finalised its prudential framework for Australian NOHCs of ADIs. ANZ has undertaken extensive discussion with APRA as part of the Restructure, and the authorisation of ANZ NOHC has been approved by APRA. However, there is a risk that APRA's final regulatory framework for Australian NOHCs of ADIs and the regulation of ANZ NOHC over time will differ from ANZ's current expectations. This may have negative consequences for the ANZ Group and/or may require further changes to its structure;
- the Restructure will result in certain changes to ANZ's existing operating model. ANZ considers that these changes can be implemented and managed appropriately after the Restructure. However, it is possible that unexpected business, market and/or regulatory factors may result in these operating model changes not functioning as expected and further changes may be required;

- implementation of the Restructure will involve a number of steps, and unexpected developments may arise which can affect the timing of implementation and/or the form and scope of the Restructure; and
- unexpected liabilities caused by any delays in non-material regulatory approvals or by regulatory relief not being granted.

The ANZ Board believes that the overall risk profile of the ANZ Group will not be adversely affected by the Restructure itself. This is due to a number of reasons, including the following:

- ANZ's existing banking businesses and operations will remain the same;
- ANZ's focus will remain banking and financial products;
- the people responsible for the overall governance and management of the ANZ Group will remain substantially the same;
- the ANZ strategy will remain the same (and execution of that strategy will be assisted by the Restructure);
- the ANZ Group's consolidated financial position will not be affected by the Restructure itself; and
- ANZ's dividend payout ratio (being the percentage of earnings paid to shareholders as a dividend) will not be affected.

5.4 ALTERNATIVES CONSIDERED BY THE ANZ BOARD

Before proposing the Restructure, the ANZ Board considered a number of alternatives it believes are available to ANZ to ensure that it can continue to pursue its strategies while meeting its obligations to APRA and other regulators.

The primary alternatives to the proposed Restructure, and the potential disadvantages relevant to the ANZ Group, are summarised below.

- Dual listed company structure
 - A dual listed company structure is a corporate structure in which 2 companies retain separate primary stock exchange listings with separate shareholder bases, but operate as a single unified business.
 - The characteristics that usually drive a dual listed company structure are not present in ANZ's case.
 - A dual listed company structure is typically expensive and complex to establish and operate due to initial and ongoing costs associated with establishing and maintaining two separate entities, each with their own primary stock exchange listings.
- Stapled security structure
 - A stapled security structure is a corporate structure in which 2 or more securities issued by different entities are contractually bound together, meaning those securities cannot be bought or sold separately.
 - A stapled security structure typically makes it more difficult to raise capital in a targeted manner due to lack of a single holding company, and is typically more expensive than a single holding company due to maintaining two separate entities.

- Minority investment structure
 - A minority investment structure is a corporate structure in which a minority investment (being a non-controlling interest) is acquired in an asset or retained in an asset that has been divested.
 - A minority investment structure is not appropriate in all cases for certain non-banking businesses of ANZ as it results in a loss of control of any divested assets and may give rise to a risk of brand dilution.

The ANZ Board has decided to not pursue these alternatives because, after due consideration, the ANZ Board believes that the Restructure will provide the optimal structure for ANZ.

5.5 IMPLICATIONS OF THE RESTRUCTURE NOT PROCEEDING

If the Restructure does not proceed, ANZ has the appropriate strategy, governance framework and policies in place to effectively manage the ANZ Group. However, the ANZ Board believes that if the Restructure does not proceed, the structure of ANZ will be less optimal for the effective execution of ANZ's strategy.

If the Restructure does not proceed:

- ANZBGL will remain the listed parent company of the ANZ Group;
- ANZ Shareholders will retain their existing holding in ANZ Shares;
- Eligible Shareholders will not receive ANZ NOHC Shares and Ineligible Foreign Shareholders will not receive the cash proceeds of the sale of the ANZ NOHC Shares;
- the amendments to the ANZ Regulatory Capital Securities to substitute ANZ NOHC as the issuer of ordinary shares on conversion will not take effect;
- ANZ ADS Holders will retain their existing holding in ANZ ADSs and the ANZ ADS Deposit Agreement will not be terminated;
- approximately \$25 million (before tax) one off transaction costs is expected to be incurred by ANZ;
- the benefits of the Restructure described in section 5.1 will not be realised; and
- the disadvantages and risks of the Restructure described in sections 5.2 and 5.3 will not arise.

SECTION

FINANCIAL
INFORMATION

6.1 INTRODUCTION

(a) Overview

The financial information of ANZ contained in this section comprises the:

- the historical consolidated statement of financial position of ANZBGL as at 31 March 2022;
- the historical consolidated income statement for the half year ended 31 March 2022 of ANZBGL; (together the **Historical Financial Information**);
- pro-forma statement of financial position for ANZ Bank HoldCo, ANZ Non-Bank HoldCo and ANZ ServiceCo as at 31 March 2022 assuming the ANZ NOHC Group was in place on that date (**Pro-forma Balance Sheet**);
- pro-forma income statement for ANZ Bank HoldCo, ANZ Non-Bank HoldCo and ANZ ServiceCo for the half year ended 31 March 2022 assuming that the ANZ NOHC Group was in place during the period (**Pro-forma Income Statement**); (together the **ANZ NOHC Pro Forma Financial Information**)
- assumptions and notes on the adjustments relevant to the above; and
- reconciliation of the ANZ NOHC Pro Forma Financial Information to the Historical Financial Information

(together, the **Financial Information**).

The ANZ NOHC Pro-forma Financial Information is provided for illustrative purposes only. It does not represent what ANZ's financial results would have been if the ANZ NOHC Group had in fact been in place on the dates mentioned above. It is not intended to be representative of the financial results for any future period.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with the International Financial Reporting Standards (**IFRS**).

The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act. ANZ's key accounting policies have been consistently applied with ANZ's half year financial statements. For further details of the significant accounting policies refer to the Historical Financial Information.

The ANZ NOHC Pro-forma Financial Information has been reviewed by the Investigating Accountant in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Information, as stated in its Investigating Accountant's Report in Annexure 2.

This section 6 should be read with the information outlined in this Explanatory Memorandum.

(b) Basis of preparation

The Financial Information is prepared for the purposes of this Explanatory Memorandum.

Historical Financial Information

The Historical Financial Information has been extracted from the ANZBGL Consolidated Financial Report for the Half Year 31 March 2022, which were reviewed by KPMG in accordance with Australian Auditing Standards. KPMG issued an unqualified review opinion on these consolidated financial statements.

The ANZ NOHC Pro-forma Financial Information

The ANZ NOHC Pro-forma Financial Information has been derived from the Historical Financial Information adjusted to illustrate the effects of the Restructure on ANZ described in section 4 of this Explanatory Memorandum.

It is assumed that the accounting policies adopted by entities within the ANZ NOHC Group are unchanged from those policies adopted by the ANZ Group prior to the Restructure as reported in Note 1 to the Financial Statements of the ANZ 2021 Annual Report.

The ANZ NOHC Group's accounting policies specific to the proposed Restructure include:

- investments in controlled entities – ANZ NOHC accounts for its investment in ANZBGL as an acquisition in exchange for issuing new ANZ NOHC Shares. ANZ NOHC initially recognises its investment in controlled entities at an amount equal to the carrying value of total equity of the ANZBGL parent company outstanding at the Implementation Date;
- after the Restructure, ANZ NOHC's investment in controlled entities continues to be carried at cost; and
- reverse acquisition – the Restructure is accounted for as a reverse acquisition in the ANZ NOHC Group's consolidated financial statements, with ANZBGL identified as the acquirer applying the principles of AASB 3: Business Combinations. While ANZ NOHC reflects investments in controlled entities at carrying value at the date of acquisition in its parent entity financial statements, the ANZ NOHC Group consolidated financial statements are presented as a continuation of the ANZ Group that includes ANZ Bank HoldCo, ANZ Non-Bank HoldCo and ANZ ServiceCo.

The ANZ NOHC Pro-forma Financial Information is presented in Australian dollars, rounded to the nearest million dollars (\$m), unless otherwise stated.

6.2 APPROACH USED TO DETERMINE THE ANZ NOHC PRO-FORMA FINANCIAL INFORMATION

As described throughout this Explanatory Memorandum, ANZ is proposing to implement the Restructure under which ANZ NOHC will become the new listed parent company of the ANZ Group.

The Financial Information included in this section 6 incorporates the various internal share and asset transfers amongst the ANZ NOHC Group as described in section 7.3(a), and all associated revenue, expense and taxation information being transferred from ANZBGL to ANZ Non-Bank HoldCo and ANZ ServiceCo. In summary, the ANZ NOHC will be established as the new listed parent company of the ANZ Group comprising the following:

- **ANZ Bank HoldCo** which will hold all of ANZ's banking businesses (including ANZBGL and ANZ NZ), international regulated bank operations and insurance businesses (including ANZ Lenders Mortgage Insurance and ANZ Cover). If the Suncorp Transaction and Restructure both go ahead, Suncorp Bank will be held by the ANZ Bank HoldCo.
- **ANZ Non-Bank HoldCo** which will hold certain non-banking businesses including ANZ's beneficial interests in the 1835 trusts, non-controlling interest in the Worldline merchant acquiring joint venture⁶ and equity interest in Lygon, TIN and Pollination. ANZ Non-Bank HoldCo will initially be modest in scale relative to ANZ Bank HoldCo. The ANZ Board expects it to be used as a vehicle for innovation and growth in certain non-banking businesses (including banking adjacent businesses) that ANZ may develop or acquire. Given the nature of the type of investments to be held by ANZ Non-Bank HoldCo are early stage, some of those investments are expected to be loss making in the near term as these investments continue to mature.
- **ANZ ServiceCo** has been established to become an internal service company to initially hold certain property interests and, in the future, to potentially provide certain central shared services function across the ANZ Group.

6.3 PRO-FORMA BALANCE SHEET AS AT 31 MARCH 2022

The Pro-forma Balance Sheet has been prepared to illustrate the Restructure, disclosing separately the assets, liabilities and equity of ANZ NOHC, ANZ Bank HoldCo, ANZ Non-Bank HoldCo, ANZ ServiceCo and the consolidated ANZ NOHC Group as at 31 March 2022 assuming the Restructure had occurred on that date.

The Pro-forma Balance Sheet has been prepared as follows:

- the consolidated balance sheet for ANZBGL as at 31 March 2022 has been disaggregated into ANZ Bank HoldCo, ANZ Non-Bank HoldCo and ANZ ServiceCo in accordance with the Restructure as if it had occurred such that the relevant structure was in place as at 31 March 2022;
- equity transactions occurring after 31 March 2022 have not been included in the Pro-forma Balance Sheet on the basis that they are not connected with the Restructure. This includes the declaration and subsequent payment of the ANZ Group's 2022 Interim Dividend of \$1,973 million, the announcement of a pro-rata accelerated renounceable share entitlement offer to raise approximately \$3.5 billion and the raising of perpetual preferences shares by ANZ NZ of NZ\$550 million;
- the equity of ANZBGL has been split between ANZ Bank HoldCo, ANZ Non-Bank HoldCo and ANZ ServiceCo. This has been reflected as a transfer of capital in ANZ Bank HoldCo to ANZ NOHC, which has subsequently injected the appropriate amount of capital into ANZ Non-Bank HoldCo and ANZ ServiceCo as a capital contribution;
- surplus capital in ANZ Bank HoldCo has been repaid to ANZ NOHC via a dividend payment of approximately \$1.9 billion;⁷ and
- the assets transferred into ANZ ServiceCo are part funded by a short term intra-group loan. All intra-group funding is assumed to be provided on an arm's length basis.

The pro-forma ANZ NOHC standalone balance sheet has been prepared as follows:

- ANZ NOHC has recognised the issue of ANZ NOHC Shares to ANZ Shareholders under the Scheme at the carrying value of the equity in ANZBGL's parent entity accounts as at 31 March 2022; and
- recognition of ANZ NOHC's investment in the ANZ Bank HoldCo, ANZ Non-Bank HoldCo and ANZ ServiceCo are at carrying value in the parent entity balance sheet and will be eliminated on consolidation.

The pro forma impact of the one-off costs of implementing the Restructure has been excluded from the pro-forma consolidated income statement. These costs are estimated to be \$25 million before income tax comprising advisor fees, personnel and transaction costs. It is estimated a further \$10 million before tax will be incurred on stamp duty as part of the Restructure.

The information in the table below has been extracted from the financial information of the ANZ Group contained within the ANZ Consolidated Financial Report Dividend Announcement and Appendix 4D for the half year ended 31 March 2022.

⁶ Earnings attributable to the Worldline merchant acquiring assets and operations pre-joint venture are accounted in ANZ Bank HoldCo within the Pro Forma Income Statement outlined in section 6.4. ⁷ Note that this is illustrative only. Any future return of capital is subject to regulatory approvals and will depend on the circumstances and levels of capital at the time.

	ANZBGL	ANZ Bank HoldCo	ANZ ServiceCo	ANZ Non-Bank HoldCo	ANZ NOHC	Consolidation Adjustments	ANZ NOHC Group
ASSETS							
Cash and cash equivalents	168,054	166,175	–	9	1,870	–	168,054
Settlement balances owed to ANZ	7,141	7,141	–	–	–	–	7,141
Collateral paid	10,764	10,764	–	–	–	–	10,764
Trading securities	39,433	39,433	–	–	–	–	39,433
Derivative financial instruments	45,238	45,238	–	–	–	–	45,238
Investment securities	79,757	79,411	–	346	–	–	79,757
Net loans and advances	651,436	651,436	–	–	–	–	651,436
Regulatory deposits	661	661	–	–	–	–	661
Due from controlled entities	–	843	254	–	–	(1,097)	–
Shares in controlled entities	–	–	–	–	54,901	(54,901)	–
Investments in associates	2,018	1,933	–	85	–	–	2,018
Current tax assets	227	227	–	–	–	–	227
Deferred tax assets	2,903	2,887	31	1	–	(16)	2,903
Goodwill and other intangible assets	4,068	3,968	–	9	–	91	4,068
Premises and equipment	2,702	3,069	400	–	–	(767)	2,702
Other assets	2,959	2,942	296	17	–	(296)	2,959
Total assets	1,017,361	1,016,128	981	467	56,771	(56,986)	1,017,361
LIABILITIES							
Settlement balances owed by ANZ	19,752	19,752	–	–	–	–	19,752
Collateral received	6,716	6,716	–	–	–	–	6,716
Deposits and other borrowings	780,288	780,288	–	–	–	–	780,288
Derivative financial instruments	47,795	47,795	–	–	–	–	47,795
Due to controlled entities	–	254	843	–	–	(1,097)	–
Current tax liabilities	320	320	–	–	–	–	320
Deferred tax liabilities	82	46	23	13	–	–	82
Payables and other liabilities	10,579	11,670	–	26	–	(1,117)	10,579
Employee entitlements	585	583	–	2	–	–	585
Other provisions	2,262	2,262	–	–	–	–	2,262
Debt issuances	87,226	87,226	–	–	–	–	87,226
Total liabilities	955,605	956,912	866	41	–	(2,214)	955,605
Net assets	61,756	59,216	115	426	56,771	(54,772)	61,756
SHAREHOLDERS' EQUITY							
Ordinary share capital	25,091	24,416	147	528	54,901	(54,910)	25,091
Reserves	(1,422)	(1,433)	–	80	–	91	(1,422)
Retained earnings	38,078	36,224	(32)	(22)	1,870	38	38,078
Share capital and reserves attributable to shareholders of the Company	61,747	59,207	115	426	56,771	(54,772)	61,747
Non-controlling interests	9	9	–	–	–	–	9
Total shareholders' equity	61,756	59,216	115	426	56,771	(54,772)	61,756

6.4 PRO-FORMA INCOME STATEMENT FOR THE HALF YEAR ENDED 31 MARCH 2022

The Pro-forma Income Statement has been prepared to illustrate the financial performance of the ANZ Bank HoldCo, ANZ Non-Bank HoldCo, ANZ ServiceCo, ANZ NOHC, and the consolidated ANZ NOHC Group for the half year ended 31 March 2022, assuming that the Restructure had occurred such that the relevant structure was in place during that period.

The Pro-forma Income Statement has been prepared as follows:

- The consolidated income statement for ANZBGL for the half year ended 31 March 2022 has been disaggregated into ANZ Bank HoldCo, ANZ Non-Bank HoldCo and ANZ ServiceCo in accordance with the Restructure as if it had occurred such that the relevant structure was in place during that period.
- Intragroup arrangements between ANZ Bank HoldCo and ANZ ServiceCo for the utilisation of property assets held by ANZ ServiceCo as well as interest payments on intragroup loan (as described in section 6.3).

The pro-forma ANZ NOHC standalone income statement has been prepared as follows:

- Surplus capital in ANZ Bank HoldCo has been repaid to ANZ NOHC subsequent to the Restructure via a dividend payment of \$1.9 billion.⁸ The dividend income is eliminated on consolidation.

The pro forma impact of the one-off costs of implementing the Restructure has been excluded from the pro-forma consolidated income statement (see section 6.3 for more information).

The pro forma impact of additional ongoing incremental costs associated with corporate and operating costs has been excluded from the pro forma consolidated income statement. These costs are estimated to be less than approximately \$5 million (before tax) per annum.

The information in the table below has been extracted from the financial information of the ANZ Group contained within the ANZ Consolidated Financial Report Dividend Announcement and Appendix 4D for the half year ended 31 March 2022.

	ANZBGL	ANZ Bank HoldCo	ANZ ServiceCo	ANZ Non-Bank HoldCo	ANZ NOHC	Consolidation Adjustments	ANZ NOHC Group
Interest income	9,707	9,723	6	–	–	(22)	9,707
Interest expense	(2,607)	(2,623)	(15)	–	–	31	(2,607)
Net interest income	7,100	7,100	(9)	–	–	9	7,100
Other operating income	2,313	2,315	24	(2)	1,870	(1,894)	2,313
Net income from insurance business	55	55	–	–	–	–	55
Share of associates' profit/(loss)	74	75	–	(1)	–	–	74
Operating income	9,542	9,545	15	(3)	1,870	(1,885)	9,542
Operating expenses	(4,791)	(4,792)	(9)	(14)	–	24	(4,791)
Profit before credit impairment and income tax	4,751	4,753	6	(17)	1,870	(1,861)	4,751
Credit impairment (charge)/release	284	284	–	–	–	–	284
Profit before income tax	5,035	5,037	6	(17)	1,870	(1,861)	5,035
Income tax expense	(1,500)	(1,496)	(1)	–	–	(3)	(1,500)
Profit after tax from continuing operations	3,535	3,541	5	(17)	1,870	(1,864)	3,535
Profit/(Loss) after tax from discontinued operations	(5)	(5)	–	–	–	–	(5)
Profit for the period	3,530	3,536	5	(17)	1,870	(1,864)	3,530
Comprising:							
Profit attributable to shareholders of the Company	3,530	3,536	5	(17)	1,870	(1,864)	3,530
Profit attributable to non-controlling interests	–	–	–	–	–	–	–

⁸ Note that this is illustrative only. Any future return of capital is subject to regulatory approvals and will depend on the circumstances and levels of capital at the time).

6.5 MATERIAL CHANGES IN FINANCIAL POSITION (SINCE 31 MARCH 2022)

(a) Material changes

Since 31 March 2022, and as previously announced to the ASX, ANZBGL has entered into an agreement in relation to the proposed Suncorp Transaction (as described in section 4.3) and has raised approximately \$3.5 billion in equity funding through a fully underwritten 1 for 15 pro rata accelerated renounceable entitlement offer. The entitlement offer proceeds will be retained by ANZBGL and used to partly fund ANZ's acquisition of Suncorp Bank. This additional equity is to be retained by ANZBGL to fund future investments in banking businesses such as the proposed Suncorp Transaction. In addition, ANZ NZ has completed the raising of perpetual preference shares of NZ\$550 million.

Except as disclosed in this Explanatory Memorandum or announced to the ASX and NZX, to the knowledge of the ANZ Directors, there have been no material changes to the financial position of ANZBGL and the ANZ Group since 31 March 2022.

(b) Release of FY22 financial statements

The financial statements of ANZ for the full year ending 30 September 2022 have not been used in the preparation of this Explanatory Memorandum. These financial statements will be included in the 2022 ANZ Annual Report, which is intended to be announced by ANZ to the ASX and NZX on 3 November 2022. If required to do so, ANZ will announce to the ASX and NZX any material updates to this Explanatory Memorandum following the release of the full year ending 30 September 2022 financial statements.

Following the release of the full year ending 30 September 2022 financial statements, the Independent Expert will be asked to confirm whether there is anything in these financial statements that would cause the Independent Expert to alter its opinion that the Restructure (including the Scheme) is in the best interests of ANZ Shareholders. This will be announced by ANZ to the ASX and NZX.

6.6 CAPITAL STRUCTURE

As at Last Practicable Date, the equity capital structure of ANZ was:

TYPE OF SECURITY	NUMBER ON ISSUE
ANZ Shares	2,989,923,751
ANZ options and rights	6,207,962

6.7 SUBSTANTIAL HOLDERS IN ANZ SHARES

As extracted from filings released on the ASX on or before Last Practicable Date, the following persons were substantial holders of ANZ Shares:

SUBSTANTIAL HOLDER	NUMBER OF ANZ SHARES	VOTING POWER IN ANZ
Blackrock Group	172,225,527	6.07%
State Street Corporation	142,312,309	5.08%
The Vanguard Group, Inc.	139,745,231	5.001%

6.8 PUBLICLY AVAILABLE INFORMATION ABOUT ANZ

ANZ is a listed disclosing entity for the purpose of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a company listed on ASX, ANZ is subject to the ASX Listing Rules which require (subject to some exceptions) continuous disclosure of any information that ANZ has that a reasonable person would expect to have a material effect on the price or value of ANZ Shares.

ASX maintains files containing publicly disclosed information about all entities listed on ASX. Information disclosed to ASX by ANZ (including financial information regarding ANZ) is available on ASX's website at asx.com.au.

As a NZX foreign exempt listed company, ANZ does not need to separately comply with the NZX Listing Rules (subject to certain exceptions). It is however required to comply with rule 1.7.2 which provides that all announcements by a foreign exempt issuer on the issuer's home exchange must be released simultaneously, or promptly without delay afterwards, to NZX.

NZX maintains files containing publicly disclosed information about all entities listed on NZX (including foreign exempt entities). Information disclosed to NZX by ANZ is available on NZX's website at nzx.com.

ANZ's prior ASX and NZX announcements, along with its annual reports and other financial information, can be found on ANZ's website at anz.com/shareholder/centre/.

SECTION

7

IMPLEMENTING
THE RESTRUCTURE

7.1 OVERVIEW

The Restructure will be implemented by the:

- Scheme; and
- Business Restructure.

7.2 SCHEME

If the Scheme is approved and implemented, ANZ NOHC will become the new listed parent company of the ANZ Group in place of ANZBGL. This process will involve the following key steps:

- ANZ Shares held by Ineligible Foreign Shareholders will be automatically transferred to the Sale Agent (as nominee for the Ineligible Foreign Shareholder) on the Implementation Date without the need for any action by the Ineligible Foreign Shareholder;
- ANZ NOHC will issue ANZ NOHC Shares on a one for one basis to Eligible Shareholders who hold ANZ Shares on the Scheme Record Date (currently expected to be 7.00pm on 29 December 2022);
- ANZ NOHC will issue ANZ NOHC Shares on a one for one basis attributable to Ineligible Foreign Shareholders to the Sale Agent and the cash proceeds of the sale of those ANZ NOHC Shares will be remitted to those Ineligible Foreign Shareholders; and
- all ANZ Shares will be acquired from ANZ Shareholders (or, in the case of ANZ Shares held by Ineligible Foreign Shareholders, from the Sale Agent) by ANZ NOHC under the terms of the Scheme.

(a) Conditions of the Scheme

The Scheme is subject to a number of Conditions Precedent set out in clause 3.1 of the Restructure Implementation Deed, including the following:

- **Shareholder approval:** the Requisite Majorities of ANZ Shareholders approve the Scheme at the Scheme Meeting;
- **ANZ NOHC ASX listing:** ASX approves the admission of ANZ NOHC to the official list of the ASX and the official quotation of the ANZ NOHC Shares on the ASX;
- **ANZ NOHC NZX listing:** ANZ NOHC being admitted as a foreign exempt listed company on NZX;
- **Regulatory Approvals:** the Regulatory Approvals being obtained;
- **Court approval:** the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act; and
- **No restraining order:** no temporary restraining order, preliminary or permanent injunction or other order being issued by any court of competent jurisdiction and no other legal restraint or prohibition preventing the Restructure being implemented.

The Scheme will not be implemented unless all of the Conditions Precedent described above are satisfied or waived (as applicable).

As at the date of this Explanatory Memorandum, the Condition Precedent relating to Regulatory Approvals remains outstanding as the Regulatory Approval from the US Federal Reserve remains outstanding. More details about this Regulatory Approval is set out in section 7.4.

As at the date of this Explanatory Memorandum, none of the ANZ Directors are aware of any circumstances which would cause any Condition Precedent to be breached, or not to be satisfied or waived (as applicable).

(b) Key steps in the Scheme

1. Scheme Meeting and Scheme approval requirements

At the First Court Hearing, the Court ordered ANZ to convene the Scheme Meeting at which ANZ Shareholders will be asked to approve the Scheme.

The terms of the Scheme Resolution to be considered by ANZ Shareholders at the Scheme Meeting are in the Notice of Scheme Meeting in Annexure 5.

The Scheme will only be implemented if:

- it is approved by the Requisite Majorities of ANZ Shareholders at the Scheme Meeting to be held on 15 December 2022;
- it is approved by the Court at the Second Court Hearing; and
- the other Conditions Precedent to the Scheme outlined in section 7.2(a) are satisfied or waived (as applicable).

The Requisite Majorities of ANZ Shareholders to approve the Scheme are:

- unless the Court orders otherwise, a majority in number (more than 50%) of ANZ Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or body corporate representative); and
- at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by ANZ Shareholders present and voting (either in person or by proxy, attorney or body corporate representative).

The entitlement of ANZ Shareholders to vote at the Scheme Meeting is set out in the Notice of Scheme Meeting in Annexure 5.

Voting is not compulsory. However, the ANZ Directors believe that the Restructure (including the Scheme) is in the best interests of ANZ Shareholders. Each ANZ Director recommends that ANZ Shareholders vote "Yes" in favour of the Scheme. The Independent Expert has concluded that the Restructure (including the Scheme) is in the best interests of ANZ shareholders.

You should be aware that even if you do not vote, or vote against the Scheme, the Scheme will still be implemented if it is approved by the Requisite Majorities of ANZ Shareholders and the Court.

The results of the Scheme Meeting are expected to be available shortly after the Scheme Meeting ends. ANZ will announce the results to the ASX (asx.com.au) and NZX (nzx.com) once they are available.

2. Court approval of the Scheme

ANZ will apply to the Court for orders approving the Scheme at the Second Court Hearing, if the Scheme is approved by the Requisite Majorities of ANZ Shareholders at the Scheme Meeting.

Each ANZ Shareholder has the right to appear at the Second Court Hearing.

3. Effective Date

If the Court approves the Scheme at the Second Court Hearing, the Scheme will become Effective on the Effective Date, being the date an office copy of the Court order from the Second Court Hearing approving the Scheme is lodged with ASIC. ANZ will, on the Scheme becoming Effective, give notice of that event to the ASX and NZX.

ANZ intends to apply to the ASX and NZX for ANZ Shares to be suspended from trading on the ASX and NZX from close of trading on the Effective Date.

(c) Dealings in ANZ Shares

For the purposes of determining which ANZ Shareholders are eligible to participate in the Scheme, dealings in ANZ Shares will be recognised only if:

- in the case of dealings of the type to be effected using CHESS, the transferee is registered on the ANZ Share Register as the holder of the relevant ANZ Shares before the Scheme Record Date; and
- in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received by the ANZ Share Registry before the Scheme Record Date (and the transferee remains registered as at the Scheme Record Date).

For the purposes of determining entitlements under the Scheme, ANZ will not accept for registration, or recognise any transfer or transmission applications, in respect of ANZ Shares received after the Scheme Record Date.

(d) ANZ Regulatory Capital Securities

Following implementation of the Scheme, ANZ Regulatory Capital Securities will remain on issue by ANZBGL until they are repaid, converted or written off in accordance with their terms.

ANZ Capital Notes will continue to be quoted for trading on the ASX until they are repaid, converted or written off in accordance with their terms. Following implementation of the Scheme, ANZBGL will remain listed on the ASX as a debt listing with the ASX code "AN3" (and ANZ Shares will no longer be quoted for trading on the ASX).

Trading in ANZ Regulatory Capital Securities that are quoted for trading on the ASX under their existing ASX codes will be suspended from close of trading on the Effective Date. These ANZ Regulatory Capital Securities will commence trading under their new ASX codes (on a deferred settlement basis) on the Business Day after the Effective Date (currently expected to be 28 December 2022) and normal trading will commence on 9 January 2023. The table below identifies the current and new ASX codes for these ANZ Regulatory Capital Securities.

ANZ REGULATORY CAPITAL SECURITY	CURRENT ASX CODES	NEW ASX CODES
ANZ Capital Notes 3	ANZPF	AN3PF
ANZ Capital Notes 4	ANZPG	AN3PG
ANZ Capital Notes 5	ANZPH	AN3PH
ANZ Capital Notes 6	ANZPI	AN3PI
ANZ Capital Notes 7	ANZPJ	AN3PJ

As ANZ Shares will no longer be quoted for trading after the Scheme, in the circumstances where an ANZ Regulatory Capital Security is required to convert, the conversion will be into ANZ NOHC Shares. ANZBGL will amend the terms of each of the ANZ Regulatory Capital Securities to give effect to the substitution of ANZ NOHC as the issuer of ordinary shares on conversion. These amendments will be made pursuant to the terms of the ANZ Regulatory Capital Securities (as approved by APRA) and do not require the approval of holders. ANZ will separately be providing notice of these amendments to the holders of the ANZ Regulatory Capital Securities. There are no other amendments to the rights of holders of the ANZ Regulatory Capital Securities.

Following these amendments, an ANZ Regulatory Capital Security will continue to be eligible for inclusion in the same tier of regulatory capital as it is before the Scheme.

(e) ANZ ADS Holders

1. ANZ ADS Holders will receive ANZ NOHC ADSs in connection with the Scheme

In connection with the Implementation of the Scheme, ANZ ADS Holders will receive one ADS representing one ANZ NOHC Share for each ANZ ADS that they hold as at the Implementation Date.

ANZ NOHC will establish an ADR program on substantially the same terms as ANZ's existing ADR program. The ANZ NOHC ADSs will be governed by the terms of the ANZ NOHC Deposit Agreement. Following implementation of the Scheme, the ANZ ADS Deposit Agreement, which governs the ANZ ADSs, will be terminated.

2. The terms of the ANZ NOHC ADSs are expected to be substantially similar to those of the ANZ ADSs

Aside from the underlying ordinary shares represented by the applicable ADSs, the terms of the ANZ NOHC ADR program are expected to be substantially similar to the terms of the existing ANZ ADR program. For instance, the ANZ NOHC ADSs will not be listed on any exchange in the United States. Instead, the ANZ NOHC ADSs will be eligible for trading on the United States over-the-counter market. Settlement of ANZ NOHC ADSs traded on the over-the-counter market will take place through the facilities of the Depository Trust Company. If a person wishes to trade the ANZ NOHC ADSs, they should consult their broker or other securities intermediary to determine how the ANZ NOHC ADSs may be traded and how such trades may be settled in the United States.

The terms of the ANZ ADSs and ANZ NOHC ADSs are set out in the ANZ ADS Deposit Agreement and ANZ NOHC ADS Deposit Agreement (respectively) each filed with the US Securities and Exchange Commission (SEC). Please refer to the Form F-6 filed with the SEC for further details regarding the ANZ ADSs and ANZ NOHC ADSs and for the fees that ANZ ADS Holders and ANZ NOHC ADS Holders must pay in connection with the provision of general depository services by the applicable ADS Depository. The SEC maintains a website that contains registration statements and other information, including the ANZ Form F-6 and the ANZ NOHC Form F-6, at sec.gov.

3. ANZ ADS Holders wishing to vote and/or receive ANZ NOHC Shares rather than ANZ NOHC ADSs

ANZ ADS Holders will not be requested to submit voting instructions in respect of their ADSs. Any ANZ ADS Holder who wishes to vote as an ANZ Shareholder must become an ANZ Shareholder by the applicable date and vote in that capacity.

If you are an ANZ ADS Holder and you wish to vote or attend the Scheme Meeting as an ANZ Shareholder or receive ANZ NOHC Shares instead of ANZ NOHC ADSs under the Scheme, you must take steps to present your ANZ ADSs (and, to the extent that such ANZ ADSs are certificated, the certificates evidencing such ANZ ADSs) to the ANZ ADS Depository for cancellation (subject to any restrictions on cancellation or withdrawal, or on the receipt

of ANZ Shares, which the ANZ ADS Depository may impose from time to time), together with delivery instructions for the ANZ Shares represented by such ANZ ADSs (including, if applicable, the name and address of the person who will be the registered holder of such ANZ Shares), with sufficient time to be registered as a holder of ANZ Shares on the register at the applicable record date.

If you are an ANZ ADS Holder and you hold your ANZ ADSs in a brokerage, bank, custodian or other nominee account, you should promptly contact your broker, bank, custodian or other nominee account to find out what actions are required to instruct your broker, bank or other nominee to cancel the ANZ ADSs on your behalf. ANZ ADS Holders who present their ANZ ADSs to the ANZ ADS Depository for cancellation prior to implementation of the Scheme will be responsible for the payment of the ANZ ADS Depository's fees associated with such cancellation.

Any ANZ ADS Holder may appear at the Second Court Hearing, currently expected to be held at 10.15am (Melbourne time) on 22 December 2022 at 305 William Street, Melbourne VIC.

It is expected that ANZ ADSs Holders will not be permitted to cancel their ANZ ADSs from the close of business (New York time) on the Effective Date and that the last time for dealings in ANZ ADSs will be close of business (New York time) on the Implementation Date.

(f) Implementation Date

On the Implementation Date, Eligible Shareholders will receive ANZ NOHC Shares.

(g) Ineligible Foreign Shareholders and Sale Agent

Restrictions in certain foreign jurisdictions make it unlawful or unduly onerous or impracticable to offer or receive ANZ NOHC Shares in those countries. Ineligible Foreign Shareholders are ANZ Shareholders whose addresses are shown in the ANZ Share Register at the Scheme Record Date as being outside Australia (and its external territories), New Zealand or an Eligible Foreign Jurisdiction.

Ineligible Foreign Shareholders are not permitted to participate in the Scheme and will not receive or be issued ANZ NOHC Shares. Instead:

- Ineligible Foreign Shareholders will automatically transfer their ANZ Shares to the Sale Agent (as nominee for the Ineligible Foreign Shareholder) on the Implementation Date without the need for any action by the Ineligible Foreign Shareholder.
- The Sale Agent will participate in the Scheme in respect of those ANZ Shares and will be issued ANZ NOHC Shares on a one for one basis.
- The ANZ NOHC Shares that are issued to the Sale Agent will be sold, as soon as reasonably practicable on or after the Implementation Date, on the ASX.
- Ineligible Foreign Shareholders will receive the cash proceeds of the sale of those ANZ NOHC Shares (calculated on an average basis as described in section 7.2(h)).

(h) Sale Facility

Under the Sale Facility, the Sale Agent will arrange for the sale of the ANZ NOHC Shares it receives under the Scheme during the Sale Period (which is expected to be from the Implementation Date and ending no later than 1 month following the Implementation Date).

The Sale Agent will arrange for the sale of the ANZ NOHC Shares at the price it determines in good faith, in its absolute discretion, with the objective of seeking to achieve the best price reasonably obtainable, having regard to a number of factors such as prevailing market conditions.

The amount of money received by each Ineligible Foreign Shareholder will be calculated on an averaged basis so that all Ineligible Foreign Shareholders will receive the same price per ANZ NOHC Share, subject to rounding down to the nearest whole cent. Consequently, the amount received by Ineligible Foreign Shareholders for each ANZ NOHC Share may be more or less than the actual price that is received by the Sale Agent for that the sale of any particular ANZ NOHC Share.

As the market price of ANZ NOHC Shares will be subject to change from time to time, the sale price of those ANZ NOHC Shares, and the proceeds of those sales, cannot be guaranteed. Ineligible Foreign Shareholders will be able to obtain information on the market price of ANZ NOHC Shares on the ASX's website (asx.com.au) and NZX's website (nzx.com).

The cash proceeds of the sale of the ANZ NOHC Shares will be paid to each Ineligible Foreign Shareholder by:

- direct credit to the nominated bank account of the Ineligible Foreign Shareholder as noted on the ANZ Share Register on the Scheme Record Date; or
- if an Ineligible Foreign Shareholder has not provided an account, the Sale Proceeds will be remitted by sending a cheque in Australian dollars by mail to the Ineligible Foreign Shareholder's Registered Address as at the Scheme Record Date.

Payment by direct credit will be in the currency set out in the Ineligible Foreign Shareholder's dividend election. If the Ineligible Foreign Shareholder has elected to be paid in a currency other than Australian dollars, the cash proceeds of the sale of the ANZ NOHC Shares attributable to that shareholder will be converted from Australian dollars to the relevant currency at the prevailing market exchange rate during the Sale Period. Payment by cheque will be in Australian dollars.

Under the Scheme, each Ineligible Foreign Shareholder is taken to appoint ANZBGL as its agent to receive on its behalf any financial services guide or other notices that the Sale Agent is required to provide to that Ineligible Foreign Shareholder.

In providing services to ANZBGL in connection with the Sale Facility, the Sale Agent is not acting as agent or sub agent of any Ineligible Foreign Shareholder, does not have any duties or obligations (fiduciary or otherwise) to Ineligible Foreign Shareholders and does not underwrite the sale of any ANZ NOHC Shares. The Sale Agent, together

with its affiliates, is a full service financial institution engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services.

Holders of ANZ ADSs will not participate in the Sale Facility.

(i) Deed Poll

As at the date of this Explanatory Memorandum, a Deed Poll has been entered into by ANZ NOHC to undertake in favour of the Scheme Shareholders (subject to the Scheme becoming Effective), to:

- provide, or procure the provision of, the aggregate number of ANZ NOHC Shares to all Eligible Shareholders under the Scheme; and
- undertake all other actions attributed to ANZ NOHC under the Scheme.

A copy of the Deed Poll is in Annexure 4.

(j) Warranties by Scheme Shareholders

Under the terms of the Scheme, each Scheme Shareholder is taken to have warranted to ANZBGL and ANZ NOHC, and each Ineligible Foreign Shareholder is taken to have warranted to the Sale Agent, on the Implementation Date, that:

- all their ANZ Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
- they have full power and capacity to transfer their Scheme Shares to ANZ NOHC or the Sale Agent (as applicable) together with any rights and entitlements attaching to those shares.

(k) ASX and NZX trading dates for ANZ NOHC Shares

If the Scheme is implemented, then:

- the Scheme will become Effective on the Effective Date (currently expected to be 23 December 2022) and this is the date that ANZ will be suspended from trading on the ASX and NZX from close of trading;
- on the first Business Day after the Effective Date (currently expected to be 28 December 2022), trading in ANZ NOHC Shares on the ASX and NZX commences on a deferred settlement basis; and
- on 9 January 2023, ANZ NOHC Shares will commence normal trading on the ASX and NZX.

Following implementation of the Scheme, ANZ NOHC Shares will trade under the ASX and NZX code "ANZ".

7.3 BUSINESS RESTRUCTURE

(a) Key steps

After the Scheme is implemented, the ANZ Group proposes to undertake the Business Restructure to separate certain businesses and assets to be effected by various internal share and asset transfers and other corporate actions.

The key steps to be undertaken in the Business Restructure are:

- ANZBGL transferring its beneficial interests in the 1835i trusts, its non-controlling interest in the Worldline merchant acquiring joint venture with Worldline, and its equity interests in Lygon, TIN and Pollination to ANZ Non-Bank HoldCo;
- ANZBGL transferring its interest in ANZ Centre Trust, ANZ Centre Chattels Trust, certain fixtures and fittings (including leasehold improvement assets) and ANZ Centre to ANZ ServiceCo;
- ANZBGL transferring all the shares in ANZ Bank HoldCo, ANZ Non-Bank HoldCo and ANZ ServiceCo to ANZ NOHC; and
- ANZ NOHC transferring all the shares in ANZBGL to ANZ Bank HoldCo.

(b) Restructure Deed

The material steps of the Business Restructure described in this section 7.3(a) will be governed by the Restructure Deed. Under the Restructure Deed, the Business Restructure is conditional on implementation of the Scheme.

7.4 REGULATORY APPROVALS REQUIRED FOR THE RESTRUCTURE

In order for the Restructure to be implemented, certain Regulatory Approvals are required from certain prudential and other regulators or agencies in jurisdictions where ANZ does business. As at the date of this Explanatory Memorandum, Regulatory Approvals from the following have been obtained:

- APRA;
- the Treasurer;
- RBNZ in New Zealand;
- MAS in Singapore; and
- OIO in New Zealand.

As at the date of this Explanatory Memorandum, only Regulatory Approval from the US Federal Reserve remains outstanding.

If there is any delay in obtaining the approval from the US Federal Reserve prior to the currently scheduled date for the Second Court Hearing, ANZ may:

- postpone or adjourn the Second Court Hearing; or
- proceed with the Second Court Hearing (currently expected to be held on 22 December 2022) on the basis that the Scheme will not be implemented until the approval from the US Federal Reserve is obtained.

ANZ will announce to the ASX any updates to the status of the US Guam Approval. ANZ will also provide an update of this status at or before the Scheme Meeting held on 15 December 2022.

7.5 APPLICATION FOR ADMISSION OF ANZ NOHC TO THE OFFICIAL LIST OF THE ASX

ANZ NOHC will apply for admission to the official list of the ASX, for official quotation of the ANZ NOHC Shares to be issued under the Scheme prior to the Scheme Meeting.

7.6 APPLICATION FOR ADMISSION OF ANZ NOHC TO THE OFFICIAL LIST OF NZX AS A FOREIGN EXEMPT LISTING

An application will be made to NZX for permission to list the ANZ NOHC as an NZX foreign exempt listing and for official quotation of the ANZ NOHC Shares to be issued under the Scheme prior to the Scheme Meeting.

As an NZX foreign exempt issuer, ANZ NOHC can list on NZX by meeting ASX obligations without having to separately comply with the NZX Listing Rules (subject to limited exceptions).

As further noted at section 6.8, ANZ NOHC will still be required to comply with NZX Listing Rule 1.7.2 which provides that all announcements by a foreign exempt issuer on the issuer's home exchange must be released simultaneously, or promptly without delay afterwards, to NZX.

7.7 ANZ NOHC'S ABILITY TO CONDUCT AN ON-MARKET SHARE BUY-BACK FOLLOWING IMPLEMENTATION OF THE SCHEME

An on-market share buy-back requires shareholder approval if it exceeds the "10/12 limit" set out in the Corporations Act. The "10/12 limit" restricts the number of ordinary shares ANZ can buy-back in any rolling 12-month period to 10% of the smallest number of ordinary shares ANZ had on issue during that 12-month period.

ANZ NOHC will have the ability to undertake an on-market share buy-back following implementation of the Scheme in the same way as ANZBGL before the Implementation Date. To enable ANZ NOHC to do this, before the Implementation Date, ANZBGL will (when ANZBGL is ANZ NOHC's only shareholder) authorise ANZ NOHC to undertake an on-market share buy-back in the 12 months following the Implementation Date. The aggregate number of ANZ NOHC Shares that could ultimately be bought back under any such buy-back would not exceed more than 10% of the ordinary shares ANZ NOHC has on issue when the Scheme is implemented (which will be the same number of shares ANZBGL currently has on issue). As a result, in assessing ANZ NOHC's "10/12 limit" for the first 12 months following the

Implementation Date, ANZ NOHC and ANZBGL's equity capital structure would effectively be regarded as the same.

ANZBGL's approval (as ANZ NOHC's sole shareholder) is technically required because ANZ NOHC is a recently incorporated entity that was established to facilitate the Restructure and upon incorporation, as is usual, only had a nominal share capital.

These arrangements do not mean ANZ has decided to launch any buy-back in the first 12 months post the Implementation Date. ANZ has no current intention to conduct an on-market share buy-back during this period. These arrangements have been put in place simply to ensure that ANZ NOHC continues to have the same flexibility as ANZBGL to conduct any such buy-back post the Implementation Date should it decide to do so. Any decision by ANZ NOHC to conduct a buy-back would be announced to the ASX and NZX in the normal course.

SECTION

TAX IMPLICATIONS OF THE SCHEME

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Annexures

8.1 SUMMARY OF TAX OUTCOMES

A high-level summary of the tax outcomes for certain ANZ Shareholders that are resident in Australia, New Zealand, the United Kingdom and the United States is outlined below and should be read in the context of the full disclosure below and, in particular, the section referenced in this summary.

This summary is necessarily general in nature and is not a complete analysis of all taxation laws that may apply in relation to the Scheme for ANZ Shareholders. ANZ Shareholders should consult with their own independent tax adviser regarding the tax implications of participating in the Scheme based on their particular circumstances. The tax summary provided in this section 8.1 does not constitute tax advice.

This summary does not take into account or anticipate changes in the law (by legislation or judicial decision) or practice (by ruling or otherwise) after the Last Practicable Date.

TAX RESIDENT AND TAXING JURISDICTION	TAX CONSEQUENCES	MORE INFORMATION
Disposal of ANZ Shares		
Australia	Any capital gain or loss made by ANZ Shareholders under the Scheme should be disregarded.	Section 8.2(c)
New Zealand	<p>You should not be treated as deriving income from the disposal of the ANZ Shares under the Scheme except in limited circumstances, for example if you hold the ANZ Shares for the purpose of disposal or you are in the business of dealing in shares.</p> <p>If you are an ANZ Shareholder that is a PIE other than a life fund PIE and that is not assured under an arrangement with another person of having a gain on the disposal of the ANZ Shares, any income arising from the disposal will be treated as excluded income and therefore will not be taxable.</p>	Section 8.3(a)
United Kingdom	<p>The issue of ANZ NOHC Shares to ANZ Shareholders in consideration for the transfer of ANZ Shares is expected to be treated as a reorganisation of share capital for UK tax purposes.</p> <p>Accordingly, ANZ Shareholders are not expected to be treated as making a disposal of their holding of ANZ Shares, such that no liability to UK capital gains tax or corporation tax on chargeable gains is expected to arise.</p>	Section 8.4(b)
United States	The Scheme is intended to constitute a tax-free exchange governed by Section 351 of the U.S. Internal Revenue Code. Provided that this treatment is respected, you should not recognise a gain or loss.	Section 8.5(b)(1)
Holding ANZ NOHC Shares		
Australia	<p>Dividends received from ANZ NOHC should be included in the assessable income of an Australian tax resident ANZ NOHC Shareholder.</p> <p>Dividends may be franked to the extent determined by ANZ NOHC.</p> <p>If a dividend is franked, the ANZ NOHC Shareholder will generally be entitled to a tax offset if they meet the holding period and related payment rules. Certain shareholders may be entitled to a tax refund.</p>	Section 8.2(d)

TAX RESIDENT AND TAXING JURISDICTION	TAX CONSEQUENCES	MORE INFORMATION
New Zealand	<p>The holding of ANZ NOHC Shares and any dividends paid by ANZ NOHC should have the same New Zealand tax treatment as the holding of ANZ Shares and dividends paid by ANZBGL.</p> <p>The New Zealand foreign investment fund rules will not apply to your shareholding in ANZ NOHC.</p> <p>Any dividends you receive will generally be taxable to you. To the extent franking credits are attached to the dividends, no tax credit will arise for such franking credits.</p> <p>To the extent New Zealand imputation credits are attached to the dividends, you should be entitled to a credit which can be applied against your taxable income.</p> <p>If Australian withholding tax is deducted from dividends paid by ANZ NOHC to you, such withholding tax may be able to be claimed as a credit against New Zealand tax otherwise payable in relation to such dividends. The dividends should not be subject to New Zealand withholding tax.</p>	Section 8.3(b)
United Kingdom	<p>For individual shareholders, dividend income that does not fall within the dividend allowance of £2,000 will generally be subject to tax (at the applicable dividend rate) as the highest part of the shareholder's income.</p> <p>ANZ NOHC Shareholders who are within the charge to UK corporation tax will generally not be subject to UK corporation tax on the gross amount of any dividends paid by ANZ NOHC so long as certain conditions are met.</p>	Section 8.4(c)
United States	<p>Under US federal income tax laws, if you are a US holder, dividends paid by ANZ NOHC will be subject to United States federal income taxation.</p> <p>Subject to the passive foreign investment company rules (PFIC) rules discussed in the full tax disclosure below, if you are a non-corporate US holder, dividends that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold the ANZ NOHC Shares or ANZ NOHC ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements.</p>	Section 8.5(c)(1)(A)
Disposal of ANZ NOHC Shares		
Australia	<p>An Australian tax resident ANZ NOHC Shareholder who disposes of their ANZ NOHC Shares may make a capital gain or loss. Certain shareholders may be entitled to a discount on any capital gain if they have held their ANZ NOHC Shares for at least 12 months.</p>	Section 8.2(d)
New Zealand	<p>The future disposal of the ANZ NOHC Shares should not give rise to taxable income for you, provided that you hold the ANZ NOHC Shares on capital account.</p>	Section 8.3(a)
United Kingdom	<p>ANZ NOHC Shareholders may, depending on their circumstances (including the availability of exemptions or reliefs), be liable to UK capital gains tax or corporation tax on chargeable gains, as applicable, in respect of gains arising from a sale or other disposal of any ANZ NOHC Shares.</p>	Section 8.4(d)

TAX RESIDENT AND TAXING JURISDICTION

United States

TAX CONSEQUENCES

Provided that as intended, the Scheme is a tax-free exchange, your aggregate tax basis in ANZ NOHC Shares or ANZ NOHC ADSs that you receive will equal your carryover tax basis (generally the price you paid for your ANZ Shares or ANZ ADSs prior to implementation of the Scheme).

Subject to the PFIC rules discussed in section 8.5, if you are a US holder, you will generally recognise a capital gain or loss for United States federal income tax purposes equal to the difference between the amount that you receive and your tax basis, determined in respect of the disposal of your ANZ NOHC Shares or ANZ NOHC ADSs.

MORE INFORMATION

Section 8.5(c)(1)(B)

8.2 AUSTRALIA

(a) Introduction

This section 8.2 provides a general summary of the Australian income tax implications arising for certain ANZ Shareholders under the Scheme. This summary is necessarily general in nature and is not a complete analysis of all taxation laws that may apply in relation to the Scheme for ANZ Shareholders. ANZ Shareholders should consult with their own independent tax adviser regarding the tax implications of participating in the Scheme based on their particular circumstances. The tax summary provided in this section 8.2 does not constitute tax advice.

This tax summary only addresses the position of ANZ Shareholders who:

- were registered on the ANZ Share Register as the holders of ANZ Shares at the Scheme Record Date;
- hold their ANZ Shares on capital account (and not on revenue account or as trading stock) for income tax purposes;
- are treated for Australian income tax purposes as having acquired their ANZ Shares after 19 September 1985;
- have not elected for the TOFA provisions in Division 230 of the ITAA to apply in respect of their ANZ Shares; and
- are not subject to the Investment Manager Regime, not temporary residents of Australia for income tax purposes, not exempt from Australian income tax or subject to a legal disability, not holding their ANZ Shares as partners in a partnership and not a bank or insurance company.

This tax summary does not address any tax consequences arising under the laws of jurisdictions other than Australia. This tax summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practice as at the date of this Explanatory Memorandum. These laws, regulations and interpretations can change, and it is important that ANZ Shareholders monitor for such changes after the date of this Explanatory Memorandum.

(b) ATO Class Ruling

ANZ has applied to the Commissioner of Taxation (**Commissioner**) for a class ruling confirming certain income tax implications of the Scheme for ANZ Shareholders (**Class Ruling**).

Consistent with standard ATO practice in relation to transactions of this nature, the final Class Ruling will be received from the Commissioner after the Implementation Date for the Scheme and will be published on the ATO website (ato.gov.au).

The information below addresses the implications for ANZ Shareholders where tax relief is available and is consistent with the submissions made in the Class Ruling application.

(c) Rollover tax relief

Australian tax resident ANZ Shareholders

Ordinarily, the disposal of ANZ Shares by ANZ Shareholders who are tax resident in Australia and whose ANZ Shares are held on capital account would result in a capital gain or loss being realised. Under the Scheme, any capital gain or loss made by ANZ Shareholders on the exchange of their ANZ Shares for ANZ NOHC Shares should be disregarded. Roll-over relief under Division 615 of the ITAA should apply to defer recognition of any taxable gains or losses until the ANZ NOHC Shareholder subsequently disposes of their ANZ NOHC Shares.

Following implementation of the Scheme, the first element of the cost base (or reduced cost base, if applicable) for the ANZ NOHC Shares received under the Scheme by an ANZ Shareholder who is tax resident in Australia should equal the initial purchase price paid for the ANZ Shares.

For the purposes of determining whether the capital gains tax discount concession is available on a subsequent disposal of ANZ NOHC Shares, ANZ Shareholders who are tax residents in Australia should be taken to have acquired their ANZ NOHC Shares at the time their ANZ Shares were initially acquired.

Non-Australian tax resident ANZ Shareholders

ANZ Shareholders who are non-Australian tax residents should consider both the Australian tax implications of the Scheme, as well as the tax implications in their country of residence.

If a capital gain or loss arises for a non-Australian tax resident as a result of the exchange of their ANZ Shares for ANZ NOHC Shares under the Scheme, any capital gain or loss should be disregarded due to the availability of roll-over relief.

Following implementation of the Scheme, the first element of the cost base (or reduced cost base, if applicable) for ANZ NOHC Shares received by an ANZ Shareholder who is a non-Australian tax resident should equal the initial purchase price paid for the ANZ Shares.

(d) Holding ANZ NOHC Shares after the Implementation Date

Tax treatment of future distributions – Australian tax resident ANZ NOHC Shareholders

Generally, dividends received from ANZ NOHC should be included in an ANZ NOHC Shareholder's assessable income together with any franking credit attached to the dividend. Where the franking credit is included in the ANZ NOHC Shareholder's assessable income, the ANZ NOHC Shareholder will generally be entitled to a corresponding tax offset.

To be eligible for the franking credit and tax offset, ANZ NOHC Shareholders must satisfy the holding period rule including, if necessary, the related payment rule.

The holding period rule requires ANZ NOHC Shareholders to have held ANZ NOHC Shares at risk for a period of at least 45 days (not including the date of acquisition or the date of disposal) and free of any related payment obligations. An ANZ NOHC Shareholder will not be taken to have held ANZ NOHC Shares at risk where the ANZ NOHC Shareholder or an associate holds a position (such as an option or other hedging arrangement) which materially diminishes the risks of loss or opportunity for gain in respect of those ANZ NOHC Shares.

The holding period rule will not apply to an ANZ NOHC Shareholder who is an individual whose tax offset entitlement (for all franked distributions received in the income year) does not exceed \$5,000 for the income year in which the franked dividend from ANZ NOHC is received.

Under the related payment rule, a different testing period applies where the ANZ NOHC Shareholder has made, or is under an obligation to make, a related payment in relation to a dividend. A related payment is one where the ANZ NOHC Shareholder or their associate passes on the benefit of the dividend to another person. The related payment rule requires the ANZ NOHC Shareholder to have held ANZ NOHC Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after the day the ANZ NOHC Shares become ex-dividend. This should not affect any ANZ NOHC Shareholder who does not pass on the benefit of the dividend to another person.

Where the ANZ NOHC Shareholder is an Australian tax resident individual, complying superannuation entity, or registered charity (in certain circumstances) and satisfies

the above requirements, the ANZ NOHC Shareholder will generally be entitled to a refund of tax to the extent that the franking credit attached to the ANZ NOHC Shareholder's dividends exceed the ANZ NOHC Shareholder's income tax liability for the relevant income year.

Where the ANZ NOHC Shareholder is an Australian tax resident company, franked dividends received by the ANZ NOHC Shareholder will generally give rise to a franking credit in the ANZ NOHC Shareholder's franking account. No refund of tax is available for companies for excess franking credits.

Tax treatment of future distributions – non-Australian tax resident ANZ NOHC Shareholders

Franked dividends received by ANZ NOHC Shareholders who are non-Australian tax residents should not generally be subject to dividend withholding tax.

Unfranked dividends will be subject to dividend withholding tax. The withholding tax rate is 30% but is generally reduced to 15% (or less, pursuant to some tax treaties) on dividends which are paid to residents of countries which have entered into tax treaties with Australia.

ANZ NOHC Shareholders are advised to obtain their own tax advice to confirm their entitlement to the benefit of any franking credit gross-up and tax offset in respect of franked dividends paid by ANZ NOHC.

Tax treatment of future disposals of ANZ NOHC Shares – Australian tax resident ANZ NOHC Shareholders

Following the implementation of the Scheme, ANZ NOHC Shareholders who dispose of their ANZ NOHC Shares will make:

- a capital gain if the capital proceeds for the disposal of ANZ NOHC Shares exceed the cost base of the relevant ANZ NOHC Shares; or
- a capital loss if the capital proceeds for the disposal of ANZ NOHC Shares are less than the reduced cost base of the relevant ANZ NOHC Shares.

ANZ NOHC Shareholders who are individuals, trustees or complying superannuation entities and who have held their ANZ NOHC Shares for at least 12 months should be entitled to discount the amount of the capital gain (after the application of any current year or carry forward capital losses).

The amount of the discount is:

- in the case of individuals and trustees – 50%; and
- for complying superannuation funds – 33.33%.

No discount on a capital gain is available for ANZ NOHC Shareholders that are companies.

A capital loss may be used to offset any capital gains derived by relevant ANZ NOHC Shareholders for the relevant income year or may be carried forward to offset capital gains in future income years. Specific capital loss recoupment rules apply to companies to restrict their ability to utilise capital losses in future income years.

ANZ NOHC Shareholders should seek their own tax advice prior to utilising capital losses to confirm the availability of the losses.

Tax treatment of future disposals of ANZ NOHC Shares – non-Australian tax resident ANZ NOHC Shareholders

ANZ NOHC Shareholders who are a non-Australian tax resident need to consider both the Australian income tax implications of any future disposal of ANZ NOHC Shares and the tax implications of such a disposal in their own jurisdiction.

Broadly, a capital gain or loss may arise to non-Australian tax resident ANZ NOHC Shareholders from the disposal of their ANZ NOHC Shares if they hold their shares on capital account, and:

- they held more than 10% of the issued capital of ANZ NOHC at the date of the disposal of the ANZ NOHC Shares or through a 12-month period that began no earlier than 24 months before the date of disposal and ended no later than the date of disposal; and
- more than 50% of the market value of ANZ NOHC consists of taxable Australian real property (direct and indirect interests in Australian real property, including leases of Australian land).

A capital gain may also arise for ANZ NOHC Shareholders who have held their ANZ NOHC Shares in the course of carrying on a business through an Australian permanent establishment.

If the non-Australian tax resident ANZ NOHC Shareholder is a tax resident of a country which has entered a tax treaty with Australia, relief from taxation may be available under the relevant treaty. ANZ NOHC Shareholders who are a non-Australian tax resident should seek their own advice concerning the availability of treaty relief.

No discount capital gain is available for non-Australian tax resident ANZ NOHC Shareholders.

(e) Sale Facility

A small number of ANZ Shares are held by ANZ Shareholders whose addresses are shown in the ANZ Share Register as being outside Australia (and its external territories), New Zealand or an Eligible Foreign Jurisdiction. These Ineligible Foreign Shareholders are not permitted to participate in the Scheme and will not receive ANZ NOHC Shares. Instead, Ineligible Foreign Shareholders will receive the cash proceeds of the sale of the ANZ NOHC Shares. More information about Ineligible Foreign Shareholders is set out in section 7.2(g).

Ineligible Foreign Shareholders need to consider both Australian income tax implications and the tax implications in their own jurisdiction.

A capital gain or loss should not arise to Ineligible Foreign Shareholders from the disposal of their ANZ Shares unless they have held their ANZ Shares in the course of carrying on a business through an Australian permanent establishment.

If an Ineligible Foreign Shareholder does derive a capital gain and is a tax resident of a country in which a tax treaty exists with Australia, relief may be available under the relevant treaty.

No discount capital gain is available for Ineligible Foreign Shareholders.

(f) Other matters

1. Provision of tax file numbers

Under Australian tax law, a company is entitled to ask its shareholders to disclose their TFN to the company. A shareholder can choose whether or not to disclose their TFN. A shareholder may be entitled to provide their ABN (in circumstances) or tell the company that they have an exemption from providing a TFN.

Many ANZ Shareholders have previously quoted their TFN or ABN to ANZ, or told ANZ that they have an exemption from providing a TFN.

When we refer to TFNs being transferred to ANZ NOHC, we also refer to ABNs and information about exemptions from providing a TFN being transferred.

As part of the Scheme, ANZ (or the ANZ Share Registry) intends to transfer the TFNs provided to ANZ by ANZ Shareholders to ANZ NOHC (or the ANZ NOHC Share Registry) on behalf of those ANZ Shareholders. If the ANZ NOHC Shareholder's TFN is transferred, ANZ NOHC does not have to withhold any tax from any dividends paid to the shareholder.

However, an ANZ Shareholder may direct ANZ to not transfer that ANZ Shareholder's TFN to ANZ NOHC (or the ANZ NOHC Share Registry).

If the ANZ Shareholder makes such a direction, and does not separately quote their TFN to ANZ NOHC, then ANZ NOHC may be required to deduct TFN withholding from any dividends paid by ANZ NOHC at the highest marginal rate plus the Medicare levy (currently 47%), unless those dividends are fully franked. If the tax withheld by ANZ NOHC is more than the ANZ NOHC Shareholder would have paid in tax, the ANZ NOHC Shareholder must wait until he or she lodges an income tax return before being entitled to an income tax offset or refund (as applicable) of any excess tax withheld from the dividend payment.

If you do not want ANZ to transfer your TFN to ANZ NOHC (or the ANZ NOHC Share Registry) (and therefore you accept that ANZ NOHC may be required to withhold tax at the top marginal tax rate plus Medicare levy on dividends payable to you), please call the ANZ Shareholder Information Line on 1800 11 33 99 (within Australia) or +61 3 9415 4010 (outside Australia) or write to the ANZ Share Registry before the Effective Date.

If an ANZ Shareholder does not specify that they do not wish their TFN to be disclosed and collected in accordance with the process discussed above, they are deemed under the terms of the Scheme to agree to such disclosure and collection of their TFN.

2. GST

No GST should be payable by ANZ Shareholders in relation to their participation in the Scheme. The eligibility for ANZ Shareholders to claim full or partial input tax credits in relation to GST incurred on adviser fees and other costs relating to their participation in the Scheme will depend on the individual circumstances of each shareholder.

3. Stamp duty

No stamp duty should be payable in any Australian State or Territory by ANZ Shareholders in relation to their participation in the Scheme.

(g) ANZ Incentive Plans

ANZBGL operates two ANZ Incentive Plans known as the Employee Share Acquisition Plan (**ESAP**) and the Employee Share Option Plan (**ESOP**). Under the ESAP, participating employees are granted deferred shares in ANZBGL. Under the ESOP, participating employees are granted deferred share rights and performance rights which may be settled with either shares or cash payments in lieu of shares at the discretion of ANZ at the time of vesting.

The Equity Awards are held by the trustee of the ANZ employee incentive plan trust and vest on specific dates in accordance with the terms of the ESAP and ESOP.

Participating employees are not subject to taxation on deferred shares until they vest and on performance rights, restricted shares, restricted rights and deferred share rights until they are exercised, which triggers an employee share scheme (**ESS**) deferred taxing point.

For Australian resident participants in the ANZ Incentive Plans, the Restructure should not trigger an ESS deferred taxing point in relation to any Equity Awards issued under the ANZ Incentive Plans, nor should it give rise to any realised capital gains or capital losses for participating employees.

In relation to the ESAP, all deferred shares held by the trustee of the ANZ employee incentive plan trust will be rolled over and exchanged for ANZ NOHC Shares on a one for one basis.

To the extent that the Restructure results in a participating employee becoming employed by a subsidiary of ANZ NOHC, their employment will be treated as a continuation of their employment with ANZBGL for the purposes of the ANZ Incentive Plans.

In relation to the ESOP, the rules of the ESOP will be amended to allow ANZBGL to replace ANZBGL deferred share rights and performance rights with ANZ NOHC deferred share rights performance rights on the same condition of grant. The existing rights will therefore lapse and participating employees will be granted replacement rights.

If the rights granted to a participating employee under the ESOP are ultimately settled with shares, the amount included in that participating employee's assessable income will be determined by reference to the market value of the ANZ NOHC shares.

If the rights granted to a participating employee under the ESOP are ultimately settled in cash, those amounts will be taxed in that participating employee's hands as salary and wages.

8.3 NEW ZEALAND

This section 8.3 provides a general summary of the New Zealand income tax implications under the Scheme arising for ANZ Shareholders who are tax resident in New Zealand (**NZ ANZ Shareholders**). This summary is necessarily

general in nature and is not a complete analysis of all taxation laws that may apply in relation to the Scheme for NZ ANZ Shareholders. The tax summary provided in this section 8.3 does not constitute tax advice.

(a) Disposal of ANZ Shares

For New Zealand income tax purposes, the transaction under the Scheme will be treated as a disposal of ANZ Shares by NZ ANZ Shareholders in consideration for the monetary equivalent of the market value of the ANZ NOHC Shares received, which will be equal to the value of the ANZ Shares as they will carry the same rights.

A binding ruling has been issued by the Commissioner of Inland Revenue in relation to the Scheme (BR Prd 22/11, referred to in this section as **Binding Ruling**) which has been published on Inland Revenue's website (taxtechnical.lrd.govt.nz).

As provided in the Binding Ruling, the receipt of ANZ NOHC Shares by an NZ ANZ Shareholder under the Scheme will not be treated as income under part C of the Income Tax Act 2007 (NZ), and therefore will not be subject to New Zealand income tax, provided that the relevant NZ ANZ Shareholder:

- does not derive the ANZ NOHC Shares from a business, or if the ANZ NOHC Shares are derived from a business, are received on capital account;
- does not hold their ANZ Shares as trading stock;
- did not acquire their ANZ Shares for the purpose of disposal;
- is not in the business of dealing in shares;
- is not a company that is for that income year part of a wholly-owned group of companies and had the group of companies been a single company, the ANZ NOHC Shares derived by the company would have been income of that single company; and
- is not a company that is part of a consolidated group, where the ANZ NOHC Shares derived by the company would be income of the group if the group were one company.

The Binding Ruling also provides that for an ANZ Shareholder that is a "portfolio investment entity" (as that term is defined in the Income Tax Act 2007 (NZ)) other than a life fund PIE and that is not assured under an arrangement with another person of having a gain on the disposal of the ANZ Shares, where the receipt of ANZ NOHC Shares under the Scheme gives rise to income that income will be treated as excluded income under section CX 55 of the Income Tax Act 2007 (NZ).

An NZ ANZ Shareholder that does not hold their ANZ Shares on capital account for New Zealand income tax purposes and is not a portfolio investment entity, as described above, should seek tax advice regarding the tax implications of participating in the Scheme based on their particular circumstances.

(b) Holding ANZ NOHC Shares

As ANZ NOHC is an Australian incorporated tax resident company and listed on the ASX, the New Zealand tax treatment of dividends paid by ANZ NOHC will be the same as the tax treatment of dividends paid by ANZBGL.

While ANZ NOHC is a foreign company for New Zealand income tax purposes, New Zealand's foreign investment fund rules will not apply to a shareholding in ANZ NOHC as such a shareholding should qualify for exemption from those rules applicable to certain ASX listed companies.

Generally, dividends received from ANZ NOHC will be income for ANZ NOHC Shareholders who are tax resident in New Zealand (**NZ ANZ NOHC Shareholders**). Where such dividends have franking credits attached, no tax credit will arise for such franking credits. To the extent New Zealand imputation credits, if any, are attached to such dividends, NZ ANZ NOHC Shareholders should be entitled to a tax credit for such imputation credits which can be applied against their taxable income.

If Australian withholding tax is deducted from dividends paid by ANZ NOHC to NZ ANZ NOHC Shareholders, such withholding tax may be able to be claimed as a credit against New Zealand tax otherwise payable in relation to such dividends. Dividends paid by ANZ NOHC to NZ ANZ NOHC Shareholders should not be subject to New Zealand withholding tax.

Provided that the ANZ NOHC Shares are held on capital account, the future disposal of ANZ NOHC Shares by NZ ANZ NOHC Shareholders should not give rise to any taxable income. Taxable income may arise, for example, where a NZ ANZ NOHC Shareholder is in the business of dealing in shares.

8.4 UNITED KINGDOM

(a) Introduction

This section 8.4 provides a general summary of certain United Kingdom (**UK**) tax implications arising for certain ANZ Shareholders under the Scheme. This summary is necessarily general in nature and is not a complete analysis of all taxation laws that may apply in relation to the Scheme for ANZ Shareholders.

This UK tax summary only addresses the position of ANZ Shareholders who are resident and, in the case of individuals domiciled, for tax purposes solely in the UK (and to whom split-year treatment does not apply) and who hold their ANZ Shares (and will hold their ANZ NOHC Shares) as an investment for UK tax purposes and who are treated as being the underlying absolute beneficial owners thereof. In particular, ANZ Shareholders (or as the case may be ANZ NOHC Shareholders) who hold their shares via a depositary receipt system or clearance service should note that they may not always be the absolute beneficial owners thereof. Furthermore, for UK tax purposes, where a depositary receipt is issued outside the UK, the question of whether the holder of the depositary receipt is the beneficial owner of the underlying shares will generally be determined by reference to the law of the territory in which the relevant depositary receipt is issued.

This summary does not apply to certain categories of shareholders to whom special rules apply, including pension funds, charities, dealers in securities, those who hold their shares through an individual savings account or a pension arrangement, those who are subject to specific tax regimes or who benefit from certain reliefs or exemptions, those who are connected with ANZBGL or ANZ NOHC or

those for whom the shares are employment related securities.

The tax summary provided in this section 8.4 does not constitute tax advice and does not address any tax consequences arising under the laws of jurisdictions other than the UK. The tax summary in this section 8.4 is based on UK tax law and published practice of HM Revenue & Customs (**HMRC**) as at the date of this Explanatory Memorandum (which may not be binding on HMRC), both of which are subject to change, possibly with retrospective effect.

ANZ Shareholders should consult with their own independent tax adviser regarding the tax implications of participating in the Scheme or holding ANZ NOHC Shares based on their particular circumstances.

(b) Implementation of the Scheme

For the purposes of UK capital gains tax (CGT) and corporate tax on chargeable gains, the issue of ANZ NOHC Shares to ANZ Shareholders in consideration for the transfer of their ANZ Shares to ANZ NOHC is expected to be treated as a reorganisation of share capital for UK tax purposes.

Accordingly, ANZ Shareholders should not be treated as making a disposal of all or part of their holding of ANZ Shares and no liability to CGT or corporation tax on chargeable gains should arise. Instead, the ANZ NOHC Shares acquired and the ANZ Shares transferred should, for CGT and corporation tax on chargeable gains purposes, be treated as the same asset and the ANZ NOHC Shares should be treated as having been acquired at the same time and for the same consideration as the ANZ Shares.

In the case of a person who holds (either alone or together with persons connected with them) more than 5% of, or of any class of, shares or debentures in ANZBGL, the treatment in the preceding paragraph is subject to the issue of ANZ NOHC Shares to them and the transfer of their ANZ Shares to ANZ NOHC being carried out for bona fide commercial reasons and not forming part of a scheme or arrangements of which the main purpose, or one of the main purposes, is avoidance of the liability to CGT or corporation tax. Provided that this is the case (although it should be noted that no clearance has been sought from HMRC in this regard), any such shareholder is expected to be treated in the manner described in the preceding paragraph.

(c) Taxation of dividends

ANZ NOHC will not be required to withhold amounts on account of UK tax at source when paying a dividend.

For the tax year beginning 6 April 2022, ANZ NOHC Shareholders that are individuals should not be subject to income tax on dividends they receive from ANZ NOHC if the total amount of all dividend income received by the individual in the tax year (including when aggregated with any dividends received from ANZ NOHC) does not exceed a dividend allowance of £2,000, which will be taxed at a nil rate (the **Dividend Allowance**).

In determining the income tax rate or rates applicable to an individual ANZ NOHC Shareholder's taxable income, dividend income is treated as the highest part of such individual shareholder's income. Dividend income that falls

within the Dividend Allowance will count towards the basic or higher rate limits (as applicable) which may affect the rate of tax due on any dividend income in excess of the Dividend Allowance.

To the extent that an individual ANZ NOHC Shareholder's dividend income for the tax year exceeds the Dividend Allowance and, when treated as the top slice of such individual shareholder's income, falls above such individual shareholder's personal allowance (if available) but below the basic rate limit, such an individual shareholder should be subject to tax on that dividend income at the dividend basic rate of 8.75%. To the extent that such dividend income falls above the basic rate limit but below the higher rate limit, such an individual shareholder should be subject to tax on that dividend income at the dividend higher rate of 33.75 per cent. To the extent that such dividend income falls above the higher rate limit, such an individual shareholder will be subject to tax on that dividend income at the dividend additional rate of 39.35 per cent.

ANZ NOHC Shareholders who are within the charge to UK corporation tax in respect of ANZ NOHC Shares will generally not be subject to UK corporation tax on the gross amount of any dividends paid by ANZ NOHC unless so long as certain conditions are met. In the case of ANZ NOHC Shareholders that are not small companies, one of the conditions is that the dividends fall within an exempt class. It is generally expected that most dividends paid by ANZ NOHC should fall within an exempt class (subject to the application of anti-avoidance rules). Each shareholder's position will depend on their own particular circumstances.

If Australian dividend withholding tax is payable on dividends from ANZ NOHC, UK resident shareholders should seek their own tax advice to determine any relevant taxation implications (including the availability of any relief or credit in respect of any such withholding tax).

(d) Disposal of shares in ANZ NOHC

ANZ NOHC Shareholders may depending on their circumstances (including the availability of exemptions or reliefs) be liable to UK CGT or corporation tax on chargeable gains, as applicable, in respect of gains arising from a sale or other disposal of any ANZ NOHC Shares.

(e) Stamp duty and stamp duty reserve tax

No UK stamp duty or stamp duty reserve tax ("SDRT") should generally be payable on the issue of the ANZ NOHC Shares.

No UK stamp duty should be required to be paid on the transfer of any ANZ NOHC Shares provided that no instrument of transfer is executed in the UK and provided that no such instrument relates to any property situate, or to any matter or thing done or to be done, in the UK.

No SDRT should be payable on the issue or transfer of the ANZ NOHC Shares, provided that the ANZ NOHC Shares are not registered in any register kept in the UK.

8.5 UNITED STATES

(a) Introduction

This section 8.5 provides a general summary of certain material United States federal income tax consequences of the Scheme, and ownership and disposition of ANZ NOHC Shares or ANZ NOHC ADSs following implementation of the Scheme. This summary assumes that the Scheme will be implemented as contemplated by this Explanatory Memorandum, and applies only to ANZ Shareholders that hold their ANZ Shares and that will hold their ANZ NOHC Shares received under the Scheme, or to ANZ ADS Holders that will hold their ANZ NOHC ADSs received under the Scheme, as "capital assets" for tax purposes. This summary addresses only United States federal income taxation and does not discuss all of the tax consequences that may be relevant in light of the ANZ Shareholder's or ANZ ADS Holder's individual circumstances, including foreign, state or local tax consequences, estate and gift tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. ANZ Shareholders and ANZ ADS Holders should consult with their own independent tax adviser regarding the tax implications of participating in the Scheme based on their particular circumstances.

This summary does not apply to an ANZ Shareholder or an ANZ ADS Holder subject to special rules, including because the ANZ Shareholder or the ANZ ADS Holder is:

- a dealer in securities;
- a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;
- a tax-exempt organisation;
- a life insurance company;
- a person who holds ANZ Shares or ANZ ADSs, or will hold ANZ NOHC Shares or ANZ NOHC ADSs, as the case may be, as part of a straddle or a hedging or conversion transaction;
- a person who purchases or sells ANZ NOHC Shares or ANZ NOHC ADSs as part of a wash sale for tax purposes;
- a US holder whose functional currency is not the US dollar;
- a person that actually or constructively will own 5% or more of either the combined voting power of ANZ NOHC or of the total value of ANZ NOHC immediately after implementation of the Scheme;
- a person who holds ANZ Shares or ANZ ADSs, or will hold ANZ NOHC Shares or ANZ NOHC ADSs, as the case may be, in an individual retirement or other tax-deferred account; or
- a person who received ANZ Shares or ANZ ADSs, or who acquires ANZ NOHC Shares or ANZ NOHC ADSs, as the case may be, pursuant to the exercise of employee stock options or otherwise as compensation or in connection with the performance of services.

This section 8.5 is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect (**Code**). These authorities are subject to change, possibly on a retroactive basis.

If an entity or arrangement that is treated as a partnership for United States federal income tax purposes holds ANZ Shares or ANZ ADSs, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding ANZ Shares or ANZ ADSs should consult its own independent tax adviser regarding the United States federal income tax treatment with respect to the Scheme.

As noted above, this summary does not address the tax consequences to an ANZ Shareholder who holds ANZ Shares, or to an ANZ ADS Holder who holds ANZBY ADSs, and who will own directly, indirectly or constructively through attribution rules, at least 5% of either the combined voting power of ANZ NOHC or of the total value of ANZ NOHC immediately after implementation of the Scheme pursuant to the applicable Treasury Regulations under section 367 of the Code (**five-percent transferee shareholder**). ANZ Shareholders and ANZ ADS Holders who believe they are or could become five-percent transferee shareholders of ANZ NOHC should consult with their own independent tax adviser regarding the special rules and time-sensitive tax procedures, including the requirement to file a gain recognition agreement with the Internal Revenue Service (**IRS**), which might apply regarding their ability to obtain tax-free treatment under the Scheme.

For the purposes of this summary, a US holder is a beneficial owner of ANZ Shares or ANZ ADSs and, after implementation of the Scheme, ANZ NOHC Shares or ANZ NOHC ADSs who is:

- a citizen or resident of the United States;
- a domestic corporation;
- an estate whose income is subject to United States federal income tax regardless of its source; or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

A non-US holder is a beneficial owner of ANZ Shares or ANZ ADSs that is not a United States person and is not a partnership for United States federal income tax purposes. A non-US holder should consult with its own independent tax adviser regarding the tax implications of participating in the Scheme based on its particular circumstances.

(b) Material United States federal income tax consequences of the Scheme, including the exchange of ANZ Shares or ANZ ADSs for ANZ NOHC Shares or ANZ NOHC ADSs, respectively

The exchange of ANZ Shares or ANZ ADSs for ANZ NOHC Shares or ANZ NOHC ADSs, respectively, under the Scheme is intended to be treated as a transfer to which section 351 of the Code applies. This summary assumes that the exchange of ANZ Shares or ANZ ADSs for ANZ NOHC Shares or ANZ NOHC ADSs, respectively, under the Scheme will be treated as a transfer to which section 351 of the Code applies.

1. US holders

Unless the PFIC provisions described in section 8.5(c)(1)(C) apply, a US holder will generally not recognise any gain or loss on the exchange of ANZ Shares or ANZ ADSs for ANZ NOHC Shares or ANZ NOHC ADSs, respectively, under the Scheme. If a US holder has differing bases or holding periods in respect of its ANZ Shares or ANZ ADSs, the US holder must determine the bases and holding periods in the ANZ NOHC Shares or ANZ NOHC ADSs received under the Scheme separately for each identifiable block (ie, stock of the same class acquired at the same time for the same price) of ANZ Shares or ANZ ADSs that the US holder receives. US holders will have an aggregate adjusted US federal tax basis in ANZ NOHC Shares or ANZ NOHC ADSs received under the Scheme equal to their aggregate adjusted US federal tax basis in the ANZ Shares or ANZ ADSs transferred under the Scheme. Thus, to the extent a US holder had a loss in its ANZ Shares or ANZ ADSs, such loss generally will be preserved. The holding period for ANZ NOHC Shares or ANZ NOHC ADSs received under the Scheme will generally include the holding period of the ANZ Shares or ANZ ADSs transferred under the Scheme.

Until after the implementation of the Scheme, the parties cannot determine the tax treatment of the Scheme. In addition, no assurance can be given that the IRS will not assert, or that a court would not sustain, that the Scheme does not qualify as an exchange within the meaning of section 351 of the Code.

If the IRS were to successfully challenge the qualification of the Scheme as an exchange within the meaning of section 351 of the Code, a US holder would generally be required to recognise a gain or loss equal to the difference between its adjusted tax basis in the ANZ Shares or ANZ ADSs transferred under the Scheme and an amount equal to the fair market value, as at the Implementation Date, of any ANZ NOHC Shares or ANZ NOHC ADSs, respectively, received under the Scheme. Any gain or loss so recognised would be long-term capital gain if the US holder has held the ANZ Shares or ANZ ADSs for more than one year as at the Implementation Date. Generally, in such event, the tax basis in the ANZ NOHC Shares or ANZ NOHC ADSs received by the US holder under the Scheme would equal the fair market value of such ANZ NOHC Shares or ANZ NOHC ADSs as at the Implementation Date, and the US holder's holding period for the ANZ NOHC Shares or ANZ NOHC ADSs would begin on the day after the Implementation Date.

2. Non-US holders

Non-US holders are not expected to recognise any gain or loss as a result of the Scheme unless the Scheme fails to qualify as an exchange to which section 351 of the Code applies, as discussed above. In addition, even if the Scheme were to fail to qualify as an exchange to which section 351 of the Code applies, non-US holders of ANZ Shares or ANZ ADSs would generally not be subject to United States federal income tax on any gain that may be recognised unless they are within a class of non-US holders that would be subject to United States federal income tax on the sale or disposition of ANZ NOHC Shares or ANZ NOHC ADSs, as discussed in section 8.5(c)(2)(B).

(c) United States federal income tax consequences of holding or disposing of ANZ NOHC Shares or ANZ NOHC ADSs following implementation of the Scheme

1. US holders

(a) Distributions

In general, the distributions in respect of ANZ NOHC Shares or ANZ NOHC ADSs will be treated as dividends to the extent of ANZ NOHC's current or accumulated earnings and profits as determined for United States federal income tax purposes. Subject to the discussion in section 8.5(c)(1)(C), any portion of a distribution in excess of ANZ NOHC's current and accumulated earnings and profits would be treated first as a nontaxable return of capital that would reduce the US holder's tax basis in the ANZ NOHC Shares or ANZ NOHC ADSs, and would thereafter be treated as capital gain, the tax treatment of which is discussed in section 8.5(c)(1)(B). Because it is not expected that ANZ NOHC will maintain calculations of its earnings and profits under United States federal income tax principles, it is expected that all distributions will generally be reported to US holders as dividends.

Subject to the discussion in section 8.5(c)(1)(C), for a non-corporate US holder, distributions that are treated as dividends for United States federal income tax purposes may be qualified dividend income taxable to the US holder at the preferential rates applicable to long-term capital gains provided that the US holder holds ANZ NOHC Shares or ANZ NOHC ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meets other holding period requirements. US holders should consult with their own independent tax adviser regarding the holding period in ANZ NOHC Shares or ANZ NOHC ADSs based on their particular circumstances. Amounts ANZ NOHC pays with respect to ANZ NOHC Shares or ANZ NOHC ADSs will not be eligible for the dividends-received deduction generally allowed to United States corporations in respect of dividends received from other United States corporations.

If a US holder receives a distribution on ANZ NOHC Shares or ANZ NOHC ADSs that is denominated in, or determined by reference to, a non-US dollar currency, the US holder must recognise income equal to the US dollar value of the distribution, based on the exchange rate in effect on the date of distribution, regardless of whether the US holder actually converts the payment into US dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend is distributed to the date the US holder converts the payment into US dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

A US holder must include any Australian tax withheld from the dividend payment in the gross amount of the distribution even though the US holder does not in fact

receive it. The dividend is taxable to the US holder when the US holder, in the case of ANZ NOHC Shares, or the Depositary, in the case of ANZ NOHC ADSs, receives the dividend, actually or constructively. Subject to certain limitations and the following sentence, some of which vary depending upon the US holder's circumstances, the Australian tax withheld and paid over to Australia that is not eligible for an exemption from Australian withholding tax (under the US-Australia tax treaty or otherwise) will be creditable or deductible against the US holder's federal income tax liability. However, under recently finalized Treasury Regulations, it is possible that such withholding taxes may not be creditable unless the US holder is eligible to claim the benefits of the US-Australia income tax treaty and elects to apply such treaty. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. The rules governing foreign tax credits are complex, and the US holder should consult with their own independent tax adviser regarding the creditability of foreign taxes based on their particular circumstances.

Dividends will generally be income from sources outside the United States and will generally be "passive" income for purposes of computing the foreign tax credit allowable to the US holder. However, if (a) ANZ NOHC is 50% or more owned, by vote or value, by United States persons and (b) at least 10% of ANZ NOHC's earnings and profits are attributable to sources within the United States, then for foreign tax credit purposes, a portion of the dividends would be treated as derived from sources within the United States. With respect to any dividend paid for any taxable year, the United States source ratio of the dividends for foreign tax credit purposes would be equal to the portion of ANZ NOHC's earnings and profits from sources within the United States for such taxable year, divided by the total amount of ANZ NOHC's earnings and profits for such taxable year.

(b) Sale or other disposition of ANZ NOHC Shares or ANZ NOHC ADSs

Subject to the discussion in section 8.5(c)(1)(C), a US holder will generally recognise capital gain or loss upon the sale or other disposition of the US holder's ANZ NOHC Shares or ANZ NOHC ADSs in an amount equal to the difference between the amount the US holder receives at such time and the US holder's tax basis in the ANZ NOHC Shares or ANZ NOHC ADSs. In general, the US holder's tax basis in their ANZ NOHC Shares or ANZ NOHC ADSs will be equal to the carryover tax basis as described above (generally the price the US holder paid for them prior to implementation of the Scheme). Such capital gain or loss will be long-term capital gain or loss if the US holder held their ANZ NOHC Shares or ANZ NOHC ADSs for more than one year. Capital gain of a non-corporate US holder is generally taxed at preferential rates where the property is held for more than one year. The deductibility of capital losses is subject to limitations. Such gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

(c) **PFIC considerations**

ANZ NOHC does not expect to be a passive foreign investment company (**PFIC**) for United States federal income tax purposes, and therefore believes that ANZ NOHC Shares or ANZ NOHC ADSs should not be treated as stock of a PFIC, but this conclusion is a factual determination made annually and thus may be subject to change. In general, ANZ NOHC will be a PFIC with respect to a US holder if, for any taxable year in which the US holder holds ANZ NOHC Shares or ANZ NOHC ADSs, either (i) at least 75% of the gross income of ANZ NOHC for the taxable year is passive income or (ii) at least 50% of the value, determined on the basis of a quarterly average, of ANZ NOHC's assets is attributable to assets that produce or are held for the production of passive income (including cash). If ANZ NOHC were to be treated as a PFIC, gain realised on the sale or other disposition of ANZ NOHC Shares or ANZ NOHC ADSs would in general not be treated as capital gain. Instead, the US holder would be treated as if the US holder had realized such gain ratably over the US holder's holding period for the ANZ NOHC Shares or ANZ NOHC ADSs. Amounts allocated to the year of disposition and to years before ANZ NOHC became a PFIC would be taxed as ordinary income and amounts allocated to each other taxable year would be taxed at the highest tax rate applicable to individuals or corporations, as appropriate, in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. Further, to the extent that a distribution received by a US holder on their ANZ NOHC Shares or ANZ NOHC ADSs during a single taxable year, other than the taxable year in which the US holder's holding period in their ANZ NOHC Shares or ANZ NOHC ADSs began, exceeded 125% of the average of the annual distributions on the ANZ NOHC Shares or ANZ NOHC ADSs received during the preceding three years or the US holder's holding period that preceded the taxable year of the distribution, whichever is shorter, the distribution would be subject to taxation in the same manner as gain, described immediately above. With certain exceptions, a US holder's ANZ NOHC Shares or ANZ NOHC ADSs will be treated as stock in a PFIC if ANZ NOHC was a PFIC at any time during the US holder's holding period for the ANZ NOHC Shares or ANZ NOHC ADSs. In addition, dividends that a US holder receives from ANZ NOHC would not constitute qualified dividend income to such holder if ANZ NOHC were a PFIC (or were treated as a PFIC with respect to such holder) either in the taxable year of the distribution or the preceding taxable year.

(d) **Information with respect to foreign financial assets**

A US holder that owns "specified foreign financial assets" with an aggregate value in excess of US\$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" may include any financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and

contracts that have non-United States issuers or counterparties, and (iii) interests in foreign entities. Significant penalties may apply for failing to satisfy this filing requirement. ANZ NOHC Shares should qualify as specified foreign financial assets unless held in accounts maintained by financial institutions. US holders should consult with their own independent tax advisers regarding the application of this filing requirement to their ownership of ANZ NOHC Shares or ANZ NOHC ADSs based on their particular circumstances.

2. Non-US holders

(a) **Distributions**

Dividends paid to a non-US holder in respect of ANZ NOHC Shares or ANZ NOHC ADSs will not be subject to United States federal income tax unless the dividends are "effectively connected" with the non-US holder's conduct of a trade or business within the United States, and the dividends are attributable to a permanent establishment that the non-US holder maintains in the United States if that is required by an applicable income tax treaty as a condition for subjecting the non-US holder to United States taxation on a net income basis. In such cases the non-US holder generally will be taxed in the same manner as a US holder. For a corporate non-US holder, "effectively connected" dividends may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if the corporate non-US holder is eligible for the benefits of an income tax treaty that provides for a lower rate.

(b) **Sale or other disposition of ANZ NOHC Shares or ANZ NOHC ADSs**

A non-US holder will not be subject to United States federal income tax on gain recognized on the sale or other disposition of their ANZ NOHC Shares or ANZ NOHC ADSs unless:

- the gain is "effectively connected" with the non-US holder's conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that the non-US holder maintains in the United States if that is required by an applicable income tax treaty as a condition for subjecting the non-US holder to United States taxation on a net income basis, or
- the non-US holder is an individual, is present in the United States for 183 or more days in the taxable year of the sale and certain other conditions exist.

For a non-US holder, "effectively connected" gains that the non-US holder recognises may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if the non-US holder is eligible for the benefits of an income tax treaty that provides for a lower rate.

(c) **FATCA withholding**

30% withholding may be imposed on certain payments to certain non-United States financial institutions that fail to comply with information collection and reporting requirements, certification requirements, or any other relevant requirements in respect of their accountholders that are tax resident in the United States (including

certain non-United States entities that are controlled by United States tax residents). Accountholders subject to such information collection/reporting or certification requirements may include certain holders of ANZ NOHC Shares or ANZ NOHC ADSs, and ANZ NOHC may be required to withhold on a portion of any distribution made under the ANZ NOHC Shares or ANZ NOHC ADSs. In addition, ANZ NOHC may be required to withhold on a portion of any distribution that is made to a non-US financial institution that has not agreed to comply with these information reporting requirements or has been found to be non-compliant in its execution of the obligations by the IRS. Such withholding may be imposed at any point in a chain of payments if a payee fails to comply with United States information collection, reporting, certification and related requirements. Accordingly, ANZ NOHC Shares or ANZ NOHC ADSs held through a non-compliant institution may be subject to withholding even if the non-US holder otherwise would not be subject to withholding. However, under proposed US Treasury regulations, such withholding will not apply to payments made before the date that is two years after the date on which final regulations defining the term "foreign passthru payment" are enacted.

Non-US holders should consult their own independent tax advisers and their banks or brokers regarding the possibility of this withholding based on their particular circumstances.

(d) Backup withholding and information reporting

In general, for a noncorporate US holder, ANZ NOHC and other payors are required to report to the IRS all payments of dividend payments or other taxable distributions on the ANZ NOHC Shares or ANZ NOHC ADSs within the United States, and any payment of proceeds of the sale of the ANZ NOHC Shares or ANZ NOHC ADSs effected at a United States office of a broker. Additionally, backup withholding would apply to such payments if the US holder fails to provide an accurate taxpayer identification number, or (in the case of dividend payments) the US holder is notified by the IRS that the US holder has failed to report all interest and dividends required to be shown on their United States federal income tax returns.

Non-US holders are generally exempt from backup withholding and information reporting requirements with respect to dividend payments made to non-US holders outside the United States by ANZ NOHC or another non-United States payor. Non-US holders are also generally exempt from backup withholding and information reporting requirements in respect of dividend payments made within the United States and the payment of the proceeds from the sale of ANZ NOHC Shares or ANZ NOHC ADSs effected at a United States office of a broker, as long as either (i) the payor or broker does not have actual knowledge or reason to know that the non-US holder is a United States person and the non-US holder has furnished a valid IRS Form W-8 or other documentation upon which the payor or broker may rely to treat the payments as made to a non-United States person, or (ii) the non-US holder otherwise establishes an exemption.

In general, payment of the proceeds from the sale of ANZ NOHC Shares or ANZ NOHC ADSs effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

ANZ NOHC Shareholders generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed their income tax liability by filing a refund claim with the IRS.

SECTION



9.1 INTERESTS HELD BY ANZ DIRECTORS

As at the Last Practicable Date, the ANZ Directors have the following Relevant Interests in ANZ Shares and interests in other ANZ securities:

ANZ DIRECTOR	NUMBER OF ANZ SHARES	OTHER ANZ SECURITIES
Paul O'Sullivan (Chairman)	4,350	9,250 ANZ Capital Notes 7
Shayne Elliott (CEO)	522,083	453,727 performance rights
Ilana Atlas AO	15,318	Nil
Jane Halton AO PSM	9,653	Nil
Rt Hon Sir John Key GNZM AC	10,500	Nil
Graeme Liebelt	21,671	2,500 ANZ Capital Notes 6 2,500 ANZ Capital Notes 7
John Macfarlane	19,042	5,000 ANZ Capital Notes 3 2,140 ANZ Capital Notes 6 2,000 ANZ Capital Notes 7
Christine O'Reilly	6,400	Nil
Jeff Smith	2,779	Nil

9.2 INTENTIONS OF ANZ NOHC DIRECTORS

Except as disclosed in this Explanatory Memorandum or announced to the ASX and NZX, the ANZ NOHC Directors have indicated that it is their present intention following the Restructure:

- to continue the business and operations of the ANZ Group;
- to not make any major changes to the businesses of the ANZ Group, except as contemplated within this Explanatory Memorandum; and
- to continue the employment of employees of the ANZ Group.

9.3 ANZ SHAREHOLDER ELECTIONS

Unless prohibited by law, all instructions, notifications and elections by a Scheme Shareholder to ANZ that are binding between the Scheme Shareholder will be deemed from the Implementation Date to be made by the Scheme Shareholder to ANZ NOHC in respect of the NOHC Shares issued until that instruction, notification or election is revoked or amended in writing addressed to ANZ NOHC at the ANZ NOHC Share Registry. This includes instructions, notifications and elections relating to:

- whether dividends are to be paid by cheque or into a specific bank account;
- payments of dividends on ANZ Shares, including the currency in which dividends are to be paid;
- participation in the ANZ DRP and BOP; and
- personal details including for receipt of notices or other communications from ANZ (including by email).

ANZ Shareholders' TFNs, ABNs any relevant exemption from providing a TFN will automatically transfer from ANZBGL to ANZ NOHC unless an ANZ Shareholder notifies ANZ or the ANZ Share Registry as described in section 8.2(f)(1).

9.4 ANZ NOHC CONSTITUTION

This section 9.4 summarises the material differences between the existing ANZBGL constitution and the ANZ NOHC constitution.

RELEVANT PROVISION IN THE EXISTING ANZBGL CONSTITUTION	PROPOSED CHANGE IN THE NEW ANZ NOHC CONSTITUTION
Terminology	<p>Several amendments have been made in the ANZ NOHC constitution to clarify terminology and definitions as well as to adopt gender-neutral and modernised terminology.</p> <p>For example, 'chairman' has been replaced by 'chairperson' and references to telegrams and facsimile have been removed. Provisions have also been included to clarify processes for electronic signing.</p>
Definition of 'Register'	<p>The definition of 'Register' has been amended to reflect the Corporations Act definition of a register, removing references to computerised or electronic sub-registers.</p>
Definition of 'Remuneration'	<p>The definition of 'Remuneration' has been amended to reflect the ASX Listing Rules requirements that a non-executive directors' aggregate fee pool includes fees for acting as a director of any subsidiary of the ANZ NOHC but excludes securities issued to a director under the ASX Listing Rules (where approved by members).</p>
Termination of appointment of Managing Director	<p>The current ANZBGL constitution provides that a Managing Director's appointment will automatically end if they cease to be a director. The ANZ NOHC constitution embeds additional flexibility, providing the ability for the Board to decide that it wishes to allow the Managing Director to continue employment in an executive role even after they cease to be a director.</p>
Chairman's powers at a meeting of members	<p>A new provision has been inserted to provide the chairperson of a general meeting with the power to withdraw certain resolutions that are not legally required to be put to the meeting.</p>
Admission to general meetings	<p>Under the current ANZBGL constitution, the chairperson of a general meeting has the power to refuse to admit a person who behaves or threatens to behave in a dangerous, offensive or disruptive way. The ANZ NOHC constitution clarifies that this power extends to a person who the chairperson has reasonable grounds to believe may behave in such a way.</p>
Member present at meeting	<p>A new provision has been included to clarify that a person who has lodged a Direct Vote is taken to be present at the meeting (ie, counts towards a quorum).</p>
Deposit of proxy forms and powers of attorney	<p>The current ANZBGL constitution requires proxy forms to provide at least 48 hours before the meeting. The ANZ NOHC constitution has embedded new flexibility to allow the Board to determine that proxies may be lodged closer to the meeting if appropriate.</p>
Evidence of proxy forms, powers of attorney and other appointments	<p>A new provision has been included which provides ANZ NOHC with the power to clarify proxy instructions from a member, or to ask a member to rectify errors in a proxy form.</p>
Method of voting (poll or show of hands)	<p>A new provision has been included so that any resolution set out in the notice of meeting must be decided by poll (in accordance with section 250JA of the Corporations Act).</p>

RELEVANT PROVISION IN THE EXISTING ANZBGL CONSTITUTION

PROPOSED CHANGE IN THE NEW ANZ NOHC CONSTITUTION

Payment of dividends

A new provision has been included to clarify the record date in respect of the payment of dividends will be the date fixed for payment if not otherwise set by the Board.

Methods of payment (of dividends)

New provisions have been included to clarify that dividends may be paid by electronic payment. The new provisions provide that if an electronic transfer is rejected or refunded (or the member doesn't have a registered address) ANZ NOHC may credit the amount to a company account, to be held for the shareholder, and can be used for the benefit of the company until claimed, reinvested for the shareholder, or otherwise disposed of in accordance with the laws relating to unclaimed money.

Reinvestment of unclaimed dividends

A new provision has been included to allow ANZ NOHC to reinvest unclaimed dividends into shares in the company on the member's behalf (so that they do not become unclaimed money).

Mode of transfer (of shares)

The ANZBGL constitution currently provides that the company must not charge any fee on transfer of a share. This prohibition has been qualified in the ANZ NOHC constitution, whereby a fee may be charged if the company is not listed on the ASX, or the fee is permitted by the ASX Listing Rules.

Verification of instrument authenticity

A new clause has been inserted to enable ANZ NOHC to put in place reasonable processes and procedures to determine the authenticity of an instrument of transfer.

Restricted securities

The restricted securities provisions have been updated to reflect amendments to the ASX Listing Rules, setting out conditions that must be included in a constitution for restricted shares to be issued (such as the use of a holding lock).

Non-marketable parcels

A new provision has been included to clarify that the Board may, in certain circumstances, revoke a notice given in relation to an unmarketable parcel.

Capitalization of profits

A new provision has been included to give the Board the express power to apply all or any part of a capitalised amount in any manner permitted by law, giving ANZ NOHC greater flexibility.

Conversion to Australian dollars

The ANZBGL constitution currently provides that the Board must set a time for determining the relevant exchange rate before payment. The ANZ NOHC constitution now provides the Board with additional flexibility for the relevant exchange rate to be set at the time of payment (rather than having to fix an exchange rate in advance).

A full copy of the ANZ NOHC constitution will be available on the ANZ website (anz.com.au).

9.5 ASX CORPORATE GOVERNANCE COUNSEL'S CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

ANZ NOHC is seeking a listing on the ASX. The ASX Corporate Governance Council has developed the fourth edition of the Corporate Governance Principles and Recommendations (**ASX Recommendations**) for entities listed on the ASX in order to promote investor confidence and to assist companies in meeting shareholder expectations.

Under the ASX Listing Rules, ANZ NOHC will be required to provide a corporate governance statement in its annual report disclosing the extent to which it has followed the ASX Recommendations during the reporting period. Where ANZ NOHC does not follow the ASX Recommendations, it must identify the recommendation that has not been followed and provide reasons for not following it. ANZ NOHC intends to comply with all of the ASX Recommendations from the time of its listing on the ASX.

9.6 IMPACT OF RESTRUCTURE ON ANZ INCENTIVE PLANS

Under the ANZ Incentive Plans ANZ deferred shares, deferred share rights, restricted shares, restricted rights and performance rights (together, **Equity Awards**) may be granted to select employees, including the Chief Executive Officer, Group Executive Committee, other Banking Executive Accountability Regime Accountable Executives and other employees who receive variable remuneration outcomes above a certain threshold or who receive Equity Awards as part of an offer made to a specific employee, such as through a retention award or on commencement with ANZ.

Deferred shares are offered and granted under the ESAP (including broad based employee share offers and executive deferred short term incentive offers). Deferred share rights and performance rights are offered and granted under the ESOP.

Equity Awards granted to ANZ employees are subject to time-based deferral periods of generally between 1-5 years after which time they vest (become available to trade). Vesting of performance rights are subject to meeting additional performance-based conditions.

The Equity Awards will vest if employees are employed by the ANZ Group on the vesting date, subject to the specific conditions of grant under the ANZ Incentives Plans and ANZ's downward adjustment discretion. Where the Equity Awards do not vest, they are forfeited and/or lapse.

The ANZ Equity Awards held by employees on the Scheme Record Date will be replaced on implementation of the Scheme with ANZ NOHC Equity Awards on a one for one basis, and will continue to be governed by the relevant plan rules and same offer terms.

The Equity Awards and the ANZ Incentive Plans will continue to operate and apply after implementation of the Scheme on substantially the same terms and conditions, except that the incentive plans will be operated by ANZ NOHC and provide interests in ANZ NOHC Shares.

Details on the tax treatment of the Equity Awards for Australian eligible employees under the Restructure are in section 8.2(g).

9.7 PAYMENTS AND OTHER BENEFITS AND AGREEMENTS RELATING TO THE RESTRUCTURE

It is not proposed that any payment or other benefit will be made or given to any ANZ Director, secretary or executive office of ANZ or any body corporate related to ANZ as a consequence of or in connection with the Restructure, including as compensation for loss of, or as consideration for or in connection with, their retirement from office as director, secretary or executive officer of ANZ or a body corporate connected with ANZ as a consequence of or in connection with the Restructure.

9.8 OTHER REGULATORY WAIVERS, CONSENTS AND EXEMPTIONS, INCLUDING IN RELATION TO ANZ NOHC SHARES

(a) ASIC

ASIC has granted relief from the disclosure requirements that would otherwise apply to this Explanatory Memorandum under the Corporations Act with respect to payments and benefits to directors and officers in relation to their loss of office or retirement.

ASIC has granted relief from paragraph 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations, which requires an explanatory statement to set out whether, within the knowledge of the ANZ Directors, the financial position of ANZ has materially changed since the date of the last balance sheet laid before ANZ Shareholders in accordance with section 314 or 317 of the Corporations Act, being 30 September 2021.

ASIC has also granted ANZ relief from this requirement so that this Explanatory Memorandum only needs to set out whether, within the knowledge of the ANZ Directors, the financial position of ANZ has materially changed since 31 March 2022 (being the last date of the period to which the financial statements for the half year ended 31 March 2022 relate) and, if so, full particulars of any change.

In addition, ASIC has provided:

- relief from section 710 of the Corporations Act to allow ANZ NOHC to rely on an alternative disclosure test on the basis that references to "continuously quoted securities" in Chapter 6D are taken to permit the continuous disclosure of ANZ Shares to be included in the calculation of the 3 month period for the purposes of section 713(1) of the Corporations Act;
- relief from section 707(3) of the Corporations Act to allow ANZ NOHC Shareholders to offer any or all of their ANZ NOHC Shares for sale without disclosure to investors in accordance with Chapter 6D.2 of the Corporations Act, where that sale will occur within 12 months after the Implementation Date;
- a modification of section 708(13)(a) so that this section will apply to the ANZ NOHC DRP in circumstances where there has been a transfer of any residual balances in the accounts of participants in the ANZ DRP to those participants' respective accounts under the ANZ NOHC DRP;
- an indication that certain relief will be provided in relation to the treatment and issue of securities under the ANZ Incentive Plans; and
- an indication that certain existing relief granted to ANZ by ASIC (that is required by ANZ NOHC) will be replicated to ANZ NOHC.

(b) ASX

ASX has confirmed, based solely on the information provided by ANZ, that ASX would likely do each of the following:

- grant a waiver from Listing Rule 1.1 conditions 9, and 20 to permit ANZ NOHC to be admitted to the official list without having to meet certain requirements (subject to certain conditions);
- accept that ANZ NOHC may use an information memorandum instead of a prospectus for the purposes of satisfying Listing Rule 1.1 condition 3 (on condition that the information memorandum complies with the requirements of Listing Rule 1.4.1);
- grant a waiver from Listing Rule 1.4.1 to the extent necessary to permit the ANZ NOHC information memorandum not to state that it contains all the information required under section 710 of the Corporations Act (subject to certain conditions);
- confirm that the ANZ NOHC constitution complies with the requirements of Listing Rule 1.1 condition 2;
- confirm that items 12 to 18, 22, 23, 34, 35, 36, 44 and 45 of the Information Form and Checklist (Appendix 1A) are not required as part of the admission of ANZ NOHC;
- confirm that Listing Rules 7.1 and 10.11, 11.1, 10.1 and 11.4 do not apply to the Restructure;
- grant certain waivers in respect of certain matters relating to ANZ equity incentives;
- confirm that ANZBGL's listing may continue as a debt listing following implementation of the Scheme and confirm the change in listing status of ANZBGL to a debt listing does not affect the status of the existing waivers and confirmations granted to ANZBGL in connection with previous issues of ANZ Capital Notes and those waivers and confirmations will be replicated to ANZ NOHC;
- confirm that the amendments to ANZ Capital Notes are appropriate and equitable for the purposes of Listing Rule 6.1.

- confirm that a concessional list fee will apply to ANZ NOHC's admission to the official list; and
- confirm that ASX has no objection the Scheme timetable.

(c) New Zealand

The FMA has provided a discretionary exemption to ANZ NOHC under section 556 of the Financial Markets Conduct Act 2013 (New Zealand) (**FMCA**). This exempts ANZ NOHC from the provisions in Part 3 of the FMCA in respect of the ANZ NOHC Shares to be issued under the Scheme.

9.9 FOREIGN DISCLAIMERS

This Explanatory Memorandum does not constitute an offer of ANZ NOHC Shares in any jurisdiction in which it would be unlawful. In particular, this Explanatory Memorandum may not be distributed to any person, and the ANZ NOHC Shares may not be offered or sold, in any country outside Australia except to the extent provided below.

Cook Islands

The contents of this Explanatory Memorandum have not been reviewed by any Cook Islands regulatory authority. You should exercise caution in relation to the offer. If you are in doubt about any of the contents of this Explanatory Memorandum or your regulatory obligations, you should obtain independent professional advice.

Fiji

This Explanatory Memorandum is not, and will not be, registered as a prospectus or offer document under the Companies Act of Fiji. No action has been taken in Fiji to authorise or register this Explanatory Memorandum or to permit the distribution of this Explanatory Memorandum or any documents issued in connection with it. This Explanatory Memorandum does not constitute a public offer of "securities" as determined by reference to Fiji's Companies Act 2015.

European Union

This Explanatory Memorandum is not a prospectus under Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation"). Therefore, the Explanatory Memorandum has not been, and will not be, registered with or approved by any securities regulator or supervisory authority in the European Union. Accordingly, this Explanatory Memorandum may not be made available, nor may ANZ NOHC Shares be offered for sale or exchange, in the European Union except in circumstances that do not require the obligation to publish a prospectus under the Prospectus Regulation.

In accordance with Article 1(4) of the Prospectus Regulation, an offer of ANZ NOHC Shares in each member state of the European Union is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 other natural or legal persons; and
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

Hong Kong

WARNING: *The contents of this Explanatory Memorandum have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Scheme. If you are in any doubt about any of the contents of this Explanatory Memorandum, you should obtain independent professional advice.*

This Explanatory Memorandum does not constitute an offer or invitation to the public in Hong Kong to acquire or subscribe for or dispose of any securities. This Explanatory Memorandum also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Explanatory Memorandum in Hong Kong, other than to persons who are "professional investors" (as defined in the Securities and Futures Ordinance and any rules made thereunder) or in other circumstances that do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

No person may issue or have in its possession for the purposes of issue, this Explanatory Memorandum or any advertisement, invitation or document relating to these securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors.

Copies of this Explanatory Memorandum may be issued to a limited number of persons in Hong Kong in a manner that does not constitute any issue, circulation or distribution of this Explanatory Memorandum, or any offer or an invitation in respect of these securities, to the public in Hong Kong. This Explanatory Memorandum is for the exclusive use of ANZ Shareholders in connection with the Scheme. No steps have been taken to register or seek authorisation for the issue of this Explanatory Memorandum in Hong Kong.

This Explanatory Memorandum is confidential to the person to whom it is addressed and no person to whom a copy of this Explanatory Memorandum is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Explanatory Memorandum to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with consideration of the Scheme by ANZ Shareholders.

Indonesia

A registration statement with respect to the NOHC Shares has not been, and will not be, filed with Otoritas Jasa Keuangan in the Republic of Indonesia. Therefore, the NOHC Shares may not be offered or sold to the public in Indonesia. Neither this Explanatory Memorandum nor any other document relating to the Scheme may be circulated or distributed, whether directly or indirectly, in the Republic of Indonesia or to Indonesian citizens, corporations or residents, except in a manner that will not be considered as a "public offer" under the law and regulations of the Republic of Indonesia.

Japan

The NOHC Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to small number investors. This Explanatory Memorandum is for the exclusive use of employee shareholders of ANZBGL in connection with the Scheme. This document is confidential to the person to whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) to any other person in Japan or resident of Japan other than in connection with consideration by ANZBGL's shareholders of the Scheme.

Korea

Neither ANZBGL nor ANZ NOHC are making any representation with respect to the eligibility of any recipients of this Explanatory Memorandum to acquire ANZ NOHC Shares under the laws of the Republic of Korea, including the Foreign Exchange Transaction Act and regulations thereunder. ANZ NOHC Shares have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea ("FSCMA") and therefore may not be offered or sold in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

Accordingly, ANZ NOHC Shares may not be offered or sold in Korea other than (i) to "accredited investors" (as defined in the FSCMA) or (ii) in other circumstances that do not constitute an offer to the public within the meaning of the FSCMA.

Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been, or will be, obtained in relation to any offer of ANZ NOHC Shares. ANZ NOHC Shares may not be issued or transferred in Malaysia except to persons who are shareholders of ANZBGL in compliance with the Scheme.

New Zealand

This Explanatory Memorandum is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the FMCA or any other New Zealand law. The offer of ANZ NOHC Shares under the Scheme is being made to existing shareholders of ANZBGL in reliance upon an exemption under section 556 of the FMCA which exempts ANZ NOHC from the disclosure requirements in Part 3 of the FMCA. Accordingly, this Explanatory Memorandum may not contain all the information that a disclosure document is required to contain under New Zealand law.

Philippines

The securities being offered or sold have not been registered with the Philippine securities and exchange commission ("sec") under the philippine securities regulation code (the "code"). Any future offer or sale thereof is subject to registration requirements under the code unless such offer or sale qualifies as an exempt transaction.

ANZ NOHC Shares may be issued only to existing shareholders of ANZBGL in an exempt transaction.

Samoa

An offer of ANZ NOHC Shares in Samoa does not constitute an offer of securities to the public in Samoa. In accordance with section 8(3)(b)(ii) of the Securities Act 2006, an offer of ANZ NOHC Shares in Samoa is limited to persons in Samoa who in all the circumstances can properly be regarded as having been selected otherwise than as members of the public.

Singapore

This Explanatory Memorandum and any other document relating to the Scheme have not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore and the Scheme is not regulated by any financial supervisory authority in Singapore. Accordingly, statutory liabilities in connection with the contents of prospectuses under the Securities and Futures Act 2001 (the "SFA") will not apply.

This Explanatory Memorandum and any other document relating to the Scheme may not be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part 13 of the SFA, including the exemption under section 273(1)(c) of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to ANZ NOHC Shares being subsequently offered for sale to any other party in Singapore. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

This Explanatory Memorandum is being furnished to you on a confidential basis and solely for your information and may

not be reproduced, disclosed, or distributed to any other person. Any investment referred to in this Explanatory Memorandum may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investment.

Neither ANZBGL nor ANZ NOHC is in the business of dealing in securities or holds itself out, or purports to hold itself out, to be doing so. As such, ANZBGL and ANZ NOHC are neither licensed nor exempted from dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

Taiwan

The Scheme does not constitute a public offering of securities under the Taiwan Securities and Exchange Act. This Explanatory Memorandum has not been, and will not be, registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan or other regulatory institution under the securities laws of Taiwan. ANZ NOHC Shares may not be offered or sold in Taiwan in any circumstance that would constitute an offer to the public under the Securities and Exchange Act. This Explanatory Memorandum may be distributed in Taiwan only to existing ANZBGL shareholders. No person or entity in Taiwan has been authorized to offer, market or sell or ANZ NOHC Shares in Taiwan.

United Kingdom

Neither Explanatory Memorandum nor any other document relating to the Scheme has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the ANZ NOHC Shares.

This Explanatory Memorandum does not constitute an offer of transferable securities to the public within the meaning of the UK Prospectus Regulation or the FSMA. Accordingly, this Explanatory Memorandum does not constitute a prospectus for the purposes of the Prospectus Regulation or the FSMA.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the ANZ NOHC Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to ANZBGL.

In the United Kingdom, this Explanatory Memorandum is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this Explanatory Memorandum relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this Explanatory Memorandum.

United States

No registration

The ANZ NOHC Shares to be issued pursuant to the Scheme, including any ANZ NOHC Shares represented by ANZ NOHC ADSs, have not been and will not be registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The ANZ NOHC Shares and ANZ NOHC Shares ADSs will be issued in reliance on the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof on the basis of the approval of an Australian court, which will consider, among other things, the fairness of the terms and conditions of the Scheme to ANZ Shareholders. For the purposes of qualifying for the exemption from the registration requirements of the US Securities Act afforded by Section 3(a)(10) of the US Securities Act, the Australian court will be advised that its approval of the Scheme will be relied upon by ANZBGL and ANZ NOHC as an approval of the Scheme following a hearing on the fairness of the terms and conditions of the Scheme to ANZ Shareholders at which hearing all ANZ Shareholders are entitled to attend in person or through their duly appointed proxies or through counsel to support or oppose the approval of the Scheme and with respect to which notification has been given to all ANZ Shareholders.

None of the United States securities and exchange commission nor any state securities commission in the united states or any other us regulatory authority has approved or disapproved of the securities issuable pursuant to the scheme, or passed upon the accuracy or adequacy of this explanatory memorandum. Any representation to the contrary is a criminal offence.

Transfer restrictions

The ANZ NOHC Shares, including any ANZ NOHC Shares represented by ANZ NOHC ADSs, to be issued pursuant to Section 3(a)(10) of the US Securities Act generally should not be treated as 'restricted securities' within the meaning of Rule 144(a)(3) under the US Securities Act and persons who receive ANZ NOHC Shares under the Scheme (including ANZ NOHC Shares represented by ANZ NOHC ADSs) may resell them without restriction under the US Securities Act, other than any holder of ANZ NOHC Shares who may be deemed an 'affiliate' of ANZ NOHC post completion of the Restructure for purposes of Rule 144 under the US Securities Act.

Under US securities laws, persons who are or will be deemed to be affiliates (as defined under the US Securities Act) of ANZBGL prior to or after the Implementation Date may be subject to timing, manner of sale and volume restrictions on the resale in the United States of ANZ NOHC Shares (including ANZ NOHC Shares represented by ANZ NOHC ADSs) received in connection with the Scheme. Whether a person is an 'affiliate' of a company for such purposes depends upon the circumstances, but an affiliate of a company is any person that directly or indirectly controls, or is controlled by, or is under common control with, the issuer, which is generally interpreted to include the directors and senior officers of the issuer. The US Securities Act would not generally restrict sale of ANZ

NOHC Shares (including ANZ NOHC Shares represented by ANZ NOHC ADSs) on the ASX provided that the sale has not been pre-arranged with a buyer in the United States. ANZ Shareholders (including those persons who become ANZ NOHC Shareholders pursuant to the Scheme) who believe they may be affiliates of ANZBGL for the purposes of the US Securities Act should consult their own legal advisers.

Disclosure considerations

The Scheme is expected to be effected by means of a scheme of arrangement pursuant to laws of Australia and is not subject to the tender offer rules or other proxy requirements of section 14(a) under the US Exchange Act. This Explanatory Memorandum has been prepared in accordance with disclosure requirements under applicable laws of Australia. Shareholders in the United States should be aware that these requirements may be different from those of the United States.

You should be aware that ANZ NOHC may purchase securities otherwise than under the Scheme, such as in open market or privately negotiated purchases.

Any financial statements or other financial information included or referenced in this Explanatory Memorandum have been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards (AAS) issued by the Australian Accounting Standards Board (AASB), which are consistent with the International Financial Reporting Standards (IFRS), and thus may not be comparable to the financial statements and information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. The pro-forma financial information included in this document does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the SEC.

Enforcement of civil liabilities

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws since ANZBGL and ANZ NOHC are located in Australia and most of their respective officers and directors reside outside the United States. You may not be able to sue ANZBGL, ANZ NOHC or their respective officers or directors in Australia for violations of the US securities laws. It may be difficult to compel ANZBGL and its affiliates to subject themselves to a US court's judgment.

Vanuatu

This Explanatory Memorandum is not, and will not be, registered as a prospectus or offer document under the Companies Act No. 25 of 2012 (the "Act"). No action has been taken in Vanuatu to authorise or register this Explanatory Memorandum or to permit the distribution of this Explanatory Memorandum or any documents issued in connection with it. This Explanatory Memorandum does not constitute a public offer of "securities" as determined by reference to the Act.

9.10 NO UNACCEPTABLE CIRCUMSTANCES

The ANZ Directors believe that the Scheme does not involve any circumstances in relation to the affairs of ANZ that could reasonably be characterised as constituting 'unacceptable circumstances' for the purposes of section 657A of the Corporations Act.

9.11 NO OTHER MATERIAL INFORMATION

Except as disclosed in this Explanatory Memorandum or announced to the ASX and NZX, so far as the ANZ Directors are aware, there is no other information that is:

- material to the making of a decision by an ANZ Shareholder whether or not to vote in favour of the Scheme Resolution; and
- known to any ANZ Director at the Last Practicable Date, which has not previously been disclosed to ANZ Shareholders.

9.12 SUPPLEMENTARY DISCLOSURE

ANZ will issue a supplementary document to this Explanatory Memorandum if it becomes aware of any of the following between the date of this Explanatory Memorandum and the Second Court Date:

- a material statement in this Explanatory Memorandum is false or misleading in a material respect;
- a material omission from this Explanatory Memorandum;
- a significant change affecting a matter included in this Explanatory Memorandum; or
- a significant new matter has arisen and it would have been required to be included in this Explanatory Memorandum if it had arisen before the date of this Explanatory Memorandum.

Depending on the nature and timing of the changed circumstances, and subject to obtaining any relevant approvals, ANZ may circulate and publish any supplementary document by:

- making an announcement to the ASX and NZX;
- placing an advertisement in a prominently published newspaper which is circulated generally throughout Australia;
- posting the supplementary document to ANZ Shareholders at their address shown on the ANZ Share Register; and/or
- posting a statement on ANZ's website at anz.com.au, as ANZ, in its absolute discretion, considers appropriate.

9.13 CONSENTS AND DISCLOSURES

(a) Consents

This Explanatory Memorandum contains statements made by, or statements said to be based on statements made by:

- Grant Samuel & Associates Pty Limited as the Independent Expert;
- KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd) as the Investigating Accountant; and
- KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee, as auditor to ANZ.

Each of those persons named above has consented to the inclusion of each statement it has made in the form and context in which the statements appear and has not withdrawn that consent at the date of this Explanatory Memorandum.

The following parties have given and have not, before the time of registration of this Explanatory Memorandum with ASIC, withdrawn their consent to be named in this Explanatory Memorandum in the form and context in which they are named:

- Herbert Smith Freehills as legal adviser to the ANZ Group;
- Computershare Investor Services Pty Limited as the ANZ Share Registry; and
- King & Wood Mallesons as Australian taxation adviser.

(b) Disclosures and responsibility

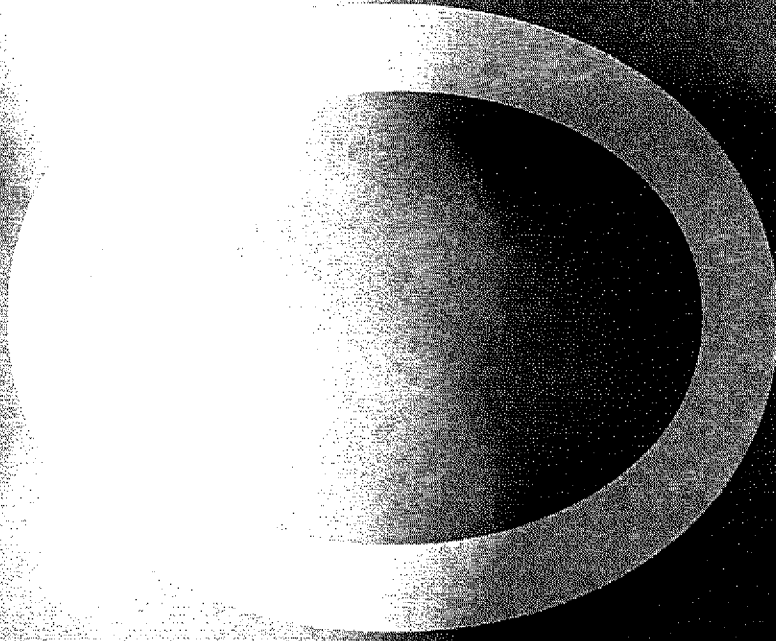
Each person named in section 9.13(a):

- has not authorised or caused the issue of this Explanatory Memorandum;
- does not make, or purport to make, any statement in this Explanatory Memorandum or any statement on which a statement in this Explanatory Memorandum is based, other than:
 - Grant Samuel & Associates Pty Limited in relation to its Independent Expert's Report; and
 - KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd) in relation to its Investigating Accountant's Report.
- to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Explanatory Memorandum other than a reference to its name and the statement (if any) included in this Explanatory Memorandum with the consent of that party as specified in this section 9.13(b).

SECTION

1

GLOSSARY



10.1 DEFINITIONS

In this Explanatory Memorandum, unless the context otherwise appears, the following terms have the meanings shown below:

TERM	MEANING
1835i	1835i Creation Fund 1 Trust, 1835i Ventures Trust I, 1835i Ventures I Trust II and 1835i Ventures Trust III.
1997 Wallis Review	The Wallis Report on the Australian Financial System: Summary and Critique dated 23 June 1997.
AAS	Australian Accounting Standards issued by the Australian Accounting Standards Board.
ABN	Australian Business Number.
ACL	Australian Credit Licence.
ADI	an authorised deposit-taking institution licensed under the Banking Act.
ADR	American Depositary Receipts.
ADS Holders	holders of ADSs.
ADSs	American Depositary Shares, including the ANZ ADSs and the ANZ NOHC ADSs, as applicable, and ADS means any one of them.
AFSL	Australian Financial Services Licence.
ANZ	ANZBGL or the ANZ NOHC, as the context requires.
ANZ ADS Deposit Agreement	the amended and restated deposit agreement dated 11 December 2018, by and among ANZBGL, the ANZ ADS Depositary, and the ANZ ADS Holders.
ANZ ADS Depositary	The Bank of New York Mellon, the depositary under ANZ's ADR program.
ANZ ADS Holders	owners and holders of ADSs representing ANZBGL Shares.
ANZ ADSs	ADSs representing ANZBGL Shares (each an ANZ ADS), each ANZ ADS representing one ANZ Share. The terms and conditions of the ANZ ADSs are set forth in the ANZ ADS Deposit Agreement.
ANZ Bank HoldCo	ANZ BH Pty Ltd ACN 658 939 952, a non-operating intermediate holding company to be owned by ANZ NOHC and which will own the ANZ Bank Group subsidiaries (including ANZBGL and ANZ NZ).
ANZ Bank Group	all businesses and entities owned by ANZ Bank HoldCo, including ANZBGL and ANZ NZ.
ANZBGL	Australia and New Zealand Banking Group Limited ACN 005 357 522.
ANZBGL Group	ANZBGL and each of its subsidiaries.
ANZ Board	the board of directors of ANZBGL.
ANZ Capital Notes	ANZ Capital Notes 3, ANZ Capital Notes 4, ANZ Capital Notes 5, ANZ Capital Notes 6 and ANZ Capital Notes 7.
ANZ Capital Notes 3	the fully paid convertible notes issued by ANZBGL acting through its New Zealand branch under a prospectus dated 5 February 2015 (which replaced a prospectus dated 23 January 2015).
ANZ Capital Notes 4	the fully paid convertible notes issued by ANZBGL under a prospectus dated 24 August 2016 (which replaced a prospectus dated 16 August 2016).
ANZ Capital Notes 5	the fully paid convertible notes issued by ANZBGL under a prospectus dated 24 August 2017 (which replaced a prospectus dated 16 August 2017).
ANZ Capital Notes 6	the fully paid convertible notes issued by ANZBGL under a prospectus dated 9 June 2021 (which replaced a prospectus dated 1 June 2021).
ANZ Capital Notes 7	the fully paid convertible notes issued by ANZBGL under a prospectus dated 23 February 2022 (which replaced a prospectus dated 15 February 2022).

TERM	MEANING
ANZ Centre	ANZ Centre Pty Ltd ACN 158 546 528.
ANZ Centre Chattels Trust	the ANZ Centre Chattels Trust, which owns the leasehold improvements, furniture and equipment for 833 Collins Street, Docklands VIC 3008.
ANZ Centre Trust	the ANZ Centre Trust, which owns 833 Collins Street, Docklands VIC 3008.
ANZ Cover	ANZcover Insurance Private Ltd.
ANZ Director	a member of the ANZ Board.
ANZ DRP	the ANZBGL dividend reinvestment plan.
ANZ Group	the ANZBGL Group or the ANZ NOHC Group as a whole (including all businesses), as the context requires.
ANZ Incentive Plans	ANZ employee incentive plans under which employees are offered Equity Awards, including the ESAP and ESOP.
ANZ Lenders Mortgage	ANZ Lenders Mortgage Insurance Pty. Limited ACN 008 680 055.
ANZ NOHC	ANZ Group Holdings Limited ACN 659 510 791.
ANZ NOHC Deposit Agreement	the deposit agreement to be entered into by and among ANZ NOHC, the ANZ ADS Depositary, and the ANZ ADS Holders, governing the terms of the ANZ NOHC ADSs.
ANZ NOHC ADS Depositary	The Bank of New York Mellon, the depositary under ANZ NOHC's ADR program.
ANZ NOHC ADS Holders	owners and holders of ADSs representing ANZ NOHC Shares.
ANZ NOHC ADSs	ADSs representing ANZ NOHC Shares (each an ANZ NOHC ADS), each ANZ NOHC ADS representing one ANZ NOHC Share. The terms and conditions of the ANZ NOHC ADSs are set forth in the ANZ NOHC ADS Deposit Agreement.
ANZ NOHC DRP	the ANZ NOHC dividend reinvestment plan.
ANZ NOHC Group	all businesses owned or controlled by the ANZ NOHC after the Restructure (including ANZ Bank HoldCo, ANZBGL, ANZ ServiceCo and ANZ Non-Bank HoldCo).
ANZ NOHC Share	a fully paid ordinary share in the capital of ANZ NOHC.
ANZ NOHC Share Registry	Computershare Investor Services Pty Limited ACN 078 279 277.
ANZ Non-Bank Group	ANZ ServiceCo and all businesses and entities owned by ANZ Non-Bank HoldCo, including ANZ's beneficial interests in the 1835i trusts, non-controlling interest in the Worldline merchant acquiring joint venture, and equity interests in Lygon, TIN and Pollination.
ANZ Non-Bank HoldCo	ANZ NBH Pty Ltd ACN 658 941 096, a non-operating intermediate holding company to be owned by ANZ NOHC and which will own certain non-banking subsidiaries.
ANZ NZ	ANZ Bank New Zealand Limited.
ANZ Perpetual Subordinated Contingent Convertible Securities	the 6.75% fixed rate resetting perpetual subordinated contingent convertible securities issued by ANZBGL's London Branch on 15 June 2016.
ANZ Regulatory Capital Securities	ANZ Capital Notes, ANZ Perpetual Subordinated Contingent Convertible Securities and the Tier 2 debt securities issued by ANZBGL to wholesale investors under its debt programmes.
ANZ RMBS	residential mortgage backed securities issued by the trustee of a securitisation trust established under ANZBGL's Kingfisher programme.
ANZ Senior Notes	the debt securities issued by ANZBGL (other than ANZ Regulatory Capital Securities), including covered bonds and senior bonds.
ANZ ServiceCo	ANZ Group Services Pty Ltd ACN 658 940 900.

TERM	MEANING
ANZ Share	a fully paid ordinary share in the capital of ANZBGL.
ANZ Share Register	the register of members of ANZBGL maintained in accordance with the Corporations Act.
ANZ Share Registry	Computershare Investor Services Pty Limited ACN 078 279 277.
ANZ Shareholder	each person who is registered as the holder of an ANZ Share in the ANZ Share Register.
APRA	the Australian Prudential Regulation Authority.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ASX Listing Rules	the official Listing Rules of the ASX.
ATO	the Australian Taxation Office.
Banking Act	the <i>Banking Act 1959</i> (Cth).
BOP	Bonus Option Plan.
Business Day	a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Australia.
Business Restructure	the restructure to be undertaken following implementation of the Scheme, as described in section 4.4(b).
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
Class Ruling	has the meaning given in section 8.2(b).
Conditions Precedent	each of the conditions to the Scheme set out in clause 3.1 of the Restructure Implementation Deed.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	the Federal Court of Australia, Victoria Registry, or such other court of competent jurisdiction under the Corporations Act determined by ANZ.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective, currently expected to be 23 December 2022.
Eligible Foreign Jurisdiction	is expected to include: <ol style="list-style-type: none"> 1. China, Cook Islands, Fiji, France, Germany, Hong Kong, India, Korea, Malaysia, Papua New Guinea, Philippines, Samoa, Singapore, Taiwan, the United Kingdom, the United States (including American Samoa and Guam) and Vanuatu; and 2. in the case of Scheme Shareholders who are an ANZ employee as at the Scheme Record Date, those jurisdictions listed in 1 above and Indonesia and Japan, noting that ANZ may change these jurisdictions on the basis that ANZ determines that it is not lawful or unduly onerous or impracticable to issue ANZ NOHC Shares in a particular jurisdiction when the Scheme becomes Effective.
Eligible Shareholder	a Scheme Shareholder who is not an Ineligible Foreign Shareholder and, for the avoidance of doubt, the Sale Agent.
Equity Awards	has the meaning given in section 9.6.
ESAP	the ANZ Employee Share Acquisition Plan.

TERM	MEANING
ESOP	the ANZ Employee Share Option Plan.
Explanatory Memorandum	this document being the explanatory statement in respect of the Scheme, which has been prepared by ANZBGL in accordance with section 412 of the Corporations Act.
First Court Hearing	the first day on which an application made to the Court for an order under section 411(1) of the Corporations Act convening the Scheme Meeting is heard.
FMA	the Financial Markets Authority (New Zealand).
FSSA	the <i>Financial Sector (Shareholdings) Act 1998</i> (Cth).
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
GST	goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.
GST Act	the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
GST Law	has the same meaning as in the GST Act.
Implementation Date	the fifth Business Day after the Scheme Record Date as determined by ANZBGL, or such other date after the Scheme Record Date, currently expected to be 6 January 2023.
Independent Expert	Grant Samuel & Associates Pty Limited ABN 28 050 036 372, the independent expert in respect of the Scheme appointed by ANZ.
Independent Expert's Report	the report issued by the Independent Expert in connection with the Scheme, as set out in Annexure 1.
Ineligible Foreign Shareholder	an ANZ Shareholder whose address is shown in the ANZ Share Register on the Scheme Record Date as being outside Australia (and its external territories), New Zealand or an Eligible Foreign Jurisdiction, unless ANZ NOHC determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with ANZ NOHC Shares when this Scheme becomes Effective.
Inland Revenue	Inland Revenue Department, New Zealand.
Investigating Accountant	KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215), the investigating accountant appointed by ANZ.
Investigating Accountant's Report	the Limited Assurance Investigating Account's Report issued by the Investigating Accountant, as set out in Annexure 2.
Last Practicable Date	23 October 2022.
Lygon	Lygon 1B Pty Ltd ACN 633 568 411.
MAS	Monetary Authority of Singapore.
NZX	means NZX Limited and, where the context requires, the main board financial market that it operates.
OIO	the Overseas Investment Office (New Zealand).
Pollination	Pollination Global Holdings Limited Company No. 11892654, a company incorporated under the laws of England and Wales.
RBNZ	Reserve Bank of New Zealand.
Regulatory Approvals	all approvals, consents, confirmations, waivers or other acts from or by Regulatory Authorities as are necessary or, in the reasonable opinion of ANZBGL and ANZ NOHC, desirable to implement the Restructure.

TERM	MEANING
Regulatory Authority	includes: <ol style="list-style-type: none"> 1. ASX and ASIC; 2. APRA and the Federal Treasurer (acting pursuant to the FSSA); 3. RBNZ 4. OIO; 5. US Federal Reserve; 6. the ATO; 7. a Government Agency; 8. a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and 9. any regulatory organisation established under statute.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.
Requisite Majorities	in relation to the Scheme Resolution, a resolution passed by: <ol style="list-style-type: none"> 1. unless the Court orders otherwise, a majority in number (more than 50%) of ANZ Shareholders present and voting at the Scheme Meeting (either in person or by proxy, attorney or, in the case of corporate ANZ Shareholders, body corporate representative); and 2. at least 75% of the total number of votes cast on the Scheme Resolution at the Scheme Meeting by ANZ Shareholders present and voting (either in person or by proxy, attorney or, in the case of corporate ANZ Shareholders, body corporate representative).
Restructure	the restructure of the ANZ Group to be implemented by the: <ol style="list-style-type: none"> 1. Scheme; and 2. Business Restructure.
Restructure Deed	the Restructure Deed between ANZBGL and ANZ NOHC.
Restructure Implementation Deed	the Restructure Implementation Deed between ANZBGL and ANZ NOHC.
Sale Agent	the nominee appointed by ANZBGL to sell or facilitate the transfer of ANZ NOHC Shares in accordance with the Sale Facility.
Sale Facility	the facility established by ANZBGL under which ANZ NOHC Shares may be sold, as described in section 7.2(h).
Sale Period	the period the Sale Agent will sell the ANZ NOHC Shares it received under the Scheme, being from the Implementation Date and ending no later than 1 month following the Implementation Date.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between ANZBGL and the Scheme Shareholders, the form of which is attached as Annexure 3, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations and agreed to in writing by ANZBGL and ANZ NOHC.
Scheme Meeting	the meeting of ANZ Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on the Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the second Business Day after the Effective Date, currently expected to be 7.00pm on 29 December 2022.
Scheme Resolution	the resolution to the terms of the Scheme, as set out in the Notice of Scheme Meeting in Annexure 5.
Scheme Shareholder	a holder of ANZ Shares recorded in the ANZ Share Register as at the Scheme Record Date.
Scheme Shares	all ANZ Shares held by the Scheme Shareholders as at the Scheme Record Date.

TERM	MEANING
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4) (b) of the Corporations Act approving the Scheme is heard, currently expected to be 22 December 2022, or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Second Court Hearing	the hearing of the application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.
TFN	Australian tax file number.
Tier 2	Tier 2 Capital as defined in Prudential Standard APS 111 Capital Adequacy: Measurement of Capital.
TIN	Trade Information Network Limited Company No. 12210032, a company incorporated under the laws of England and Wales.
Treasurer	the Treasurer under the FSSA.
United States or US	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction.
US Exchange Act	the United States Securities Exchange Act of 1934, as amended from time to time.
US Securities Act	the United States Securities Act of 1933, as amended from time to time.
Worldline	Worldline Australia Pty Ltd ACN 645 073 034.

10.2 INTERPRETATION

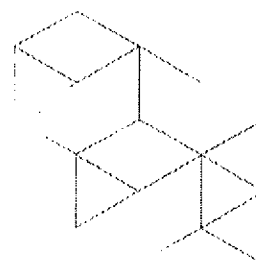
In this Explanatory Memorandum, unless expressly stated or the context otherwise appears:

- (a) words and phrases have the same meaning (if any) given to them in the Corporations Act;
- (b) words importing a gender include any gender;
- (c) words importing the singular include the plural and vice versa;
- (d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section or annexure is a reference to a section of and an annexure to this Explanatory Memorandum as relevant;
- (f) a reference to any statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations, ordinances, or by laws amending, varying, consolidating or replacing it and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Explanatory Memorandum;
- (h) a reference to time is a reference to time in Melbourne, Australia;
- (i) a reference to writing includes facsimile transmissions; and
- (j) a reference to dollars, \$, cents, ¢ and currency is a reference to the lawful currency of the Commonwealth of Australia.

ANNEXURE 1

INDEPENDENT EXPERT'S REPORT

GRANT SAMUEL



26 October 2022

The Directors
Australia and New Zealand Banking Group Limited
833 Collins Street
Docklands VIC 3008

Dear Directors

Proposed Restructure of the ANZ Group

1 Introduction

On 4 May 2022, Australia and New Zealand Banking Group Limited ("ANZ"), the parent entity of the ANZ Group, announced the intention to implement a non-operating holding company ("NOHC") structure for the ANZ Group ("Restructure"). The Restructure involves:

- the establishment of a new parent entity for the ANZ Group, ANZ Group Holdings Limited ("ANZ NOHC") which is a public company that will be listed on the Australian Securities Exchange ("ASX") and on the New Zealand Stock Exchange. The NOHC structure will be implemented by way of a scheme of arrangement under Section 411 of the *Corporations Act 2001* (Cth) ("Corporations Act") (the "Scheme"); and
- various internal share and asset transfers and other corporate actions (the "Business Restructure") that will result in the:
 - separation of certain businesses and assets into:
 - ANZ Bank Group, which will own all of the ANZ Group's core banking businesses (including ANZ and ANZ Bank New Zealand Limited), all international banking businesses and all insurance businesses (including the ANZ Group's mortgage insurance and captive insurance businesses); and
 - ANZ Non-Bank Group, which will own certain ANZ banking-adjacent interests and investments; and
 - establishment of an internal service company, ANZ Group Services Pty Ltd ("ANZ ServiceCo"), which will be part of the ANZ Non-Bank Group, to hold certain property interests.

The Business Restructure is conditional on implementation of the Scheme. The ANZ Group after implementation of the Restructure is referred to in this letter, where necessary, as the ANZ NOHC Group.

It is also intended that intragroup resourcing agreements will be put in place to set out the terms on which:

- ANZ ServiceCo can, in the future, potentially provide certain central shared service functions across the ANZ Group; and
- ANZ Group members can access certain resources (including employees and technology), materials or assistance that are retained by ANZ.

These agreements will be on standard commercial terms and have regard to applicable prudential standards and ANZ Group policies.

GRANT SAMUEL & ASSOCIATES PTY LIMITED

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If the Scheme is implemented, ANZ shareholders (other than ineligible foreign shareholders¹) will be issued one new share in ANZ NOHC in exchange for each share held in ANZ on the record date for the Scheme. There will be no change in the proportionate ownership interests of shareholders (other than ineligible foreign shareholders) as a result of the Scheme.

Ineligible foreign shareholders will not receive ANZ NOHC shares under the Scheme. They will transfer their ANZ shares to a sale agent which will arrange for the sale of the ANZ NOHC shares received under the Scheme on the ASX through a sale facility. Ineligible foreign shareholders will receive the cash proceeds from the sale of those ANZ NOHC shares.

The Scheme is subject to a number of conditions that are set out in full in the Explanatory Memorandum in relation to the Scheme sent to shareholders by ANZ.

The ANZ directors unanimously recommend that shareholders vote in favour of the Scheme. Each ANZ director intends to vote, or procure the voting of, any ANZ shares they hold or control in favour of the Scheme.

The directors of ANZ have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the Scheme is in the best interests of ANZ shareholders. A copy of the report (including this letter) will accompany the Explanatory Memorandum to be sent to shareholders by ANZ. This letter contains a summary of Grant Samuel's opinion and main conclusions.

2 Opinion

In Grant Samuel's opinion, the Restructure (including the Scheme) is in the best interests of ANZ shareholders.

3 Summary of Conclusions

The Australian banking industry has changed significantly over the last decade, with traditional banking facing headwinds from a number of sources as well as transformational digital and technological change required to meet constantly evolving customer expectations. Over the past six years, the ANZ Group has also undergone a period of substantial simplification and, with this process largely complete, has entered a new phase focused on growth and areas where it can deliver better outcomes for customers and provide returns for shareholders. To address these challenges and opportunities, the ANZ Group has adopted a strategy which envisages complementing its core banking business with a range of non-banking businesses focused on infrastructure "platforms" and digital "ecosystems" of businesses and partnerships that provide relevant, efficient and connected services, tools and insights for customers.

The combination of having an authorised deposit-taking institution ("ADI"), ANZ, as the parent entity of the ANZ Group and the highly regulated nature of ADIs has presented challenges for the ANZ Group in the execution of this strategy. Non-banking businesses are not intended by the Australian Prudential Regulation Authority ("APRA") to be subject to banking regulation and the "one-size-fits-all" regulatory requirements that an ADI must comply with do not fit well with the agile operating environments that are critical to the success of start-up or early stage non-banking businesses. These factors have put the ANZ Group at a competitive disadvantage (at least relative to non-ADIs) and constrained the growth of its non-banking businesses. Owning and effectively operating a non-banking business within an ADI structure was

¹ ANZ shareholders with a registered address outside Australia (and its external territories), New Zealand or an Eligible Foreign Jurisdiction unless ANZ reasonably believes that it is not prohibited and not unduly onerous or impracticable to issue that ANZ shareholder with ANZ NOHC shares when the Scheme becomes effective. Eligible Foreign Jurisdiction is expected to include China, Cook Islands, Fiji, France, Germany, Hong Kong, India, Korea, Malaysia, Papua New Guinea, Philippines, Samoa, Singapore, Taiwan, the United Kingdom, the United States (including American Samoa and Guam) and Vanuatu and, in the case of an ANZ shareholder who is an ANZ employee at the Scheme record date, those jurisdictions listed above and Indonesia and Japan.

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so challenging for its venture capital business, ANZⁱ, that the decision was made to separate the business from ANZ and create 1835i² as a standalone entity. However, relinquishing direct ownership and operational control is not an ideal solution and it is in the interests of ANZ and its shareholders for ANZ to best position itself to achieve its strategic objectives in a constantly changing environment.

The key benefit of the Restructure is that it results in a more efficient corporate structure that provides the ANZ Group with an enhanced ability to pursue opportunities that have the potential to provide better outcomes for customers and maximise the returns from those opportunities for shareholders. In particular, the Restructure will enable the ANZ Non-Bank Group to establish an appropriate capital structure and operating environment with a "fit-for-purpose" risk management and governance framework (including decision making/approval processes and remuneration structures). Furthermore, the Restructure more appropriately aligns the ANZ Group's corporate structure with APRA's regulatory framework as APRA and other regulators will have better visibility of the ANZ Group's standalone ADI operations and its interactions with the broader ANZ Group. The structural separation of the ANZ Bank Group and the ANZ Non-Bank Group should also put ANZ in a clearer position in the event recovery actions are required or recovery progresses to resolution as contagion risk should be lower. In short, the Restructure should facilitate the delivery of a broad range of non-banking products and services to customers while maintaining, if not enhancing, appropriate protections for ANZ depositors.

The Restructure will have no immediate impact on the underlying businesses and strategy, group regulatory capital requirements or, for the most part³, Board or management of the ANZ Group. There will be no change to the ANZ Group's indebtedness, its overall funding requirements or its debt issuance capacity as a result of the Restructure and there is not expected to be any change to ANZ's credit ratings. While ANZ NOHC is expected to have an investment grade credit rating below that of ANZ, the Restructure is not expected to have any immediate impact on funding costs for the ANZ Group as there is no intention for ANZ NOHC to raise debt finance in the short term.

ANZ shareholders⁴ will have the same number of shares in ANZ NOHC as they currently hold in ANZ and ANZ NOHC shares will have the same dividend and voting rights as ANZ shares. ANZ NOHC will continue to have the ability to pay fully franked dividends and the Restructure will have no impact on the accumulated franking credit balance or the extent to which the ANZ NOHC Group generates franking credits in the future. The Restructure is not expected to have any adverse tax consequences for relevant Australian resident shareholders. In short, there is no impact on the economic interest of ANZ shareholders⁴. There will be no impact on ANZ NOHC's ability to undertake future on-market share buybacks. The Restructure will also have no direct impact on customers and no material impact on the ANZ Group's employees.

The Restructure is not a "must do" transaction. The status quo would continue to offer ANZ shareholders a financially sound exposure to one of Australia's largest banks and the ANZ Group could continue to execute its strategy as it has been doing for the past three years. However, the ability to successfully grow its non-banking businesses should be enhanced by these businesses being owned by a legal entity, ANZ Non-Bank HoldCo, which is structurally separate from the ANZ Group's banking businesses. The ANZ Board believes that, of the alternatives considered, the Restructure will provide the optimal structure for the ANZ Group to achieve its objectives to grow its non-banking activities while meeting its obligations to APRA and its depositors. If the Scheme is not approved and the Restructure is not implemented, the ANZ Group will be in a sub-optimal position in executing its strategy to grow its non-banking businesses and deliver a broad range of non-banking products and services to customers.

² 1835i comprises 1835i Creation Fund I Trust, 1835i Ventures I Trust, 1835i Ventures II Trust and 1835i Ventures III Trust.

³ One of the conditions of APRA's NOHC authorisation is that ANZ Bank HoldCo and ANZ must have an independent director who is not on the Board of ANZ NOHC or any ANZ Non-Bank Group entity to safeguard the interests of depositors.

⁴ Other than ineligible foreign shareholders.

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The potential benefits of the Restructure are not quantifiable and will not deliver any significant incremental short term value to shareholders. The real value of the Restructure will only be realised over time if the ANZ NOHC Group can materially increase the scale of its non-banking activities. On the other hand, the Restructure has few disadvantages and risks, other than one-off cash transaction costs and additional ongoing operating and corporate costs that will be incurred if the Restructure proceeds, both of which are immaterial in the context of the ANZ Group as a whole, and certain implementation risks. The key risk is the lack of a formal regulatory framework for Australian NOHCs of ADIs and the potential for any formal Level 3 regulatory framework subsequently put in place by APRA to differ significantly from the conditions set out in APRA's NOHC authorisation. While the risks associated with the Restructure cannot be disregarded, they are, for the most part, not beyond the normal risks of any corporate restructuring transaction and most have mitigating factors that should minimise their impact.

The non-banking businesses currently represent a very small part of the ANZ Group. The Restructure is expected to enhance the ANZ Group's ability to grow its non-banking businesses, but it does not guarantee that the ANZ Group will be successful in doing so. Some shareholders may not want the ANZ Group to move away from its core banking business. They may not be comfortable with the different risk profile of the non-banking businesses and/or the risk of failure and would prefer that the ANZ Group "stick to its knitting". However, growing its non-banking businesses is a key component of the ANZ Group's current strategy which has been publicly stated and pursued for some time. Furthermore, shareholders are not being asked to vote on the appropriate strategy for the ANZ Group. This is a separate question to whether the Restructure is in the best interests of shareholders.

The critical question is whether ANZ shareholders are likely to be better off if the Restructure is implemented than if the ANZ Group's current corporate structure is maintained. The evaluation is essentially subjective. However, on balance, in Grant Samuel's view, the potential advantages of the Restructure, while uncertain, outweigh the disadvantages and risks, which are minimal, and shareholders are ultimately likely to be better off if the Restructure is implemented.

The Restructure comprises the Scheme and the Business Restructure. The Scheme is subject to the approval of ANZ shareholders. The Business Restructure does not require the approval of ANZ shareholders but is conditional on, and is expected to be undertaken immediately after, implementation of the Scheme. Consequently, in Grant Samuel's opinion, the Restructure (including the Scheme) is in the best interests of ANZ shareholders.

4 Other Matters

This letter (and the report to which it is attached) is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual ANZ shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Explanatory Memorandum issued by ANZ in relation to the Scheme.

Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Scheme, the responsibility for which lies with the directors of ANZ. In any event, the decision whether to vote for or against the Scheme is a matter for individual shareholders, based on their own views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

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Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in ANZ or ANZ NOHC. This is an investment decision upon which Grant Samuel does not offer an opinion and is independent of a decision on whether to vote for or against the Scheme. Shareholders should consult their own professional adviser in this regard.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is included at the beginning of the full report.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully

GRANT SAMUEL & ASSOCIATES PTY LIMITED

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FINANCIAL SERVICES GUIDE
AND
INDEPENDENT EXPERT'S REPORT
IN RELATION TO THE PROPOSED RESTRUCTURE OF
THE AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED

GRANT SAMUEL & ASSOCIATES PTY LIMITED
ABN 28 050 036 372

26 OCTOBER 2022

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FINANCIAL SERVICES GUIDE

Grant Samuel & Associates Pty Limited ("Grant Samuel") holds Australian Financial Services Licence No. 240985 authorising it to provide financial product advice on securities and interests in managed investments schemes to wholesale and retail clients.

The *Corporations Act, 2001* (Cth) ("Corporations Act") requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in a document ("Disclosure Document") provided to members by the company or other entity ("Entity") for which Grant Samuel prepares the Report.

Grant Samuel does not accept instructions from retail clients. Grant Samuel provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entity to which it provides the Report. Grant Samuel receives its remuneration from the Entity. In respect of the Report for The Australia and New Zealand Banking Group Limited ("ANZ") in relation to the proposed scheme of arrangement ("Scheme") between ANZ and its shareholders ("the ANZ Report"), Grant Samuel will receive a fixed fee of \$625,000 plus reimbursement of out-of-pocket expenses (as stated in Section 7.3 of the ANZ Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the ANZ Report.

Grant Samuel is required to be independent of the Entity to provide a Report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities & Investments Commission on 30 March 2011. The following information in relation to the independence of Grant Samuel is stated in Section 7.3 of the ANZ Report:

"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with the ANZ Group or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.

Grant Samuel had no part in the formulation of the Restructure (including the Scheme). Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of \$625,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011."

Grant Samuel has internal complaints-handling mechanisms and is a member of the Australian Financial Complaints Authority, No. 11929. If you have any concerns regarding the ANZ Report, please contact the Compliance Officer in writing at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000. If you are not satisfied with how we respond, you may contact the Australian Financial Complaints Authority at GPO Box 3 Melbourne VIC 3001 or 1800 931 678. This service is provided free of charge.

Grant Samuel holds professional indemnity insurance which satisfies the compensation requirements of the Corporations Act.

Grant Samuel is only responsible for the ANZ Report and this FSG. Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

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1 Overview of the Restructure (including the Scheme)

On 4 May 2022, in conjunction with the release of its 1HY22¹ results, Australia and New Zealand Banking Group Limited ("ANZ"), the parent entity of the ANZ Group, announced the intention to implement a non-operating holding company ("NOHC") structure for the ANZ Group ("Restructure"). The Restructure involves:

- the establishment of a new parent entity for the ANZ Group, ANZ Group Holdings Limited ("ANZ NOHC") which is a public company that will be listed on the Australian Securities Exchange ("ASX") and the New Zealand Stock Exchange ("NZX"). The NOHC structure will be implemented by way of a scheme of arrangement under Section 411 of the *Corporations Act 2001* (Cth) ("Corporations Act") (the "Scheme"); and
- various internal share and asset transfers and other corporate actions (the "Business Restructure") that will result in the:
 - separation of certain businesses and assets into:
 - ANZ Bank Group, which will own all of the ANZ Group's core banking businesses (including ANZ and ANZ Bank New Zealand Limited ("ANZ NZ")), all international banking businesses and all insurance businesses (including the ANZ Group's mortgage insurance and captive insurance businesses²); and
 - ANZ Non-Bank Group, which will own certain ANZ banking-adjacent interests and investments (see Section 5.2 for details); and
 - establishment of an internal service company, ANZ Group Services Pty Ltd ("ANZ ServiceCo"), which will be part of the ANZ Non-Bank Group, to hold certain property interests.

The Business Restructure is conditional on implementation of the Scheme. The ANZ Group after implementation of the Restructure is referred to in this report, where necessary, as the ANZ NOHC Group.

It is also intended that intragroup resourcing agreements will be put in place to set out the terms on which:

- ANZ ServiceCo can, in the future, potentially provide certain central shared service functions across the ANZ Group; and
- ANZ Group members can access certain resources (including employees and technology), materials or assistance that are retained by ANZ.

These agreements will be on standard commercial terms and have regard to applicable prudential standards and ANZ Group policies.

If the Scheme is implemented, ANZ shareholders (other than ineligible foreign shareholders³) will be issued one new share in ANZ NOHC in exchange for each share held in ANZ on the record date for the Scheme.

¹ 1HY22 is the six months ended 31 March 2022.

² The ANZ Group's mortgage insurance business is carried out by ANZ Lenders Mortgage Insurance Pty Limited, a direct subsidiary of ANZ and its captive insurance business is carried out by ANZcover Insurance Pte. Ltd, a direct subsidiary of ANZ Funds Pty. Ltd, which in turn is a direct subsidiary of ANZ.

³ ANZ shareholders with a registered address outside Australia (and its external territories), New Zealand or an Eligible Foreign Jurisdiction unless ANZ reasonably believes that it is not prohibited and not unduly onerous or impracticable to issue that ANZ shareholder with ANZ NOHC shares when the Scheme becomes effective. Eligible Foreign Jurisdiction is expected to include China, Cook Islands, Fiji, France, Germany, Hong Kong, India, Korea, Malaysia, Papua New Guinea, Philippines, Samoa, Singapore, Taiwan, the United Kingdom, the United States (including American Samoa and Guam) and Vanuatu and, in the case of an ANZ shareholder who is an ANZ employee at the Scheme record date, those jurisdictions listed above and Indonesia and Japan.

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There will be no change in the proportionate ownership interests of shareholders (other than ineligible foreign shareholders) as a result of the Scheme.

Ineligible foreign shareholders will not receive ANZ NOHC shares under the Scheme. They will transfer their ANZ shares to a sale agent which will arrange for the sale of the ANZ NOHC shares received under the Scheme on the ASX through a sale facility. Ineligible foreign shareholders will receive the cash proceeds from the sale of those ANZ NOHC shares.

The Scheme requires approval by a majority in number (i.e. more than 50%) of ANZ shareholders present and voting (either in person or by proxy) on the Scheme resolution at the Scheme meeting, representing at least 75% of the votes cast on the resolution. If approved by ANZ shareholders, the Scheme will then be subject to approval by the Federal Court of Australia ("Court").

The Scheme is subject to a number of conditions that are set out in full in the Explanatory Memorandum sent to shareholders by ANZ and include:

- the ASX approves the admission of ANZ NOHC to the official list of the ASX and the official quotation of the ANZ NOHC shares on the ASX;
- ANZ NOHC being admitted as a foreign exempt listed company on the NZX; and
- all approvals, consents, confirmations, exemptions, waivers or other acts from or by regulatory authorities (including from the ASX and the Australian Securities & Investments Commission ("ASIC"), the Australian Prudential Regulation Authority ("APRA") and the Federal Treasurer (acting pursuant to the *Financial Sector (Shareholdings) Act 1998* (Cth)), the Reserve Bank of New Zealand ("RBNZ"), the Overseas Investment Office (New Zealand), the United States Federal Reserve ("US Federal Reserve") and the Australian Taxation Office ("ATO"), as are necessary or, in the reasonable opinion of ANZ and ANZ NOHC, desirable to implement the Restructure ("Regulatory Approvals").

At the date of this report, all Regulatory Approvals have been obtained other than regulatory approval from the US Federal Reserve. If this approval has not been obtained prior to the Second Court Hearing (where the Court makes the order to approve the Scheme and which is scheduled to be held on 22 December 2022), ANZ may:

- postpone or adjourn the Second Court Hearing; or
- proceed with the Second Court Hearing on the basis that the Scheme will not be implemented until the approval from the US Federal Reserve is obtained.

The ANZ directors unanimously recommend that shareholders vote in favour of the Scheme. Each ANZ director intends to vote, or procure the voting of, any ANZ shares they hold or control in favour of the Scheme.

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2 Scope of the Report

2.1 Purpose of the Report

The Scheme is subject to the approval of ANZ shareholders in accordance with Section 411 of the Corporations Act ("Section 411"), which governs schemes of arrangement.

Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to Section 411. Part 3 of Schedule 8 requires an independent expert's report in relation to a scheme of arrangement to be prepared when a party to a scheme of arrangement has a prescribed shareholding in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. In those circumstances, the independent expert's report must state whether the scheme of arrangement is in the best interests of shareholders subject to the scheme and must state reasons for that opinion.

The directors of ANZ have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in its opinion, the Scheme is in the best interests of ANZ shareholders and to state reasons for that opinion. A copy of the report will accompany the Explanatory Memorandum sent to shareholders by ANZ.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of individual ANZ shareholders. Accordingly, before acting in relation to their investment, shareholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Shareholders should read the Explanatory Memorandum issued by ANZ in relation to the Scheme.

Voting for or against the Scheme is a matter for individual shareholders based on their views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. Shareholders who are in doubt as to the action they should take in relation to the Scheme should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell securities in ANZ or ANZ NOHC. This is an investment decision upon which Grant Samuel does not offer an opinion and is independent of a decision on whether to vote for or against the Scheme. Shareholders should consult their own professional adviser in this regard.

2.2 Basis of Evaluation

There is no legal definition of the expression "in the best interests". However, ASIC has issued Regulatory Guide 111 ("RG111") which establishes guidelines in respect of independent expert's reports. RG111 differentiates between the analysis required for control transactions and other transactions. In the context of control transactions (whether by takeover bid, by scheme of arrangement, by the issue of securities or by selective capital reduction or buyback), the expert is required to distinguish between "fair" and "reasonable". A proposal that was "fair and reasonable" or "not fair but reasonable" would be in the best interests of shareholders (being the opinion required under Part 3 of Schedule 8).

For most other transactions, the expert is to weigh up the advantages and disadvantages of the proposal for shareholders. This involves a judgement on the part of the expert as to the overall commercial effect of the proposal, the circumstances that have led to the proposal and the alternatives available. If the advantages outweigh the disadvantages, the proposal would be in the best interests of shareholders.

The Scheme is not a control transaction and does not change the underlying economic interests of shareholders. Accordingly, Grant Samuel has evaluated the Scheme by assessing the overall impact on the shareholders of ANZ and formed a judgement as to whether the expected benefits outweigh any

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disadvantages and risks that might result. By definition, if the advantages outweigh the disadvantages, shareholders are likely to be better off if the Scheme is implemented than if it is not.

The Scheme is only part of the Restructure, which also includes the Business Restructure. The Business Restructure does not require the approval of ANZ shareholders but is conditional on, and is expected to be undertaken immediately after, implementation of the Scheme. RG111 paragraph 5 states that, in deciding on the appropriate form of analysis for a report, an expert should "focus on the purpose and outcome of the transaction, rather than the legal mechanism used to effect the transaction". Consequently, in forming its opinion as to whether the Scheme is in the best interests of ANZ shareholders, Grant Samuel has considered, where appropriate, the broader Restructure (including the Scheme and the Business Restructure) and has had regard to the following:

- the impact of the Restructure on the:
 - business activities, strategy and governance of the ANZ Group;
 - earnings and dividends attributable to existing ANZ shareholders;
 - financial position and financial risk profile of the ANZ Group;
 - capital requirements and risk management activities of the ANZ Group; and
 - credit rating of ANZ and the ANZ Group;
- potential taxation consequences of the Restructure for the ANZ Group and the ANZ NOHC Group as well as for existing ANZ shareholders;
- advantages and benefits arising from the Restructure; and
- costs, disadvantages and risks of the Restructure.

2.3 Sources of Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Explanatory Memorandum (including earlier drafts and pro forma financial information for the ANZ Group for 1HY22);
- half year report of the ANZ Group for 1HY22;
- press releases, public announcements, media and analyst presentation material and other public filings by ANZ including information available on its website; and
- brokers' reports and recent press articles on ANZ.

Non Public Information provided by ANZ

- application to APRA for approval to establish a NOHC and the related Business Restructure;
- various papers and presentations prepared for the purpose of regulatory approvals;
- various rating agency background papers and presentations;
- submissions to the ATO for class rulings in relation to the taxation implications for shareholders from the proposed interposition of ANZ NOHC between ANZ and ANZ shareholders;
- other confidential documents, board papers, presentations and working papers relating to the Restructure.

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In preparing this report, representatives of Grant Samuel have also held discussions with, and obtained information from, senior management of ANZ and its advisers.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process employed and the conclusions reached. Any attempt to do so could lead to undue emphasis on a particular factor or analysis. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances.

This report is also based upon financial and other information provided by ANZ and its advisers. Grant Samuel has considered and relied upon this information. ANZ has represented in writing to Grant Samuel that to its knowledge the information provided by it was then, and is now, complete and not incorrect or misleading in any material respect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary or appropriate for the purposes of forming an opinion as to whether the Scheme is in the best interests of ANZ shareholders. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. While Grant Samuel has made what it considers to be appropriate inquiries for the purposes of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to, for example, prospectuses or profit forecasts, is beyond the scope of an independent expert.

Accordingly, this report and the opinions expressed in it should be considered more in the nature of an overall review of the anticipated commercial and financial implications rather than a comprehensive audit or investigation of detailed matters.

An important part of the information used in forming an opinion of the kind expressed in this report comprises the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of the ANZ Group. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

The information provided to Grant Samuel included pro forma financial information for 1HY22. ANZ is responsible for this pro forma financial information. The pro forma financial information was subject to review by KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd) ("KPMG Transaction Services"). The Limited Assurance Investigating Accountant's Report is set out in Annexure 2 to the Explanatory Memorandum. On this basis, Grant Samuel considers that there are reasonable grounds to believe that the pro forma financial information has been prepared on a reasonable basis.

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In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than publicly disclosed;
- the assessments by ANZ and its advisers with regard to legal, regulatory, tax and accounting matters relating to the Restructure are accurate and complete;
- the information set out in the Explanatory Memorandum sent by ANZ to its shareholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading;
- the Scheme and the Business Restructure will be implemented in accordance with their terms; and
- the legal mechanisms to implement the Scheme and the Business Restructure are correct and will be effective.

To the extent that there are legal issues relating to assets, properties or business interests or issues relating to compliance with applicable laws, regulations and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

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3 Profile of the ANZ Group

3.1 Background

Overview

The ANZ Group is one of the four largest banks⁴ in Australia and provides banking and financial products to over 9.2 million retail, commercial and institutional customers. It operates across 32 markets in Australia, New Zealand, Asia, Europe and the Americas.

The antecedents of the ANZ Group can be traced back to The Bank of Australasia which was founded in 1835. In 1951, The Bank of Australasia merged with Union Bank of Australia to form the Australia and New Zealand Bank, which in turn merged with the English, Scottish and Australian Bank in 1970 to form the ANZ Group. ANZ, the parent entity of the ANZ Group, was incorporated in Australia in 1977 (having been transferred from the United Kingdom). Over the following decades, ANZ consolidated its position in the Australian financial services sector and expanded globally (particularly in New Zealand and the Asia Pacific region). However, factors including slower growth in non-core markets, increased regulatory scrutiny and growing capital requirements resulted in ANZ exiting most of its non-core businesses (e.g. wealth management and advice and Asia Pacific retail and commercial businesses) as it refocused primarily on its core retail banking businesses in Australia and New Zealand and its institutional banking business.

In recent years, the rise of digital banking and financial technology solutions has accelerated ANZ's investment in expanding its technology platform to better serve its customers. This investment has ranged from improving core banking activities (e.g. the ANZx internal transformation program) to partnering with adjacent non-banking services that complement its core banking offering (e.g. the establishment of its venture capital business, ANZi, in 2018 and its subsequent separation as 1835i⁵).

In July 2022, ANZ announced the proposed acquisition of Suncorp Group Limited's ("Suncorp Group") banking business ("Suncorp Bank")⁶. The proposed acquisition of Suncorp Bank is subject to a minimum completion period of 12 months and certain conditions including Federal Treasurer approval, Australian Competition and Consumer Commission ("ACCC") authorisation or approval and repeal of/certain amendments to Queensland State Government legislation. If completed, the acquisition will broaden the ANZ Group's scale and penetration in the Queensland retail and commercial banking market.

Today, ANZ is one of the ten largest companies listed on the ASX with a market capitalisation of approximately \$75 billion and at 31 March 2022 had total assets of \$1,017 billion.

Industry Environment

The Australian banking industry faces constant and rapid technological change to keep up with the digital transformation required to meet customer preferences. Recent developments have included:

- regulatory or policy-driven changes such as Open Banking (improved and secure access to customer banking data) and the New Payments Platform (open access infrastructure for real time payments);
- broadening of the digital banking platform, which has traditionally focused on providing core banking services (e.g. bill payment and account transfers). Customers increasingly expect a broader suite of financial services from digital banking (e.g. online lending and personalised money management);

⁴ Also referred to as the major banks. This group comprises ANZ, Commonwealth Bank of Australia Limited ("CBA"), National Australia Bank Limited ("NAB") and Westpac Banking Corporation ("Westpac").

⁵ 1835i comprises 1835i Creation Fund I Trust, 1835i Ventures I Trust, 1835i Ventures II Trust and 1835i Ventures III Trust.

⁶ Unless stated otherwise, information in this report (including the pro forma financial information set out in Section 5.5) does not reflect the proposed acquisition of Suncorp Bank as this transaction is unrelated to the Restructure and remains conditional.

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- process automation and integration of artificial intelligence solutions targeting back-office banking processes such as payments, fraud detection and cybersecurity systems; and
- the emergence of new product markets such as buy-now pay-later (as a financing alternative for customers) and cryptocurrency (as an investment class).

The investment required to meet evolving customer expectations is substantial. Moreover, the risks associated with investing in new technologies and entering new markets are different from (if not higher than) the risks faced by traditional banking operations. The recent closures of Xinja Bank and Volt Bank illustrate the nature of these risks and the importance of scale (and access to capital) to navigate these changes. As the largest participants in the sector, the major banks have invested significant capital and resources to ensure their banking platforms remain fit-for-purpose to meet the evolving technology needs of the market.

Regulation

REGULATORY BODIES

The authorised deposit-taking institution (“ADI”) sector of the Australian banking industry is heavily regulated. The primary prudential regulator is APRA and the primary conduct regulator is ASIC.

Under the *Banking Act 1959* (Cth) (“Banking Act”), APRA is responsible for overseeing the prudential framework under which ADIs must operate including, in particular:

- licensing ADIs to operate and supervising them to ensure that the interests of depositors are protected;
- establishing prudential standards that ADIs must comply with, including requirements in relation to:
 - financial soundness (e.g. minimum regulatory capital requirements, capital adequacy, liquidity and credit quality). The regulatory capital requirements that apply to ADIs are discussed in more detail below;
 - risk management (e.g. the requirement to have systems for identifying, measuring, evaluating, monitoring, reporting and controlling or mitigating material risks that may affect an ADI’s ability to meet its obligations to depositors); and
 - governance (e.g. culture, accountability and remuneration). Remuneration governance includes:
 - administration of the Banking Executive Accountability Regime (“BEAR”), which establishes accountability obligations for ADIs and their senior executives and directors. BEAR also establishes, among other things, deferred remuneration, key personnel and notification obligations for ADIs; and
 - APRA’s Prudential Standard CPS 511 Remuneration (“CPS 511”), which requires an APRA-regulated entity’s variable remuneration arrangements to incorporate adjustment tools that can reduce variable remuneration, potentially to zero, for adverse risk and conduct outcomes. CPS 511 comes into effect for significant financial institutions (which include the ANZ Group) from 1 January 2023.

Prudential standards are legally binding;

- ongoing supervision of ADIs to ensure compliance with APRA’s prudential requirements; and
- the ability to take enforcement actions against ADIs (or individuals associated with an ADI) if necessary to protect the interests of depositors.

In addition to APRA, the ANZ Group’s branch operations and major banking subsidiary operations are overseen by local regulators such as the Reserve Bank of New Zealand, the US Federal Reserve, the United

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Kingdom Prudential Regulation Authority, the Monetary Authority of Singapore, the Hong Kong Monetary Authority and the China Banking and Insurance Regulatory Commission. These regulators may impose regulatory requirements, including minimum capital levels, on operations in their individual jurisdictions.

CAPITAL ADEQUACY REQUIREMENTS

APRA's prudential standards aim to ensure that ADIs maintain adequate eligible capital to act as a buffer against the risks of unexpected losses associated with their activities. APRA classifies regulatory capital into three tiers:

- Common Equity Tier 1 ("CET1") capital, which broadly comprises ordinary shares, general reserves and retained earnings less intangible assets, capitalised expenses, certain investments and other regulatory deductions;
- Tier 1 capital, which consists of CET1 capital plus certain securities with complying loss absorbing characteristics ("Additional Tier 1 capital") (e.g. non-cumulative preference shares, hybrid capital securities not redeemable at the holder's option and minority interests); and
- Tier 2 capital, which comprises other hybrid capital instruments and subordinated debt instruments which have a minimum term of five years.

These measures form the total capital for regulatory purposes. As a domestic systemically important bank ("D-SIB")⁷, ANZ is currently required to meet the following minimum prudential capital ratios (calculated on the basis of risk weighted assets⁸)⁹:

- CET1 capital of at least 8.0%, comprising a minimum prudential capital ratio of 4.5% plus a capital conservation buffer of 3.5%;
- Tier 1 capital of at least 9.5%; and
- total capital (being Tier 1 capital plus Tier 2 capital) of at least 11.5%.

From January 2023, APRA's revised minimum prudential capital requirements for D-SIBs (calculated on the basis of risk weighted assets) will include:

- CET1 capital comprising a minimum prudential capital ratio of 4.5% plus a capital conservation buffer of 4.75% plus a countercyclical capital buffer of 1.0% (applicable to Australian exposures);
- Additional Tier 1 capital of 1.5% (the same as the current requirement); and
- Tier 2 capital of 2.0% (the same as the current requirement), increasing by 3% (to 5%) by January 2024 and a further 1.5% (to 6.5%) by January 2026.

The increase in minimum prudential capital ratios is primarily due to finalisation of APRA's "Unquestionably Strong Framework for Bank Capital" and the new total loss absorbing capital buffer requirement for D-SIBs. The higher CET1 minimum requirements are expected to be offset by a decrease in risk weighted assets from January 2023, with APRA indicating that it is not its intention to require banks to raise additional capital as a result of the changes.

The above changes would impact the capital management plans (and consequently, the availability of capital for non-banking activities) for D-SIBs.

⁷ Domestic systematically important banks in Australia as determined by APRA are the four major banks (including ANZ).

⁸ Risk weighted assets are the loans and other assets of an ADI, weighted (i.e. multiplied by a percentage factor) to reflect their respective level of risk or loss to the ADI. For example, mortgages secured by residential property are generally considered to be lower risk than unsecured credit card lending. The greater the amount of higher risk loans and other assets that an ADI has, the higher its risk weighted assets and the higher the amount of capital the ADI must hold to meet APRA's minimum prudential capital ratios.

⁹ Notwithstanding these requirements, APRA can also impose higher minimum capital requirements for individual ADIs and may change an ADI's capital requirements at any time.

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Other measures such as the leverage ratio (to cap debt levels in the funding structure) and liquidity ratios (to promote the resilience of a bank's liquidity and funding profile) have recently been implemented by APRA to better regulate the capital and funding resilience of ADIs.

In addition, APRA sets specific capital adequacy reporting levels for ADIs:

- Level 1, which is the ADI on a standalone basis (in the case of the ANZ Group, comprising ANZ and specified subsidiaries that are consolidated to form the ADI's Extended Licensed Entity ("ELE")¹⁰);
- Level 2, which is the ADI and all of its subsidiary entities (i.e. the ANZ Group) less certain subsidiaries and associates that are excluded under the prudential standards (broadly, insurers, funds management entities, non-financial (commercial) subsidiaries and qualifying securitisation vehicles); and
- Level 3, which is a conglomerate group at the widest level (including, for example, subsidiaries excluded from Level 2).

The ANZ Group reports to APRA on a Level 1 (ANZ and ELE subsidiaries) and Level 2 (Level 1 entities plus international ADIs (including ANZ NZ) and other subsidiaries undertaking financial activities) basis, and measures capital adequacy monthly on a Level 1 and Level 2 basis. APRA does not currently regulate the capital adequacy of conglomerate groups (Level 3), which would include operations such as *1835i*, securitisation special purpose vehicles and entities acting as manager or trustee (see below for further discussion). Investments in these Level 3 entities are currently fully deducted for the purposes of calculating Level 2 capital ratios.

NON-BANKING EXPOSURES

ADIs are subject to prudential standards that ensure risks from non-banking operations are managed and contained.

The regulatory framework for ADIs that have non-banking entities (or controlling shareholder or parent entities) is well established. These measures complement the prudential capital adequacy ratios and are designed to protect the ADI's deposit holders from the ADI's non-banking activities, which may expose the deposit holders to a different set of risks than traditional banking activities. Under the prudential standards, ADIs are required to maintain robust Board and internal governance systems to monitor these activities and must operate under a regulatory cap (measured as non-banking capital a percentage of total Tier 1 capital) that limits the ADI's exposure to non-banking activities.

In contrast, the regulatory framework for diversified groups (Level 3 group entities, e.g. for ADIs in a NOHC structure, or "financial" NOHCs) is yet to be finalised by APRA. APRA has developed a Level 3 supervision framework which includes standards governing risk management, governance and outsourcing and a prudential framework for Level 3 parent entities which includes standards relating to aggregate risk exposures, intragroup transactions and exposures and audit and related matters. APRA has not finalised an overall framework for the capital requirements that would apply to Level 3 conglomerate groups but has historically imposed capital (and other prudential) requirements on financial NOHCs through conditions attaching to NOHC authorisations.

In summary, APRA expects financial NOHCs to adopt a holistic approach to group risks and have clear systems in place to supervise intragroup transactions between banking and non-banking groups and ensure that adequate capital buffers are maintained across the entire group, including the non-banking group (see Section 4.2 for details).

¹⁰ An ELE is an ADI and each subsidiary of an ADI which APRA allows to be treated as part of the ADI itself for the purpose of measuring capital adequacy and exposures to related entities.

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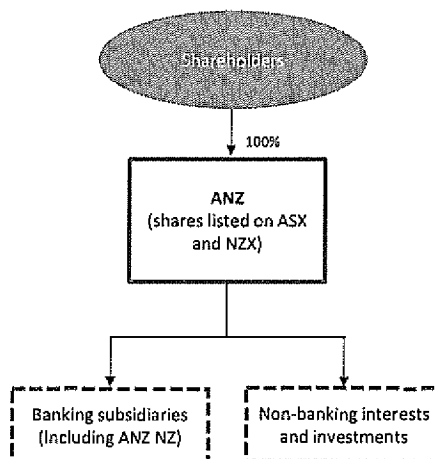


3.2 Corporate Structure and Business Operations

Corporate Structure

The current corporate structure of the ANZ Group¹¹ is summarised below:

ANZ GROUP – CURRENT CORPORATE STRUCTURE (SIMPLIFIED)



Source: ANZ Group

Under its current corporate structure, ANZ has:

- controlling interests in certain entities, including:
 - ANZ Funds Pty. Ltd., a holding company which owns the ANZ Group's banking subsidiaries operating in New Zealand (including ANZ Holdings (New Zealand) Limited, the holding company of ANZ NZ), Vanuatu, Samoa and Kiribati;
 - other subsidiaries which operate the ANZ Group's banking businesses in China, Vietnam, Papua New Guinea and Guam; and
 - a majority owned subsidiary which operates the ANZ Group's banking businesses in Indonesia;
- non-controlling interests in certain:
 - banking businesses (such as interests in PT Bank Pan Indonesia in Indonesia, AMMB Holdings Berhad in Malaysia and Bank of Tianjin Co Ltd in China); and
 - non-banking businesses (see below for details of key non-banking businesses); and
- interests in non-subsidiaries and trusts (such as 1835/).

All of the Australian banking business is conducted through the parent entity, ANZ.

Business Operations

The ANZ Group primarily operates retail, commercial and institutional banking businesses. Its operations are segmented by geography (i.e. Australia Retail and Commercial, New Zealand and Pacific) or function (i.e. Institutional and Group Centre).

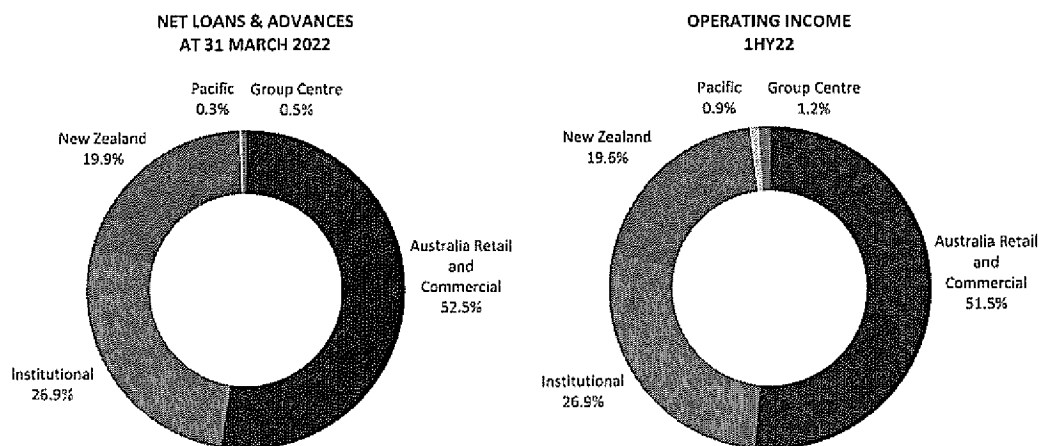
The Australia Retail and Commercial segment represents the largest share of the ANZ Group's balance sheet lending activities (measured as net loans and advances) and operating income:

¹¹ The corporate structure diagram is simplified and does not show all ANZ subsidiaries and interests.

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ANZ GROUP – CONTRIBUTION BY SEGMENT



Source: ANZ Group

At 31 March 2022, the ANZ Group's various non-banking businesses were spread across Australian Retail and Commercial, Institutional and the Group Centre segments and include:

- beneficial interests in the *1835i* trusts, the ANZ Group's venture capital business which operates through two segments:
 - *1835i Ventures*, which invests in businesses focused on digital and financial technology solutions including *Cashrewards* (a leading cashback company in Australia), *Airwallex* (an online payments company) and *Lendi* (an online home loans platform); and
 - *1835i Creation Fund*, which is an incubator that facilitates the creation of new businesses.

1835i was structurally separated from ANZ in July 2021. Following a strategic review of the business, the ANZ Group elected to relinquish direct ownership and operational control over *1835i* to better align existing risk and governance frameworks with *1835i*'s business operations and facilitate investment decisions and speed to market activities;

- a 49% interest in ANZ Worldline Payment Solutions, a joint venture between the ANZ Group and Worldline SA that provides small business, commercial and institutional customers with merchant acquiring services;
- a ~12% interest in Pollination Group ("Pollination"), a global climate change investment and advisory firm;
- a 25% interest in Lygon 1B Pty Limited ("Lygon"), a private blockchain platform which allows customers to request, check, track and exchange bank guarantees from a single portal; and
- a 16.7% interest in Trade Information Network ("TIN"), a trade data registry which enables the collation and exchange of original trade supply data between buyers, suppliers and financiers globally.

From 1 April 2022, the ANZ Group implemented a structural change to its divisions involving the integration of the Australian retail and digital businesses and the separation of the Australian commercial business into a new division. The new reporting segments will be reflected in the ANZ Group's FY22¹² results.

¹² FY22 is the year ending 30 September 2022.

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3.3 Strategy

The ANZ Group has undergone a period of significant simplification over the past six years. While this process is ongoing, the ANZ Group has entered a new phase focused on growth and areas where it can deliver better outcomes for customers and provide returns for shareholders.

The ANZ Group's strategy is to improve the financial wellbeing and sustainability of its customers by providing connected, relevant and efficient services, tools and insights, directly and in partnership with others. The strategy is centred on the ANZ Group's core banking offering that is tailored to the financial goals of its retail customers (e.g. to save for, buy and own a home), small-to-medium enterprise customers (e.g. to start or buy and sustainably grow their business) and institutional customers (e.g. to facilitate the movement of capital and goods and secure funding for growth).

The ANZ Group aims to achieve its strategy through investing in technology and developing a culture built around delivering better outcomes for customers, offering them a broader range of banking and banking-adjacent services. The strategy recognises the shifting source of competitive advantage in the Australian banking industry, particularly the importance (and to some extent, urgency) of accelerating the development of digital banking "platforms" and "ecosystems". In this context, the ANZ Group's strategic priorities are to:

- **develop infrastructure "platforms"**, which can be readily scaled and made accessible to other financial institutions and non-bank users. Successful rollouts of new platforms are expected to encourage greater use of the ANZ Group's systems and products. These platforms are intended to:
 - augment core banking services, such as developing a new seamless platform that allows customers to integrate their systems to automate payments and reconciliation processes; and
 - open new market opportunities for non-banking offerings including in accounting and financial solutions, credit processes, clearing services, trade services and agency services; and
- **invest in digital "ecosystems"**, particularly by partnering with banking-aligned and financial technology organisations that offer innovative solutions to improve the financial wellbeing of customers. An example of an ecosystem is the Australian cashback company, *Cashrewards*.

Underpinning this strategy is simplicity and the organisational flexibility to respond quickly to the changing environment, including through breaking down technology barriers, reducing rigidity and improving decision making processes.

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3.4 Key Historical Financial Information and Regulatory Capital

Income Statement

The 1HY22 consolidated income statement of the ANZ Group is summarised below:

ANZ GROUP – SUMMARISED CONSOLIDATED INCOME STATEMENT (\$ MILLIONS)

	1HY22 ACTUAL
Operating income	9,542
Operating expenses	(4,791)
Cash profit from continuing operations excluding large and notable items ¹³	3,156
NPAT ¹⁴ attributable to ANZ shareholders	3,530
<i>STATISTICS</i>	
Operating expenses to operating income	50.5%
Return on equity ¹⁵	11.3%
Basic earnings per share	125.7c
Dividends per share	72c
Dividend payout ratio ¹⁶	64%
Amount of dividend franked	100%

Source: ANZ Group and Grant Samuel analysis

The ANZ Group's 1HY22 consolidated income statement reflects improving economic conditions in its key markets, although its performance was partly constrained by tightening interest margins, declining fees from capital markets activities (hedging and trading) and a growing cost base as well as the scale of the ANZ Group's investment spend (which is predominantly expensed as incurred and has escalated in recent years with the ramp up of the ANZx internal transformation program). Overall, while there has been a recovery in the ANZ Group's cash profit from continuing operations and NPAT attributable to ANZ shareholders, these parameters remain below pre-COVID-19 pandemic levels.

ANZ currently has dividend guidance of between 60% and 65% of cash profit from continuing operations excluding large and notable items. It paid fully franked dividends towards the top end of its target range in 1HY22.

Balance Sheet

The consolidated balance sheet of the ANZ Group at 31 March 2022 is summarised below:

ANZ GROUP – SUMMARISED CONSOLIDATED BALANCE SHEET (\$ MILLIONS)

	AT 31 MARCH 2022 ACTUAL
Total assets	1,017,361
Total liabilities	(955,605)
Net assets attributable to ANZ shareholders	61,747
Net tangible assets attributable to ANZ shareholders	57,679
<i>STATISTICS</i>	
Net tangible assets per share	\$20.64

Source: ANZ Group and Grant Samuel analysis

¹³ In 1HY22, large and notable items primarily comprised one-off payment of withholding tax, customer remediation costs, legal entity rationalisation costs and impact of divestment of One Path and was largely offset by the accounting impact of the ANZ Worldline Partnership.

¹⁴ NPAT is net profit after tax.

¹⁵ Return on equity is based on annualised 1HY22 NPAT attributable to ANZ shareholders and average ordinary shareholders' equity.

¹⁶ Dividend payout ratio is dividends paid divided by cash profit from continuing operations excluding large and notable items.

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The ANZ Group has over \$1 trillion in assets on its balance sheet which are backed by a diversified funding portfolio. The majority of the ANZ Group's assets comprise a portfolio of high quality liquid assets and loans and advances. Funding sources are primarily deposits, supplemented by domestic and international wholesale funding and convertible subordinated notes.

Investments in non-banking businesses are relatively small, with a carrying value of less than \$500 million at 31 March 2022.

ANZ has an AA-, Aa3 and A+ investment grade rating from Standard & Poor's ("S&P"), Moody's Investor Service ("Moody's") and Fitch Ratings ("Fitch"), respectively.

Regulatory Capital

The following table summarises the consolidated (i.e. Level 2) capital position of ANZ at 31 March 2022:

ANZ – LEVEL 2 CAPITAL RATIOS

	AT 31 MARCH 2022 ACTUAL
CET1 capital (\$ millions)	50,511
Tier 1 capital (\$ millions)	58,001
Tier 2 capital (\$ millions)	14,780
Total capital (Tier 1 + Tier 2) (\$ millions)	72,781
Risk weighted assets (\$ millions)	437,910
CAPITAL ADEQUACY RATIOS	
CET1 capital ratio	11.5%
Tier 1 capital ratio	13.2%
Total capital ratio	16.6%
Leverage ratio	5.2%
Liquidity coverage ratio	132%
Net stable funding ratio	123%

Source: ANZ Group and Grant Samuel analysis

At 31 March 2022, ANZ's CET1, Tier 1, Tier 2 and total capital ratios were well in excess of APRA's minimum requirements (even allowing for a buffer above the minimum prudential requirements). ANZ's CET1 capital and Tier 1 capital ratios are also above APRA's increased requirements that will apply by January 2023.

ANZ's leverage ratio, liquidity coverage ratio and net stable funding ratio are also in excess of the regulatory levels (of 3.5%, 100% and 100% respectively).

3.5 Taxation Position

Under the Australian tax consolidation regime, ANZ and its Australian resident wholly owned entities have elected to be taxed as a single entity. Members of the group have entered into tax sharing and tax funding agreements with ANZ (as the head entity of the consolidated tax group), which govern certain aspects of the operation of the group.

At 30 September 2021¹⁷, ANZ had:

- no carried forward income tax losses and no on-balance sheet carried forward capital losses; and

¹⁷ Carried forward income tax losses, carried forward on-balance sheet capital losses and franking credits are shown at 30 September 2021 (and not at 31 March 2022) as they are only calculated definitively at each financial year end.

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- \$772 million of accumulated Australian franking credits (tax effected) and NZ\$5 billion of accumulated New Zealand franking credits which can be attached to ANZ's Australian dividends but may only be used by New Zealand resident shareholders¹⁸.

3.6 Capital Structure and Ownership

Capital Structure

ANZ has the following equity securities on issue:

- 2,989,923,751 ordinary shares; and
- 6,207,962 options and rights.

In July 2021, ANZ announced its intention to buy back up to \$1.5 billion of ordinary shares as part of its capital management plan. This buy back was completed in March 2022 with ANZ buying back 54,139,675 ordinary shares.

In July 2022, ANZ announced a \$3.5 billion fully underwritten pro rata accelerated renounceable entitlement offer ("entitlement offer") to help fund the acquisition of Suncorp Bank. The entitlement offer was completed in August 2022, resulting in the issue of 187,105,950 ordinary shares. These ANZ shares are included in the number of issued ordinary shares shown above.

ANZ operates an American Depositary Receipts ("ADR") Programme. ADRs are traded in the United States over-the-counter market with each ADR representing one ordinary share.

Under the *ANZ Incentive Plan*, certain employees and executives are offered part of their variable remuneration as deferred equity awards as follows:

- deferred shares, offered under the *Employee Share Acquisition Plan* ("ESAP"), are held on trust generally for between one and four years, and are subject to certain conditions being satisfied. Deferred shares are not subject to performance hurdles;
- deferred share rights, offered under the *Employee Share Option Plan* ("ESOP"), are generally deferred for between one and four years, and entitle the participant to one ANZ ordinary share (or cash equivalent amount) for each share right awarded, subject to certain conditions being satisfied. Deferred share rights are not subject to performance hurdles; and
- restricted rights and performance rights, offered under the ESOP, are generally deferred for four or five years, and entitle the participant to acquire ANZ ordinary shares (or at ANZ's discretion, a cash amount equal to the value of an ANZ share) for nil consideration, subject to certain conditions being satisfied, including total shareholder return performance hurdles (for performance rights) and a four-year performance period.

ANZ has a dividend reinvestment plan ("DRP") and a bonus option plan that allow shareholders to forgo or reinvest all or part of their dividend payments into additional fully paid ordinary shares. Shares allocated under these plans can be sourced either through on-market purchase or through new share issuances.

ANZ also has on issue capital notes ("ANZ capital notes")¹⁹, which are mandatorily convertible subordinated perpetual securities. ANZ issues ANZ capital notes as Additional Tier 1 capital to support its Tier 1 capital requirements. These capital notes are denominated in Australian dollars and are quoted for trading on the

¹⁸ The franking account balances at 30 September 2021 have been adjusted for:

- franking credits that will arise from the payment of income tax payable at the end of the 30 September 2021 financial year; and
- franking credits/debits from the receipt/payment of dividends that have been recognised as tax receivable/payable at 30 September 2021.

¹⁹ ANZ currently has five capital note issues quoted for trading on the ASX, Capital Notes 3, Capital Notes 4, Capital Notes 5, Capital Notes 6 and Capital Notes 7.

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ASX. They do not confer voting rights but provide ANZ with early redemption or conversion options under certain circumstances (subject to the approval of APRA).

Ownership

ANZ has more than 500,000 registered ordinary shareholders. The top ten registered shareholders represent more than 55% of the ordinary shares on issue.

The top ten registered ordinary shareholders are principally institutional nominee companies or investment companies. ANZ registered shareholders are predominantly Australian based investors (approximately 94% of registered shareholders and approximately 97% of issued shares).

ANZ has received substantial shareholder notices from BlackRock Group (6.07%²⁰), State Street Corporation (5.08%²¹) and The Vanguard Group, Inc. (5.00%²²).

²⁰ Based on issued shares on 2 December 2019.

²¹ Based on issued shares on 20 July 2022.

²² Based on issued shares on 22 April 2022.



4 Background to Financial NOHCs

4.1 Overview

A NOHC is a holding company that does not conduct its own business and has subsidiaries that are the main operating entities that carry out the day-to-day activities of the group. Under this structure, the NOHC sits at the top of the corporate structure as the parent entity and its scope of standalone activities are generally limited to:

- receiving upstream dividends from its subsidiaries;
- providing financial support to its subsidiaries; and
- raising external capital (i.e. debt or equity).

In the banking sector, a NOHC structure can be used to structurally separate the banking group (which includes ADI-type entities) from the non-banking group which can cover a wider range of activities such as insurance, securitisation, investment banking and venture capital. The parent entity in this structure is commonly referred to as a “financial” NOHC²³.

The structural separation of banking and non-banking activities within a group is not mandatory in Australia. However, it does have implications for the regulatory framework that applies to the entities within the group. APRA regulations (including capital adequacy requirements) for an ADI continue to apply to the banking entities in the group, whereas a different capital adequacy regime applies to the financial NOHC itself and there is flexibility to apply APRA’s prudential standards differently to the non-banking entities in the group given the nature of their activities. This approach is intended to facilitate regulatory oversight and, ultimately, mitigate contagion risks between the two sets of entities within the group.

In Australia, financial NOHCs can be authorised by APRA under the Banking Act, the *Insurance Act 1973* (Cth) or the *Life Insurance Act 1995* (Cth), depending on whether the APRA regulated business within the group is predominantly involved in banking, general insurance or life insurance activities, respectively. There are currently 19 authorised financial NOHCs in Australia, including Macquarie Group Limited, Suncorp Group and AMP Limited (“AMP”).

4.2 Regulatory Environment for Financial NOHCs in Australia

The origin of the NOHC structure in the Australian banking sector can be traced back to the 1997 Financial Systems Inquiry (the “Wallis Inquiry”). The Wallis Inquiry was launched to evaluate the impact of financial deregulation over prior decades, which had resulted in the rise of financial conglomerates with diversified banking and non-banking operations across the financial sector.

Up to this point, the head entity of a financial conglomerate group was typically the regulated ADI entity, which, in addition to its banking activities, was a holding company for the conglomerate’s diversified operations. Following its review of the structures of financial conglomerates in 1997, the Wallis Inquiry recommended the NOHC structure as a superior structural option to support prudential supervision. In particular, the NOHC structure was found to be a more efficient structure to promote financial disclosure and information transparency and provide greater flexibility to manage and monitor the risks arising from diversified businesses.

However, implementation of a NOHC structure must also satisfy APRA’s requirements in relation to capital adequacy, suitability of firewalls (i.e. to minimise contagion risk), reporting of intragroup activities and independence of board representation for the subsidiary entities. Defining the appropriate prudential framework for these requirements was the subject of regulatory and industry debate and consultation over the following two decades:

²³ In contrast, a “bank” NOHC (common in the United States) is limited to only owning interests in separate banking entities.

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- in April 2000, APRA published a comprehensive framework for the prudential supervision of financial NOHCs. The framework covered requirements for ownership and structure, board composition, permitted activities and risk governance. However, few banking groups elected to implement a NOHC structure due to regulatory and tax impediments;
- in June 2007, the Federal Government resolved these issues by passing the *Financial Sector Legislation Amendment (Restructures) Act 2007* to provide relief for NOHC restructures under the Corporations Act and amending Australian tax legislation to minimise income tax consequences and provide rollover relief for NOHC restructures. Both Macquarie Bank Limited ("Macquarie Bank") and Suncorp-Metway Limited ("Suncorp-Metway") implemented financial NOHC structures shortly after introduction of the new legislation, with APRA specifying the Level 3 capital requirements for these financial NOHCs under the conditions of their respective NOHC authorisations²⁴;
- between 2010 and 2016, APRA released a number of discussion papers relating to the supervision of financial NOHCs. These papers included the release of draft Level 3 prudential standards in 2014 that outlined the recommended governance framework and proposed limits on intra group capital transactions that were due to come into effect from July 2017; and
- in March 2016, APRA elected to defer the implementation of capital standards for financial NOHCs but agreed to release the governance framework for the non-capital components of the supervision of conglomerate groups. APRA published these non-capital prudential standards in July 2017, emphasising the importance of managing (and limiting) aggregate group risk exposure and intragroup transactions and exposures within conglomerates.

APRA's prudential framework for financial NOHCs continues to evolve. At this stage, APRA has not finalised its recommendations on specific minimum capital requirements and the approach to measuring capital adequacy. However, the industry and regulatory engagement over the past two decades demonstrates that APRA continues to actively evaluate the merits of a NOHC structure in overseeing a conglomerate's banking and non-banking activities.

The approach adopted by APRA is not inconsistent with that of other international financial centres which have adopted similar holding company structure requirements to manage risks between banking and non-banking businesses. In 2015, the United States introduced a new "intermediate holding company" requirement to manage the banking and non-banking exposures of foreign banking organisations. Similarly, the United Kingdom introduced a new holding company requirement in 2019 to facilitate the "ring-fencing" of retail and commercial banking from investment banking activities.

4.3 Rationale for Financial NOHC Restructures

Benefits and Disadvantages of Financial NOHCs

The benefits typically cited for financial NOHCs largely revolve around simplification of the business and alignment of the regulatory and governance regime over the banking and non-banking businesses. However, at the same time, there are some disadvantages, potential risks and costs associated with NOHC restructures. The primary issues raised are listed below:

²⁴ For example, APRA specified an aggregate capital requirement for the Macquarie Bank NOHC (Macquarie Group Limited) that was the sum of the capital requirements of each regulated entity in the NOHC group (determined by APRA) and each non-regulated entity in the NOHC group (based on a Board approved economic capital model which required agreement with APRA in relation to its elements and inclusion).

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ISSUES ASSOCIATED WITH FINANCIAL NOHCS

ADVANTAGES/BENEFITS	DISADVANTAGES/RISKS/COSTS
<ul style="list-style-type: none"> • simplified corporate structure • transparency and regulatory oversight • isolation of risk (i.e. minimise contagion risk) • "fit-for-purpose" governance and risk management • capital flexibility and clarity in capital allocation • better targeted incentives and management/board focus 	<ul style="list-style-type: none"> • additional ongoing costs • one-off transaction costs (including stamp duty) • potentially lower credit rating and therefore increased financing costs for the NOHC

Source: Grant Samuel analysis

Precedent Financial NOHC Restructures

The NOHC structure has limited precedent in the Australian banking sector (particularly for large domestic banks) but has been widely used internationally. Over the past three decades, there have been a number of NOHC restructures in the banking sector:

SELECTED NOHC RESTRUCTURES IN THE BANKING SECTOR

PARENT COMPANY	DATE	PURPOSE/OBSERVATIONS
AUSTRALIA		
HBOS Australia Pty Ltd ("Bankwest Australia")	early 2000s	<ul style="list-style-type: none"> • one of the first financial NOHCs in Australia • structurally separate the wealth management and life insurance businesses
Members Equity Bank	2007	<ul style="list-style-type: none"> • facilitate the merger with Industry Funds Services ("IFS") • structurally separate IFS's funds management and funds services businesses
Macquarie Bank	2007	<ul style="list-style-type: none"> • promote greater strategic and operating flexibility to pursue international and diversified growth while complying with APRA's regulatory framework • structurally separate investment banking and corporate finance businesses • NOHC restructure was required by APRA
Suncorp-Metway	2010	<ul style="list-style-type: none"> • simplify corporate structure and business model • promote capital flexibility to transfer surplus funds within the group • structurally separate banking, general insurance and life insurance businesses
AMP	2022	<ul style="list-style-type: none"> • no public information available but the NOHC registration of AMP Limited followed the announcement of a series of divestments and the demerger of its private markets division (which required the transfer of the asset management business to AMP) • structurally separate the banking business from the remainder of its financial services businesses (e.g. wealth management)
INTERNATIONAL		
Bank of America Corporation	1968	<ul style="list-style-type: none"> • initially established as a bank holding company to facilitate interstate expansion and compete with other banking peers • registered as a financial holding company following the Gramm Leach Bliley Act of 1999 which allowed banks to engage in a broader range of financial activities (e.g. securities underwriting, insurance, etc.) under a NOHC structure
JPMorgan Chase & Co.	1969	<ul style="list-style-type: none"> • initially established as a bank holding company to facilitate interstate expansion and compete with other banking peers • registered as a financial holding company following the Gramm Leach Bliley Act of 1999 (see above)
HSBC Holdings plc ("HSBC")	1991	<ul style="list-style-type: none"> • strategic flexibility to align with increasingly global structure, particularly in Hong Kong and the broader Asia Pacific region • structurally separate Asia Pacific and European businesses
Citigroup Inc. ("Citigroup")	1998	<ul style="list-style-type: none"> • facilitate the acquisition of Travelers Group • structurally separate the newly acquired insurance and investments business • NOHC restructure was required by the Federal Reserve

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SELECTED NOHC RESTRUCTURES IN THE BANKING SECTOR (CONT)

PARENT COMPANY	DATE	PURPOSE/OBSERVATIONS
INTERNATIONAL (CONT)		
Morgan Stanley	2008	<ul style="list-style-type: none"> secure access to liquidity during the financial crisis, which was available only to bank NOHCs and financial NOHCs structurally separate investment banking and capital markets businesses
The Goldman Sachs Group, Inc. ("Goldman Sachs")	2008	<ul style="list-style-type: none"> secure access to liquidity during the financial crisis, which was available only to bank NOHCs and financial NOHCs structurally separate investment banking and capital markets businesses
Mitsubishi UFJ Financial Group, Inc. ("MUFG")	2008	<ul style="list-style-type: none"> facilitate the acquisition of a 21% interest in Morgan Stanley structurally separate investment banking and capital markets business (i.e. the Morgan Stanley business) NOHC restructure was required by the Federal Reserve
Large Swiss banks (including UBS AG and Credit Suisse AG)	2014	<ul style="list-style-type: none"> regulatory requirement in Switzerland to enhance resolvability (i.e. loss absorption capabilities of the NOHC to facilitate "bail-ins" and recapitalise the group companies if required) of systemically important banks resulted in the creation of financial NOHCs as part of the "single point of entry" resolution strategy
INTERNATIONAL – LOCAL OPERATIONS ONLY		
United States foreign banking organisations (including BNP Paribas, Credit Suisse, Deutsche Bank, UBS and Barclays)	2014-2018	<ul style="list-style-type: none"> internal restructure impacted United States operations only regulatory requirement for foreign banks with more than US\$50 billion in total non-bank assets in the United States to put in place an "intermediate holding company" which had the same effect as a NOHC but impacted only the domestic operations
Large United Kingdom banks (including Barclays plc, HSBC, Lloyds Banking Group and The Royal Bank of Scotland Group plc)	2018	<ul style="list-style-type: none"> internal restructure impacted United Kingdom operations only regulatory requirement in the United Kingdom to "ring-fence" retail and commercial banking activities from investment banking activities

Source: Grant Samuel analysis

Most financial NOHC restructures were completed to address immediate constraints such as:

- **regulatory requirements**, which often carry implementation deadlines and are typically driven by:
 - temporary regulatory relief. For example, Macquarie Bank committed to APRA that it would seek a solution (including via a NOHC structure) to ensure the non-banking exposure of its ADI business operated within the allowable capital thresholds of authorised activities;
 - reforms, such as for large banks in the United Kingdom (which required the "ring fencing" of retail banking operations), large banks in Switzerland (which required enhanced loss absorption capabilities to facilitate resolvability) and foreign bank organisations in the United States (which required a local intermediate holding company if their non-banking assets exceeded US\$50 billion); and
 - mergers and acquisitions, such as for Citigroup and MUFG which both implemented financial NOHCs to separately hold their banking and non-banking interests following major acquisitions; and
- **access to liquidity**. In 2008, Morgan Stanley and Goldman Sachs transitioned to a bank holding company structure and implemented financial NOHCs under arguably more pressing circumstances. The collapse of Bear Stearns and Lehman Brothers resulted in significant losses and uncertainty for the investment banking industry. The transition to a NOHC structure enabled both banks to bolster their financial positions by enhancing their ability to access (through banking subsidiaries) low-cost federally insured deposits and through the NOHC becoming subject to regulation by, and having the support of, the Federal Reserve.

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On the other hand, some financial NOHC restructures did not involve an immediate catalyst but were primarily designed to position the business for the future. The rationale for these NOHC restructures included:

- **enhanced capital flexibility and delineation of capital**, such as for Suncorp Group, which sought to align the group's corporate structure with the different regulatory capital requirements of its three operating businesses (i.e. banking, general insurance and life insurance). The NOHC structure enabled Suncorp Group to stream surplus capital to the group NOHC and inject it into any of the three groups as required; and
- **increased strategic flexibility and focus**, such as for HSBC which required greater board and management focus (as well as more targeted management incentives) to deliver the different growth requirements for its Asia Pacific and European businesses.

The major banks in Australia also evaluated the merits of implementing a NOHC structure around the mid-2000s. At the time, each of the major banks held diversified non-banking interests across the financial sector including insurance, funds management and wealth management and retail financial advice. While no action was ultimately taken, the major banks recognised the potential benefits of a NOHC structure, citing advantages such as simplified regulatory oversight and improved delineation between (and management of) the banking and non-banking activities.

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5 Impact of the Restructure (including the Scheme)

5.1 Process

If the Scheme is approved and implemented:

- ANZ NOHC will issue ANZ NOHC shares on a one-for-one basis to shareholders (other than ineligible foreign shareholders) who hold ANZ shares on the record date for the Scheme;
- ANZ NOHC will issue ANZ NOHC shares on a one-for-one basis attributable to ineligible foreign shareholders to a sale agent. These ANZ NOHC shares will be sold on the ASX through a sale facility and ineligible foreign shareholders will receive the cash proceeds from the sale of those ANZ NOHC shares; and
- all ANZ shares will be acquired from ANZ shareholders (or, in the case of ANZ shares held by ineligible foreign shareholders, from the sale agent) by ANZ NOHC.

After implementation of the Scheme, ANZ NOHC will become the new listed parent entity of the ANZ Group. Shareholders (other than ineligible foreign shareholders) will hold the same number of ANZ NOHC shares as the number of ANZ shares held prior to implementation of the Scheme. The Scheme will not change the economic interest of shareholders (other than ineligible foreign shareholders) in the ANZ Group.

In addition:

- existing ANZ capital notes issued by ANZ will remain on issue by ANZ under ANZ's debt listing on the ASX until they are repaid, converted or written off and will be on substantially the same terms. The terms of the ANZ capital notes will be amended so that:
 - distribution restrictions will apply to ANZ (i.e. there will be restrictions on the payment of distributions by ANZ to ANZ NOHC) if a scheduled dividend on the ANZ capital notes is not paid; and
 - on conversion, holders of ANZ capital notes will be issued ANZ NOHC shares instead of shares in ANZ.

The hybrid securities issued by ANZ NZ will not be affected by the Scheme (and will remain on issue under ANZ NZ's debt listing on the New Zealand Stock Exchange);

- ANZ NOHC intends to continue to operate an ADR programme on substantially the same terms as ANZ's current ADR programme; and
- the ANZ *Incentive Plans* will continue to operate and apply on substantially the same terms and conditions except that the incentive plans will be operated by ANZ NOHC and provide interests in ANZ NOHC shares:
 - ANZ deferred shares will be transferred to ANZ NOHC and exchanged for ANZ NOHC shares on a one-for-one basis. These new employee share scheme interests in ANZ NOHC will be deemed to be a continuation of the old interests in ANZ and will continue to be held on trust for the relevant employee; and
 - ANZ deferred share rights, restricted rights and performance rights held by employees will lapse and will be replaced with ANZ NOHC deferred share rights and performance rights on a one-for-one basis and on the same terms.

After implementation of the Scheme, the ANZ Group will undertake the Business Restructure. Non-operating intermediate holdings companies for the ANZ Bank Group (ANZ BH Pty Ltd ("ANZ Bank HoldCo")), the ANZ Non-Bank Group (ANZ NBH Pty Ltd ("ANZ Non-Bank HoldCo") and ANZ ServiceCo) have already been incorporated by ANZ. The key steps to be undertaken in the Business Restructure are:

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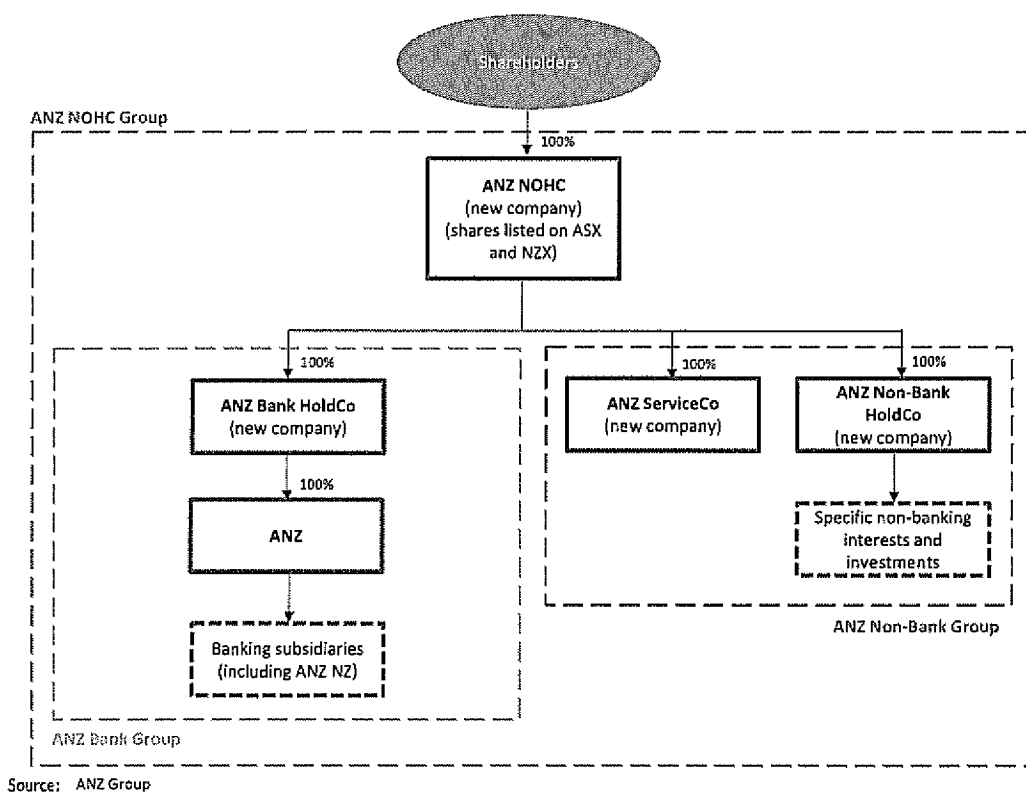
- ANZ transferring the beneficial interest in 1835²⁵ managed trusts, its non-controlling interest in the ANZ Worldline Payment Solutions joint venture and its equity interests in Pollination, Lygon and TIN to ANZ Non-Bank HoldCo;
- ANZ transferring its interest in land and buildings at 833 Collins Street, Docklands (in Victoria)²⁶ and leasehold improvements associated with Australian leased properties to ANZ ServiceCo;
- ANZ transferring all the shares in ANZ Bank HoldCo, ANZ Non-Bank HoldCo and ANZ ServiceCo to ANZ NOHC; and
- ANZ NOHC transferring all the shares in ANZ to ANZ Bank HoldCo.

5.2 Corporate Structure

Corporate Structure

The corporate structure of the ANZ NOHC Group¹¹ after implementation of the Restructure is illustrated below:

ANZ NOHC GROUP – CORPORATE STRUCTURE AFTER THE RESTRUCTURE (SIMPLIFIED)



²⁵ Excluding 1835's interest in OneTwo Finance Pty Ltd, which will remain indirectly owned by ANZ by way of a separate restructure of 1835.

²⁶ ANZ's interest in land and buildings at 833 Collins Street, Docklands comprises ANZ Centre Trust, which owns 833 Collins Street, Docklands, ANZ Centre Chattels Trust which owns the leasehold improvements, furniture and equipment for 833 Collins Street, Docklands and ANZ Centre Pty Ltd, which is the trustee of these trusts.

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Legal Entities

After implementation of the Scheme, ANZ NOHC will be the parent entity of the ANZ NOHC Group and replace ANZ as the listed holding company of the ANZ Group. It will generally function as a non-operating holding company and will not carry on its own business or operations. ANZ NOHC will be an authorised NOHC under the Banking Act. After implementation of the Business Restructure, ANZ NOHC will have three subsidiaries:

- **ANZ Bank HoldCo**, which will be the new non-operating holding company of the ANZ Bank Group. ANZ, as the regulated ADI entity, will be wholly owned by ANZ Bank HoldCo and will continue to be the parent entity of the ANZ NOHC Group's offshore regulated banking subsidiaries (e.g. ANZ NZ and other international banking businesses) and insurance businesses (including mortgage insurance and captive insurance);
- **ANZ Non-Bank HoldCo**, which will be the new non-operating holding company for certain of ANZ NOHC Group's non-banking subsidiaries and equity investments in banking-adjacent businesses, including the beneficial interests in the *1835i* trusts, the non-controlling interest in the ANZ Worldline Payment Solutions joint venture and equity interests in Pollination, Lygon and TIN; and
- **ANZ ServiceCo**, which will be established to become an internal service company. ANZ ServiceCo will initially own certain property interests.

ANZ Non-Bank HoldCo and its subsidiaries and ANZ ServiceCo comprise the ANZ Non-Bank Group. The ANZ Non-Bank Group will initially be modest in scale and is expected to be primarily used as a vehicle for developing or acquiring non-banking businesses (including banking-adjacent businesses).

As part of the Restructure, it is intended that intragroup services and resourcing agreements will be put in place to set out the terms on which:

- ANZ ServiceCo can, in the future, potentially provide certain central shared services across the ANZ Group. These services could include corporate functions such as group property, group mergers and acquisitions and strategy, investor relations, procurement and company secretarial services. APRA has required that business functions that are critical to the businesses and service delivery of the ANZ Bank Group will remain with their respective groups and will not be transferred to ANZ ServiceCo; and
- ANZ Group members can access certain resources (including employees and technology), materials or assistance that are retained by ANZ.

These agreements will be on standard commercial terms and have regard to applicable prudential standards and ANZ Group policies.

5.3 Corporate Governance

Constitution

The rights, roles and responsibilities of ANZ NOHC shareholders and directors and the rules governing the internal management of ANZ NOHC are set out in the ANZ NOHC Constitution.

ANZ NOHC will continue to have substantially the same corporate governance framework and arrangements as ANZ, apart from certain changes that relate to procedural and administrative matters (see Section 9.4 of the Explanatory Memorandum).

Board Committee Charters and Governance Policies

The terms of ANZ NOHC Group Board committee charters and governance policies after implementation of the Restructure will be in substantially the same form and structure as the existing ANZ Group's Board

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committee charters and governance policies, subject to certain changes that will be made to reflect the structure of the ANZ Group after implementation of the Restructure.

Company Boards and Senior Management

If the Restructure is implemented, there will be a Board of ANZ NOHC and of each of ANZ Bank HoldCo, ANZ, ANZ Non-Bank HoldCo and ANZ ServiceCo. The composition of each Board will reflect the business operations, market risks and regulatory considerations for each entity²⁷:

ANZ NOHC GROUP – BOARDS OF DIRECTORS

DIRECTOR	BOARD REPRESENTATION				ROLE
	ANZ NOHC	ANZ BANK HOLDCO	ANZ	ANZ NON-BANK HOLDCO	
Paul O'Sullivan	✓	✓	✓	✓	Chairman, Independent Non-Executive Director
Shayne Elliot	✓	✓	✓	✓	Chief Executive Officer, Executive Director
Ilana Atlas AO	✓	✓	✓	✓	Independent Non-Executive Director
Jane Halton AO PSM	✓	✓	✓	✓	Independent Non-Executive Director
Sir John Key GNZM AC	✓	✓	✓	✓	Independent Non-Executive Director
Graeme Liebelt	✓	✓	✓	✓	Independent Non-Executive Director
John Macfarlane	✓	✓	✓	✓	Independent Non-Executive Director
Christine O'Reilly	✓	✓	✓	✓	Independent Non-Executive Director
Jeff Smith	✓	✓	✓	✓	Independent Non-Executive Director
Vacant		✓	✓		Independent Non-Executive Director

Source: ANZ

In this regard, it is proposed that the membership of the:

- ANZ NOHC Board will be identical to the current membership of the ANZ Board. After implementation of the Restructure, the ANZ NOHC Board will be responsible for the oversight and strategic direction of the ANZ NOHC Group;
- ANZ Bank HoldCo and ANZ Boards will mirror the ANZ NOHC Board but will also include one non-executive director who is not on the Board of ANZ NOHC and ANZ Non-Bank Group. The ANZ Bank HoldCo and ANZ Boards will be responsible for the oversight of the ANZ NOHC Group's banking businesses; and
- ANZ Non-Bank HoldCo Board will mirror the ANZ NOHC Board. The ANZ Non-Bank HoldCo Board will be able to appoint additional independent non-executive directors (who are not on the ANZ NOHC, ANZ Bank HoldCo and ANZ Boards) as the non-banking business grows in the future. The ANZ Non-Bank HoldCo Board will be responsible for the oversight of the ANZ NOHC Group's non-banking businesses and assets that are owned by ANZ Non-Bank HoldCo.

The Board of ANZ ServiceCo will have a different structure, reflecting the nature of its operations. It will comprise an independent non-executive director and appropriately qualified senior management from the ANZ NOHC Group.

The Restructure will not have any impact on the ANZ Group's executive committee, which will continue to operate on a groupwide basis. It is proposed that the executive committee will continue to comprise²⁸:

²⁷ Subject to any changes to the Board prior to implementation of the Restructure as part of the normal Board renewal process (and unrelated to the Restructure).

²⁸ Subject to any appointments or resignations prior to implementation of the Restructure (and unrelated to the Restructure).

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ANZ NOHC GROUP – EXECUTIVE COMMITTEE

EXECUTIVE COMMITTEE MEMBER	ROLE
Shayne Elliot	Chief Executive Officer
Farhan Faruqi	Chief Financial Officer
Kevin Corbally	Group Chief Risk Officer
Maile Carnegie	Group Executive Australia Retail
Antonia Watson	CEO of New Zealand
Mark Whelan	Group Executive, Institutional
Gerard Florian	Group Executive Technology & Group Services
Kathryn van der Merwe	Group Executive Talent & Culture and Service Centres
Antony Strong	Group Executive Strategy & Transformation (effective 1 November 2022)

Source: ANZ

5.4 Regulatory Framework

After implementation of the Restructure, APRA's primary supervision focus will be on ANZ NOHC, ANZ and ANZ's subsidiaries:

- ANZ NOHC will be a non-operating holding company that is authorised by APRA (i.e. an authorised NOHC). It will be subject to regulation under the Banking Act and under certain APRA prudential standards. It will be required to comply with the conditions of APRA's NOHC authorisation (which are summarised below) and as the head of a Level 3 group, will be required to ensure that a range of APRA prudential standards are applied appropriately throughout the ANZ NOHC Group. On a standalone basis, as it is not an ADI and will have limited activities, it will not be subject to ADI-specific regulation by APRA;
- ANZ Bank Group (comprising ANZ Bank HoldCo, ANZ and ANZ's banking subsidiaries including ANZ NZ) will own the ANZ NOHC Group's core banking businesses and ADIs and will continue to be subject to the full range of APRA's prudential and reporting regulations for ADIs (including standards in relation to capital adequacy and liquidity); and
- ANZ Non-Bank Group (comprising ANZ Non-Bank HoldCo and ANZ ServiceCo) will own certain of the ANZ NOHC Group's banking-adjacent businesses and will not be subject to ADI-specific regulation. As noted above, ANZ NOHC will be required to apply certain APRA prudential and reporting standards appropriately throughout the ANZ NOHC Group and therefore may require entities in the ANZ Non-Bank Group to comply with certain prudential requirements where it considers it appropriate to do so to protect the ANZ NOHC Group or its customers or where APRA has required ANZ NOHC to do so.

APRA's authorisation of ANZ NOHC as a non-operating holding company under the Banking Act is subject to a number of conditions, including:

- ANZ Bank HoldCo and ANZ must have an independent director who is not on the Board of ANZ NOHC or any ANZ Non-Bank Group entity;
- ANZ NOHC must not undertake any activities other than those approved by APRA (e.g. providing ANZ NOHC Group executive leadership, holding investments in subsidiaries, raising funds to invest in or support subsidiaries or to conduct its own activities or other activities required to comply with its prudential obligations);
- ANZ NOHC must obtain a no-objection confirmation from APRA prior to commencing material activities in the ANZ Non-Bank Group;
- ANZ must retain ownership of, or access to, all functions critical to its operations;
- the ANZ NOHC Group's non-banking businesses must be financially and operationally separable from ANZ; and

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- ANZ NOHC must ensure that the ANZ Non-Bank Group does not carry on any activities that expose the ADI to excessive risk (and ensure that the ANZ Bank Group transfers to the ANZ Non-Bank Group any activities that APRA notifies in writing to constitute an undue risk to the ADI).

APRA has the ability to review and modify these conditions at any time if it considers it appropriate to do so.

There will be no change to the ANZ Group's risk management framework after implementation of the Restructure. However, the ANZ NOHC Group's risk management framework and risk appetite statement may change over time as the ANZ Non-Bank Group develops.

5.5 Pro Forma Historical Financial Information and Regulatory Capital

Basis of Preparation

The Explanatory Memorandum pro forma 1HY22 financial information has been prepared by the ANZ Group and was subject to review by KPMG Transaction Services. KPMG Transaction Services' Limited Assurance Investigating Accountant's Report is set out in Annexure 2 to the Explanatory Memorandum. The Explanatory Memorandum pro forma historical financial information:

- focuses on the disaggregation of the ANZ NOHC Group's consolidated financial information to show the ANZ NOHC, ANZ Bank HoldCo, ANZ Non-Bank HoldCo and ANZ ServiceCo on a standalone basis and reflects the intended legal structure of the ANZ NOHC Group after implementation of the Restructure; and
- has not been adjusted for one off cash transaction and implementation costs associated with the Restructure (estimated at \$35 million before tax, including stamp duty of \$10 million) or additional ongoing costs that will be incurred if the Restructure is implemented (estimated at less than approximately \$5 million per annum before tax).

Consequently, the pro forma consolidated 1HY22 financial information for the ANZ NOHC Group is identical to the ANZ Group's reported consolidated 1HY22 financial information.

Grant Samuel has made adjustments to the Explanatory Memorandum pro forma consolidated 1HY22 financial information to show the pro forma impact of these one-off costs and additional ongoing costs on the ANZ Group's 1HY22 financial information as if the Restructure had been implemented in the historical period.

The movement between the Explanatory Memorandum pro forma 1HY22 financial information and the Grant Samuel pro forma 1HY22 financial information is indicative of the impact of the Restructure on the ANZ Group.

Pro Forma Income Statement

The Explanatory Memorandum pro forma 1HY22 consolidated income statement of the ANZ NOHC Group set out in Section 6.4 of the Explanatory Memorandum illustrates the 1HY22 income statement of the ANZ Bank HoldCo, ANZ Non-Bank HoldCo, ANZ ServiceCo, ANZ NOHC and the ANZ NOHC Group assuming that the Restructure was in place during the period. The pro forma ANZ NOHC standalone income statement assumes that surplus capital in ANZ Bank HoldCo is repaid to ANZ NOHC by way of a dividend payment of \$1.9 billion²⁹. The dividend income is eliminated on consolidation.

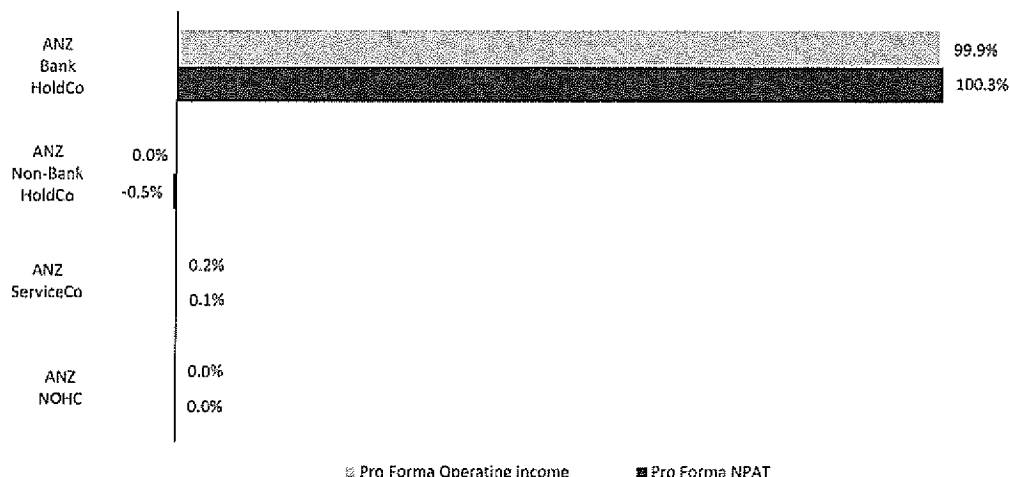
The proportion of pro forma 1HY22 operating income and NPAT represented by each of these entities in the ANZ NOHC Group (before intercompany dividends and other consolidation adjustments) are summarised below:

²⁹ The surplus capital amount of \$1.9 billion is illustrative only. Any return of capital is subject to regulatory approvals and will depend on the circumstances and levels of capital at the time that the Restructure is implemented.

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ANZ NOHC GROUP – PRO FORMA DECONSOLIDATED 1HY22 OPERATING INCOME AND NPAT (\$ MILLIONS)



Source: Explanatory Memorandum and Grant Samuel analysis

The pro forma 1HY22 deconsolidated income statement (excluding intercompany dividends) shows that almost 100% of the ANZ NOHC Group's pro forma operating income and more than 100% of its pro forma NPAT is attributable to ANZ Bank HoldCo. ANZ NOHC does not carry on its own business or operations and therefore has no pro forma operating income or pro forma NPAT (excluding intercompany dividends that are eliminated on consolidation). The ANZ Non-Bank Group (comprising ANZ Non-Bank HoldCo and ANZ ServiceCo) has nominal pro forma operating income and a pro forma net loss after tax on a standalone basis, reflecting:

- small losses incurred by the non-banking businesses owned by ANZ Non-Bank HoldCo (\$3 million of pro forma operating income and a \$17 million pro forma loss after tax); and
- intragroup arrangements between ANZ Bank HoldCo and ANZ ServiceCo for the utilisation of property assets held by ANZ ServiceCo as well as interest payments on the short term intragroup loan provided by ANZ to ANZ ServiceCo to fund the acquisition of those property assets (\$15 million of pro forma operating income and \$5 million of pro forma NPAT).

The pro forma 1HY22 consolidated income statement of the ANZ NOHC Group is summarised below:

SUMMARISED ACTUAL AND PRO FORMA 1HY22 CONSOLIDATED INCOME STATEMENT (\$ MILLIONS)

	ANZ GROUP ACTUAL	ANZ NOHC GROUP	
		EXPLANATORY MEMORANDUM	GRANT SAMUEL
Operating income	9,542	9,542	9,542
Operating expenses	(4,791)	(4,791)	(4,794)
Cash profit from continuing operations excluding large and notable items	3,156	3,156	3,154
NPAT attributable to ANZ shareholders	3,530	3,530	3,528
STATISTICS			
Operating expenses to operating income	50.5%	50.5%	50.5%
Return on equity ¹⁵	11.3%	11.3%	11.3%
Basic earnings per share	125.7c	125.7c	125.6c
Dividends per share	72c	72c	72c
Dividend payout ratio ¹⁶	64%	64%	64%
Amount of dividend franked	100%	100%	100%

Source: Explanatory Memorandum and Grant Samuel analysis

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Using the Explanatory Memorandum pro forma 1HY22 consolidated income statement as a starting point, the Grant Samuel pro forma 1HY22 consolidated income statement assumes \$5 million per annum of additional ongoing costs (i.e. \$2.5 million of additional ongoing costs for 1HY22) and a corporate tax rate of 30%.

The Grant Samuel pro forma 1HY22 consolidated income statement indicates that the Restructure has no material impact on the ANZ Group's income statement or its key statistics. There is a \$2 million reduction in pro forma cash profit from continuing operations excluding large and notable items and pro forma NPAT attributable to ANZ shareholders. In particular, there is no impact on the ANZ Group's dividend payout ratio or the extent of franking. ANZ has also stated in the Explanatory Memorandum that the Restructure will not affect the dividend payout ratio.

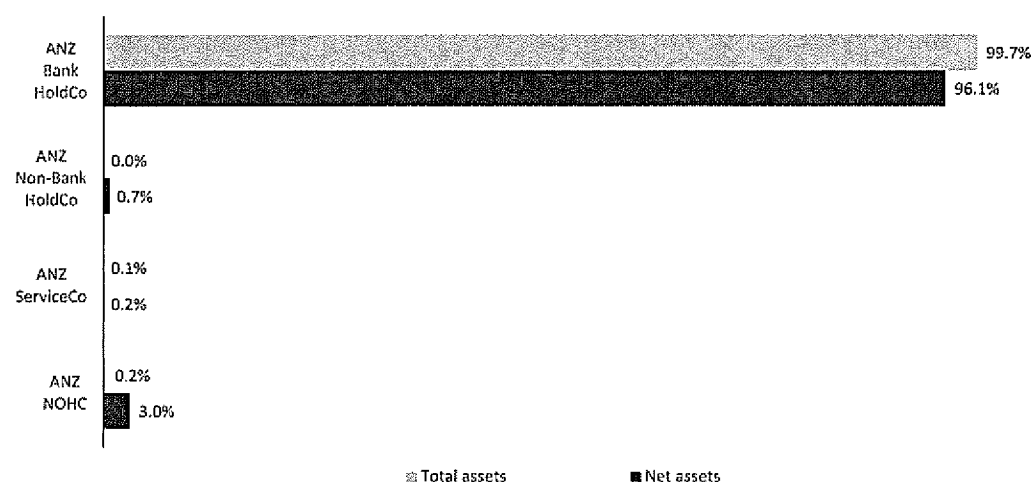
Pro Forma Balance Sheet

The Explanatory Memorandum pro forma balance sheet of the ANZ NOHC Group set out in Section 6.3 of the Explanatory Memorandum illustrates the balance sheet of ANZ Bank HoldCo, ANZ Non-Bank HoldCo, ANZ ServiceCo, ANZ NOHC and the ANZ NOHC Group at 31 March 2022 1HY22 assuming that the Restructure was in place on that date. The pro forma balance sheet of the ANZ NOHC Group assumes that the equity of ANZ is split between ANZ Bank HoldCo, ANZ Non-Bank HoldCo and ANZ ServiceCo by way of:

- a transfer of capital in ANZ Bank HoldCo to ANZ NOHC, which subsequently injects capital into ANZ Non-Bank HoldCo and ANZ ServiceCo as a capital contribution;
- surplus capital in ANZ Bank HoldCo has been repaid to ANZ NOHC by way of a dividend payment of \$1.9 billion²⁹; and
- the assets transferred to ANZ ServiceCo are part funded by a short term intragroup loan provided by ANZ to ANZ ServiceCo on an arms' length basis.

The proportion of pro forma total assets and net assets represented by each of these entities at 31 March 2022 (before investments in subsidiaries and other consolidation adjustments) are summarised below:

ANZ NOHC GROUP – PRO FORMA DECONSOLIDATED 31 MARCH 2022 TOTAL ASSETS AND NET ASSETS (\$ MILLIONS)



Source: Explanatory Memorandum and Grant Samuel analysis

The pro forma deconsolidated balance sheet of the ANZ NOHC Group at 31 March 2022 (excluding investments in subsidiaries) shows that the vast majority of the ANZ NOHC Group's total assets and net assets are attributable to the ANZ Bank HoldCo. Excluding investments in subsidiaries (which are eliminated on consolidation), ANZ NOHC's only asset is surplus capital (i.e. capital that is surplus to the

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regulatory requirements of the ANZ Bank Group that has been paid as a dividend to ANZ NOHC net of the amount of capital provided by ANZ NOHC to ANZ Non-Bank HoldCo to enable the acquisition of the non-banking businesses from ANZ), reflecting its nature as a non-operating holding company. The ANZ Non-Bank Group (comprising ANZ Non-Bank HoldCo and ANZ ServiceCo) has relatively small pro forma total assets (\$1.4 billion) and pro forma net assets (\$541 million) on a standalone basis, reflecting:

- ANZ Non-Bank HoldCo's investments in banking-adjacent businesses at their carrying value, along with associated cash, working capital and tax balances (pro forma total assets of \$467 million and pro forma net assets of \$426 million); and
- ANZ ServiceCo's ownership of the land and buildings comprising 833 Collins Street, Docklands and leasehold improvements associated with Australian leased properties along with amounts due from other ANZ NOHC Group entities for the provision of office space (pro forma total assets of \$981 million and pro forma net assets of \$115 million).

The pro forma consolidated balance sheet of the ANZ NOHC Group at 31 March 2022 is summarised below:

SUMMARISED ACTUAL AND PRO FORMA CONSOLIDATED BALANCE SHEET (\$ MILLIONS)

	ANZ GROUP ACTUAL	ANZ NOHC GROUP	
		EXPLANATORY MEMORANDUM	GRANT SAMUEL
Total assets	1,017,361	1,017,361	1,017,326
Total liabilities	(955,605)	(955,605)	(955,599)
Net assets attributable to ANZ shareholders	61,747	61,747	61,718
Net tangible assets attributable to ANZ shareholders	57,679	57,679	57,650
STATISTICS			
Net tangible assets per share	\$20.64	\$20.64	\$20.63

Source: Explanatory Memorandum and Grant Samuel analysis

Using the Explanatory Memorandum pro forma balance sheet at 31 March 2022 as a starting point, the Grant Samuel pro forma consolidated balance sheet at 31 March 2022 assumes \$35 million of one off cash transaction and implementation costs associated with the Restructure (including \$10 million of stamp duty that is not tax deductible) and a corporate tax rate of 30%³⁰.

The Grant Samuel pro forma consolidated balance sheet at 31 March 2022 indicates that the Restructure has no material impact on the ANZ Group's balance sheet or its key statistics. There is a \$29 million³⁰ reduction in pro forma net assets and pro forma net tangible assets attributable to ANZ shareholders and a 1 cent reduction in pro forma net tangible assets per share.

The Restructure will have no impact on the overall funding requirements or debt issuance capacity of the ANZ Group. However, ANZ NOHC will have the ability to raise debt (or raise equity as a listed entity) to provide funding support to the ANZ NOHC Group (both the ANZ Bank Group and the ANZ Non-Bank Group) as needed including, potentially, to refinance (in whole or in part) the short term intragroup loan from ANZ to ANZ ServiceCo. ANZ NOHC's funding program will be separate from, and in addition to, the ANZ Group's existing ADI funding programs. ANZ Non-Bank Group will not have its own separate funding program (as funding from ANZ NOHC should be cheaper than individual non-bank businesses could achieve).

The short and long term credit ratings of ANZ and its wholly owned banking subsidiaries are expected to remain unchanged after implementation of the Restructure. ANZ NOHC is expected to have an investment grade credit rating below that of ANZ, reflecting the structural subordination of ANZ NOHC's obligations which depend on upstream dividends from ANZ Bank Group and ANZ Non-Bank Group or external capital raisings to support its cash flow requirements.

³⁰ Only 83% of the \$25 million in one off cash transaction and implementation costs (excluding stamp duty) are tax deductible. The after tax costs have been calculated as \$25 million x 83% x (1-30%) + \$25 million x 17% + \$10 million (stamp duty) = \$29 million.

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Pro Forma Regulatory Capital

After implementation of the Restructure, ANZ NOHC will be required to hold adequate capital to reflect the risks of the entire group. The capital requirements of ANZ NOHC will be the sum of:

- the ANZ Bank Group's capital requirements, which will continue to be determined by existing APRA requirements; and
- the ANZ Non-Bank Group's capital requirements, which will be assessed using an independently validated and ANZ NOHC Board approved economic capital framework and model developed by ANZ.

The ANZ Bank Group's Level 2 pro forma capital requirements at 31 March 2022 are summarised below:

ACTUAL AND PRO FORMA LEVEL 2 CAPITAL RATIOS AT 31 MARCH 2022

	ANZ ACTUAL	ANZ BANK GROUP PRO FORMA ³¹
CET1 capital (\$ millions)	50,511	50,396
Tier 1 capital (\$ millions)	58,001	57,886
Tier 2 capital (\$ millions)	14,780	14,780
Total capital (Tier 1 + Tier 2) (\$ millions)	72,781	72,666
Risk weighted assets (\$ millions)	437,910	437,910
<i>CAPITAL ADEQUACY RATIOS</i>		
CET1 capital ratio	11.5%	11.5%
Tier 1 capital ratio	13.2%	13.2%
Total capital ratio	16.6%	16.6%
Leverage ratio	5.2%	5.2%
Liquidity coverage ratio	132%	132%
Net stable funding ratio	123%	123%

Source: ANZ Group and Grant Samuel analysis

ANZ has not provided pro forma regulatory capital or capital ratios in the Explanatory Memorandum. Grant Samuel has calculated pro forma Level 2 capital ratios for ANZ Bank Group at 31 March 2022 by:

- adding back to CET 1 capital ANZ's CET1 deduction for non-banking net assets of \$455 million³²; and
- deducting from CET 1 capital:
 - \$541 million of capital paid as a dividend to ANZ NOHC and provided by ANZ NOHC to the ANZ Non-Bank Group as capital to enable the acquisition of the property/lease net assets (\$115 million) and the non-banking businesses net assets (\$426 million) from ANZ; and
 - one off cash transaction and implementation costs associated with the Restructure of \$29 million after tax³⁰ (which would result in a reduction in retained earnings).

No net adjustment has been made to risk weighted assets. While the carrying value of ANZ's property assets of \$981 million (which were previously included in risk weighted assets with a 100% weighting) would be deducted from risk weighted assets, the right of use assets created by ServiceCo leasing the property assets back to ANZ would be included in risk weighted assets (and would also be risk weighted to 100%). For the purposes of this analysis, it has been assumed that there is no net impact on risk weighted assets.

³¹ The ANZ Bank Group's Level 2 pro forma capital ratios at 31 March 2022 have been calculated prior to any return of surplus capital from the ANZ Bank Group to ANZ NOHC to enable a like-for-like comparison with ANZ's Level 2 actual capital ratios at 31 March 2022.

³² The CET1 deduction added back differs from the non-banking net assets of \$426 million as not all non-banking liabilities are eligible to offset capital deductions under APRA rules.

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Grant Samuel's analysis indicates that the Restructure does not have any material impact on ANZ's Level 2 pro forma capital adequacy ratios. The Restructure also has no impact on ANZ's Level 2 pro forma leverage ratio, pro forma liquidity ratio and pro forma net stable funding ratio.

Level 3 capital requirements are yet to be finalised by APRA. However, ANZ does not expect any material change in its overall capital position as a result of the Restructure.



6 Evaluation of the Restructure (including the Scheme)

6.1 Summary

In Grant Samuel's opinion, the Restructure (including the Scheme) is in the best interests of ANZ shareholders.

The Australian banking industry has changed significantly over the last decade, with traditional banking facing headwinds from a number of sources as well as transformational digital and technological change required to meet constantly evolving customer expectations. Over the past six years, the ANZ Group has also undergone a period of substantial simplification and, with this process largely complete, has entered a new phase focused on growth and areas where it can deliver better outcomes for customers and provide returns for shareholders. To address these challenges and opportunities, the ANZ Group has adopted a strategy which envisages complementing its core banking business with a range of non-banking businesses focused on infrastructure "platforms" and digital "ecosystems" of businesses and partnerships that provide relevant, efficient and connected services, tools and insights for customers.

The combination of having an ADI, ANZ, as the parent entity of the ANZ Group and the highly regulated nature of ADIs has presented challenges for the ANZ Group in the execution of this strategy. Non-banking businesses are not intended by APRA to be subject to banking regulation and the "one-size-fits-all" regulatory requirements that an ADI must comply with do not fit well with the agile operating environments that are critical to the success of start-up or early stage non-banking businesses. These factors have put the ANZ Group at a competitive disadvantage (at least relative to non-ADIs) and constrained the growth of its non-banking businesses. Owning and effectively operating a non-banking business within an ADI structure was so challenging for ANZ that the decision was made to separate the business from ANZ and create 1835i as a standalone entity. However, relinquishing direct ownership and operational control is not an ideal solution and it is in the interests of ANZ and its shareholders for ANZ to best position itself to achieve its strategic objectives in a constantly changing environment.

The key benefit of the Restructure is that it results in a more efficient corporate structure that provides the ANZ Group with an enhanced ability to pursue opportunities that have the potential to provide better outcomes for customers and maximise the returns from those opportunities for shareholders. In particular, the Restructure will enable the ANZ Non-Bank Group to establish an appropriate capital structure and operating environment with a "fit-for-purpose" risk management and governance framework (including decision making/approval processes and remuneration structures). Furthermore, the Restructure more appropriately aligns the ANZ Group's corporate structure with APRA's regulatory framework as APRA and other regulators will have better visibility of the ANZ Group's standalone ADI operations and its interactions with the broader ANZ Group. The structural separation of the ANZ Bank Group and the ANZ Non-Bank Group should also put ANZ in a clearer position in the event recovery actions are required or recovery progresses to resolution as contagion risk should be lower. In short, the Restructure should facilitate the delivery of a broad range of non-banking products and services to customers while maintaining, if not enhancing, appropriate protections for ANZ depositors.

The Restructure will have no immediate impact on the underlying businesses and strategy, group regulatory capital requirements or, for the most part³³, Board or management of the ANZ Group. There will be no change to the ANZ Group's indebtedness, its overall funding requirements or its debt issuance capacity as a result of the Restructure and there is not expected to be any change to ANZ's credit ratings. While ANZ NOHC is expected to have an investment grade credit rating below that of ANZ, the Restructure is not expected to have any immediate impact on funding costs for the ANZ Group as there is no intention for ANZ NOHC to raise debt finance in the short term.

³³ One of the conditions of APRA's NOHC authorisation is that ANZ Bank HoldCo and ANZ must have an independent director who is not on the Board of ANZ NOHC or any ANZ Non-Bank Group entity to safeguard the interests of depositors.

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ANZ shareholders³⁴ will have the same number of shares in ANZ NOHC as they currently hold in ANZ and ANZ NOHC shares will have the same dividend and voting rights as ANZ shares. ANZ NOHC will continue to have the ability to pay fully franked dividends and the Restructure will have no impact on the accumulated franking credit balance or the extent to which the ANZ NOHC Group generates franking credits in the future. The Restructure is not expected to have any adverse tax consequences for relevant Australian resident shareholders. In short, there is no impact on the economic interest of ANZ shareholders³⁴. There will be no impact on ANZ NOHC's ability to undertake future on-market share buybacks. The Restructure will also have no direct impact on customers and no material impact on the ANZ Group's employees.

The Restructure is not a "must do" transaction. The status quo would continue to offer ANZ shareholders a financially sound exposure to one of Australia's largest banks and the ANZ Group could continue to execute its strategy as it has been doing for the past three years. However, the ability to successfully grow its non-banking businesses should be enhanced by these businesses being owned by a legal entity, ANZ Non-Bank HoldCo, which is structurally separate from the ANZ Group's banking businesses. The ANZ Board believes that, of the alternatives considered, the Restructure will provide the optimal structure for the ANZ Group to achieve its objectives to grow its non-banking activities while meeting its obligations to APRA and its depositors. If the Scheme is not approved and the Restructure is not implemented, the ANZ Group will be in a sub-optimal position in executing its strategy to grow its non-banking businesses and deliver a broad range of non-banking products and services to customers.

The potential benefits of the Restructure are not quantifiable and will not deliver any significant incremental short term value to shareholders. The real value of the Restructure will only be realised over time if the ANZ NOHC Group can materially increase the scale of its non-banking activities. On the other hand, the Restructure has few disadvantages and risks, other than one-off cash transaction costs and additional ongoing operating and corporate costs that will be incurred if the Restructure proceeds, both of which are immaterial in the context of the ANZ Group as a whole, and certain implementation risks. The key risk is the lack of a formal regulatory framework for Australian NOHCs of ADIs and the potential for any formal Level 3 regulatory framework subsequently put in place by APRA to differ significantly from the conditions set out in APRA's NOHC authorisation. While the risks associated with the Restructure cannot be disregarded, they are, for the most part, not beyond the normal risks of any corporate restructuring transaction and most have mitigating factors that should minimise their impact.

The non-banking businesses currently represent a very small part of the ANZ Group. The Restructure is expected to enhance the ANZ Group's ability to grow its non-banking businesses, but it does not guarantee that the ANZ Group will be successful in doing so. Some shareholders may not want the ANZ Group to move away from its core banking business. They may not be comfortable with the different risk profile of the non-banking businesses and/or the risk of failure and would prefer that the ANZ Group "stick to its knitting". However, growing its non-banking businesses is a key component of the ANZ Group's current strategy which has been publicly stated and pursued for some time. Furthermore, shareholders are not being asked to vote on the appropriate strategy for the ANZ Group. This is a separate question to whether the Restructure is in the best interests of shareholders.

The critical question is whether ANZ shareholders are likely to be better off if the Restructure is implemented than if the ANZ Group's current corporate structure is maintained. The evaluation is essentially subjective. However, on balance, in Grant Samuel's view, the potential advantages of the Restructure, while uncertain, outweigh the disadvantages and risks, which are minimal, and shareholders are ultimately likely to be better off if the Restructure is implemented.

The Restructure comprises the Scheme and the Business Restructure. The Scheme is subject to the approval of ANZ shareholders. The Business Restructure does not require the approval of ANZ shareholders but is conditional on, and is expected to be undertaken immediately after, implementation of

³⁴ Other than ineligible foreign shareholders.

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the Scheme. Consequently, in Grant Samuel's opinion, the Restructure (including the Scheme) is in the best interests of ANZ shareholders.

6.2 Background

The Australian banking industry has changed significantly over the last decade. Traditional banking is facing headwinds from long term low growth and declining returns, greater competitive intensity (particularly from non-bank competitors such as non-bank lenders, buy-now pay-later and other emerging financial technology companies) and substantial regulatory scrutiny.

In addition, the pace and scope of digital and technological change required to meet constantly evolving customer expectations has been transformational. Retail banking customers are increasingly digitally connected and expect a fully integrated financial services digital solution that combines traditional banking (e.g. deposit-taking and lending) with adjacent non-banking offerings (e.g. cashback awards programs and personalised money management services). Commercial and institutional banking customers are increasingly seeking business banking solutions that are digital, automated, reliable and easily integrated with their existing systems. The investment required to meet evolving customer expectations is substantial and the risks associated with investing in new technologies and entering new markets are fundamentally different from the risks associated with traditional banking activities.

Coupled with these industry-wide developments have been changes within the ANZ Group. Over the past six years, the ANZ Group has undergone a period of substantial simplification involving the sale of 29 non-core businesses and the release of over \$13 billion of capital. With this process largely complete, the ANZ Group has entered a new phase focused on growth and areas where it can deliver better outcomes for customers and provide returns for shareholders.

To address these challenges and opportunities, the ANZ Group has adopted a strategy that envisages complementing its core banking business with a range of non-banking businesses focused on infrastructure "platforms" and digital "ecosystems" of businesses and partnerships that provide services, tools and insights for customers that are relevant, efficient and connected. Some of these non-banking businesses will be developed and/or owned by the ANZ Group while others will be provided through partnerships with third parties. Underpinning this strategy is simplicity and the organisational flexibility to respond quickly to the changing environment.

The ANZ Group is able to execute its strategy under its current corporate structure as it has been doing for the past three years. However, the combination of having an ADI as the parent entity of the ANZ Group and the highly regulated nature of ADIs makes the current structure sub-optimal as the:

- non-banking businesses are not intended by APRA to be subject to banking regulation; and
- risk management and governance frameworks (including approval processes and remuneration structures) and regulatory capital requirements that an ADI is required to comply with under APRA's prudential standards do not fit well with the competitiveness (e.g. the ability to move quickly and easily), operational and capital efficiency and innovation that are critical to the success of start-up, non-banking businesses.

Owning and effectively operating a non-banking business within an ADI structure was so challenging for ANZ that the decision was made by the ANZ Group to separate the business from ANZ and create *1835i* as a standalone entity in July 2021 to help accelerate growth and deliver digital solutions to ANZ customers. Separation from ANZ allows *1835i* to operate more like a start-up business and act quickly as it develops its pipeline of investments. However, the structure is not ideal. While ANZ continues to fund *1835i* investments, it has had to relinquish direct ownership and operational control over *1835i* (although it retains the beneficial interest in the trusts). The structure also exposes the ANZ Group to increased risk as it has less control over management, less ability to ensure *1835i*'s activities are aligned to the ANZ Group's

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strategy and its involvement is less transparent (as APRA requires that the *1835i* brand is not associated with ANZ).

ANZ has a pipeline of platforms and partnerships at various stages of assessment. Under its current corporate structure, the ANZ Group is likely to face similar compromises as it seeks to execute its strategy and grow its non-banking businesses. In short, the existing corporate structure puts the ANZ Group at a competitive disadvantage (at least compared to non-ADIs) and is a constraint on its future growth.

In this context, it is in the interests of ANZ and its shareholders for ANZ to best position itself to achieve its strategic objectives in a constantly changing environment.

6.3 Advantages and Benefits

The key benefit of the Restructure is that it results in a more efficient corporate structure that provides the ANZ Group with an enhanced ability to pursue opportunities that have the potential to provide better outcomes for customers and to maximise the returns from those opportunities for shareholders.

Under its current corporate structure, ANZ is the parent entity of the ANZ Group. All of the Australian banking business is conducted through ANZ and all banking and non-banking subsidiaries and investments are owned by ANZ. As ANZ is also the APRA regulated ADI, the entire corporate structure is subject to full "one-size fits all" regulation by APRA (i.e. the full range of APRA prudential and reporting standards for ADIs including standards in relation to capital adequacy and liquidity). After implementation of the Restructure, the ANZ Group's non-banking businesses will be owned by a legal entity, ANZ Non-Bank HoldCo, which is structurally separate from ANZ. ANZ will continue to own the ANZ Group's banking businesses in Australia and internationally.

APRA will continue to have oversight of the ANZ NOHC Group. ANZ and its ELE subsidiaries will remain subject to Level 1 APRA regulation and the ANZ Bank Group (including ANZ, international ADIs (including ANZ NZ) and other subsidiaries undertaking financial activities) will be subject to Level 2 APRA regulation. ANZ NOHC and the ANZ Non-Bank Group will not be subject to the full range of APRA's prudential and reporting standards that apply to banking activities but will be subject to the different financial and operational compliance requirements of Level 3 APRA regulation.

In particular, the Restructure will enable the ANZ Non-Bank Group to establish an appropriate capital structure and operating environment with a "fit-for-purpose" risk management and governance framework that should enhance its ability to:

- operate the non-banking businesses without having to comply with the prescriptive and extensive regulatory capital requirements and risk management and governance policies and procedures that apply to ADIs under APRA's prudential standards, reducing the financial and operational regulatory burden on the ANZ Non-Bank Group. As outlined above, the ANZ Non-Bank Group will no longer be subject to the full extent of APRA regulation (i.e. Level 1 or Level 2 regulation relating to financial soundness, risk management and governance) under which the non-banking businesses currently operate but will instead be subject to Level 3 regulation. Level 3 regulation is primarily focused on protecting the banking entities from the intragroup contagion risks associated with the ANZ Non-Bank Group;
- make decisions without the requirement to consider or manage the impact of APRA's ADI prudential standards (in particular, approval processes), which should enable the ANZ Non-Bank Group to increase the speed at which it is able to:
 - react to market conditions and their impact on existing non-banking businesses;
 - introduce new initiatives to market (i.e. test, launch and scale up new products and services); and
 - respond to new third party partnership and other strategic opportunities;

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- attract and retain appropriately skilled talent as it will be able to:
 - adopt remuneration structures that are more heavily weighted to “at risk” incentives, consistent with the remuneration structures adopted by its competitors (e.g. other start-up or venture capital businesses) and will not be required to comply with requirements which prescribe remuneration requirements for senior executives, directors and other employees of ADIs, including restrictions around “at risk” incentives such as BEAR or any aspects of CPS 511 that are not appropriate for its business (see Section 3.1 for details); and
 - provide a more attractive working environment where employees will not be subject to the compliance requirements that apply to ADIs (e.g. risk management and governance frameworks, multiple layers of internal approvals, other regulatory hurdles, reporting requirements etc);
- tailor funding structures to meet the risk-return requirements of potential investments (e.g. utilise an appropriate mix of debt, equity or other instruments). An economic capital model will be adopted to assess the capital requirements of the ANZ Non-Bank Group, which is expected to result in a more risk based assessment of potential losses (with the key risks being business, equity investment, operational and fixed asset risk) rather than the 100% equity funding/deduction from CET 1 capital that applies under APRA’s Level 2 ADI capital adequacy requirements; and
- attract new funding and strategic partners that may be deterred from investing in non-banking businesses in partnership with an APRA regulated ADI.

The Restructure removes the competitive disadvantages that the ANZ Group has faced in executing its strategy to grow its non-bank businesses and will essentially “level the playing field” relative to non-ADI competitors.

Furthermore, the Restructure enables the ANZ Group to achieve these benefits while continuing to meet its obligations to APRA and protect the interests of depositors. The Restructure more appropriately aligns the ANZ Group’s corporate structure with APRA’s “one-size-fits-all” regulatory framework. APRA and other regulators will have better visibility of the ANZ Group’s standalone ADI operations and its interactions with the broader ANZ Group. The structural separation of the ANZ Bank Group and the ANZ Non-Bank Group should also put ANZ in a clearer position in the event recovery actions are required or recovery progresses to resolution as contagion risk should be lower (risks to depositors from the ANZ Group’s non-banking businesses will be ringfenced or isolated in the ANZ Non-Bank Group).

In short, the Restructure should facilitate the delivery of a broad range of non-banking products and services to customers while maintaining, if not enhancing, appropriate protections for ANZ depositors.

The benefits of the Restructure should not be overstated. They will not deliver any significant incremental short term value to shareholders given the relatively small quantum of the net assets being transferred to the ANZ Non-Banking Group (\$426 million of non-banking net assets in ANZ Non-Bank HoldCo and \$115 million of property and lease net assets in ANZ ServiceCo). Even in the long term, the benefits of the Restructure will only be realised if the ANZ NOHC Group successfully executes its strategy and materially grows its non-banking businesses (e.g. through a substantial non-banking transaction). The Restructure does not provide any guarantee that the ANZ NOHC Group will be successful in executing its strategy to grow its non-banking businesses or that any material non-banking acquisition will be made. Such circumstances may never eventuate. While the ANZ Group has a pipeline of platforms and partnerships at various stages of assessment, no material non-banking acquisition is currently planned by the ANZ Group. Nonetheless, there is, at a minimum, the potential for the existing non-banking businesses to grow and become a greater proportion of the ANZ Group and there is the expectation that change will continue and that more investment in non-banking businesses will be required to meet changing customer expectations.

The ANZ Group anticipates other benefits in terms of creating transparency and clarity for employees, customers and investors (in addition to regulators which is discussed above). In theory, this transparency and clarity for employees, customers and investors should be able to occur under the current structure.

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There is no impediment to the ANZ Group separately reporting the financial performance of, and other information on, its non-banking businesses under its current corporate structure, although the relatively immaterial size and contribution from these non-banking businesses means that this has probably not been warranted. However, the structural separation should, at least, enable the performance of the ANZ Group's banking businesses and non-banking businesses to be more easily monitored and benchmarked by investors.

Overall, in Grant Samuel's view, the individual advantages of the Restructure are not overwhelmingly compelling. However, the Restructure does better position the ANZ Group to take advantage of non-banking opportunities to achieve its strategic objectives and deliver better outcomes for customers. The advantages of the Restructure, while not quantifiable, are real and have the potential to create value for shareholders over time.

6.4 Disadvantages and Risks

The disadvantages of the Restructure are not material. They primarily relate to the costs associated with implementation of the Restructure.

The Restructure will result in the ANZ Group incurring costs that it would not otherwise incur. These costs include one-off cash transaction and implementation costs and additional ongoing costs:

- ANZ has estimated one-off cash transaction and implementation costs associated with the Restructure of \$35 million before tax (including stamp duty which is expected to be \$10 million). These costs largely relate to adviser fees and costs associated with ANZ's internal project team. ANZ has advised that approximately \$19 million of these one-off cash transaction and implementation costs will have been incurred by the ANZ Group by the time of the Scheme meeting and so are not relevant to shareholders' consideration of the Scheme. Accordingly, approval of the Scheme will result in incremental one-off costs of around \$16 million (including stamp duty); and
- the ANZ Group will incur additional ongoing costs as a result of the Restructure. There will be incremental operating and corporate costs of less than approximately \$5 million per annum (before tax). These costs largely relate to the incremental resources required to support the new NOHC structure and the separate ANZ Bank Group and ANZ Non-Bank Group as well as additional costs associated with ASX listing compliance, governance, reporting and maintaining additional boards.

In the context of the scale of the ANZ Group, the costs associated with implementation of the Restructure (both one-off and ongoing) are immaterial and have no measurable adverse effect on shareholder returns, even if the ANZ Group fails to grow its non-banking businesses.

There are also a number of risks associated with the Restructure.

There is a risk that implementation of the Restructure will be delayed, or the Restructure will not be implemented, even if the Scheme is approved by ANZ shareholders, as there is a regulatory approval condition precedent to implementation of the Scheme that remains outstanding at the date of this report. The details of this condition precedent are set out in Section 7.4 of the Explanatory Memorandum (and summarised in Section 1 of this report). However, in ANZ's view, this is a non-material regulatory approval and is a timing risk only. There is no expectation that the regulatory approval will not ultimately be obtained.

If the Restructure is implemented, the key risks include:

- the lack of an existing formal regulatory framework for Australian NOHCs of ADIs. While ANZ has received APRA's authorisation of ANZ NOHC as a non-operating holding company under the Banking Act (subject to the ANZ NOHC Group complying with certain conditions, see Section 5.4), there is a risk that if/when APRA does formalise its Level 3 regulatory framework for Australian NOHCs of ADIs, the

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regulation of ANZ NOHC will differ from the conditions set out in APRA's NOHC authorisation. This outcome may have negative consequences for the ANZ NOHC Group. However,

- ANZ has engaged extensively with APRA as part of the authorisation process and has addressed all issues raised by APRA. It would be unusual if APRA subsequently adopted a framework that represented a material shift from the position it has adopted to date; and
- the ANZ NOHC Group would expect to be involved (i.e. consulted or given the opportunity to respond to discussion papers) in any process undertaken by APRA to formalise the regulatory framework for Australian NOHC ADIs; and
- transition and implementation risks. Any corporate restructure is susceptible to complications at an operational level. There are inevitable risks relating to implementation of the Restructure, including:
 - the ability to expand the scope of services currently provided by third parties to ANZ to cover the ANZ NOHC Group entities (i.e. ANZ NOHC, ANZ Bank HoldCo, ANZ ServiceCo and ANZ Non-Bank HoldCo) without incurring greater cost or on adverse terms compared to the existing arrangements;
 - ANZ has received rulings to confirm the availability of stamp duty relief in a number of jurisdictions but stamp duty relief will not be formally granted until after implementation of the Restructure; and
 - operating model disruption and senior management team distraction during the implementation period.

Grant Samuel does not regard these risks as being beyond the normal risks of any corporate restructuring transaction. In any event:

- even if the necessary consents to expand the scope of services provided by third parties are not obtained, any incremental cost would be unlikely to be material in the context of the overall ANZ Group;
- the provision of rulings confirming the availability of stamp duty relief prior to formal application for stamp duty relief is the usual basis on which stamp duty relief is received and ANZ expects that, on the basis that the facts and circumstances of the Restructure remain the same, stamp duty relief will be available in relation to the Restructure; and
- there is a dedicated project team at ANZ that is responsible for implementation to minimise operating model disruption and senior management team distraction during the implementation period.

6.5 Alternatives

The ANZ Board considered a number of alternatives to the Restructure, including a:

- dual listed company structure, where two companies retain separate legal entities, ownership and primary stock exchange listings but operate as a single business (e.g. the Rio Tinto Group and BHP Group Limited prior to its unification);
- stapled security structure, where two or more entities with common ownership are legally bound together so that their securities cannot be traded separately (e.g. many ASX-listed real estate groups including Goodman Group, Dexu and Stockland Group); and
- minority investment structure where only non-controlling interests are acquired or retained in an asset (similar to ANZ's current structure where it has acquired minority investments in non-banking businesses).

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These alternatives and the Restructure were assessed against ANZ's objectives to pursue its growth strategies in non-banking activities while meeting its obligations to APRA and its depositors.

Each of the alternatives was considered to have drawbacks:

- the features that make a dual listed company structure attractive (e.g. a merger that cannot be completed without value leakage and/or material risk) do not apply to ANZ. Furthermore, a dual listed company structure is typically more expensive and complex to establish and operate and would require an ongoing contractual link between the banking and non-banking entities to ensure all shareholders are exposed to the benefits and risks of the group as a whole;
- a stapled security structure, while the most viable alternative to the Restructure having regard to ANZ's objectives, would limit the ANZ Group's flexibility to raise and deploy capital between the banking and non-banking entities in the stapled group; and
- a minority investment structure, while simpler from a regulatory perspective, would result in the ANZ Group not having control over key operational and strategic decisions and could risk dilution of the ANZ brand over time. This type of structure is unlikely to be appropriate for certain non-banking business investments.

The ANZ Board believes that, of the alternatives considered, the Restructure will provide the optimal structure for the ANZ Group to achieve its objectives.

6.6 Other Matters

Impact on Underlying Businesses and Strategy

The Restructure will have no direct impact on the underlying businesses or strategy of the ANZ Group. The ANZ Group will continue to operate as one of the largest banks in Australia and invest in growing its non-banking businesses.

The non-banking businesses currently represent a very small part of the ANZ Group. The Restructure is expected to enhance the ANZ Group's ability to grow its non-banking businesses, but it does not guarantee that the ANZ Group will be successful in doing so. Some shareholders may not want the ANZ Group to move away from its core banking business. They may not be comfortable with the different risk profile of the non-banking businesses and/or the risk of failure and would prefer that the ANZ Group "stick to its knitting". However:

- growing its non-banking businesses is a key component of the ANZ Group's current strategy which has been publicly stated and pursued for some time. Shareholders who are uncomfortable with, or not in favour of, this strategy have had the opportunity to sell their ANZ shares; and
- shareholders are not being asked to vote on the appropriate strategy for the ANZ Group. This is a separate question to whether the Restructure is in the best interests of shareholders.

In any event, any shareholder objections are likely to be directed more to specific acquisitions rather than the ANZ Group's overall strategy. Certainly, there is a wide range of business opportunities that could fall into "non-banking" activities but which actually have a close alignment with the ANZ Group's core banking activities and have the potential to enhance the value proposition for customers and returns to shareholders.

Impact on Board and Executive Committee

The Restructure will not result in any change to the ANZ Group's executive committee and minimal changes to its Boards:

- the Board of ANZ NOHC will be identical to the ANZ Board; and

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- the Boards of ANZ Bank HoldCo, ANZ and ANZ Non-Bank HoldCo will be identical to the Board of ANZ NOHC except that an independent non-executive director (who is not on the Board of ANZ NOHC and ANZ Non-Bank HoldCo) will be appointed to the ANZ Bank HoldCo and ANZ Boards. This independent non-executive director is a condition of APRA's NOHC authorisation.

The Board of ServiceCo will comprise an independent non-executive director and appropriately qualified senior management.

Impact on Customers

The Restructure will have no direct impact on ANZ's customers. The products, pricing, services and support that ANZ customers currently receive from ANZ will remain the same. ANZ customers will continue to interact with ANZ as they do currently and any customer contracts with the ANZ Group will continue to be with the same legal entity (e.g. ANZ for retail banking customers). In particular, depositors will continue to benefit from the regulatory protections that govern the capital requirements and operations of the ANZ Group's banking business.

The Restructure results in a more efficient corporate structure that has the potential to deliver benefits to customers in terms of an enhanced experience and a broader suite of products and services to meet expectations, if the ANZ Group is successful in executing its strategy (see Section 6.3 for further discussion).

Impact on Employees

The Restructure will have no material impact on the ANZ Group's employees. A small number (less than 1%) of current ANZ employees may be transferred to ANZ ServiceCo at some future date under the same terms and conditions in place at ANZ (except where a change is required by law). In particular, the same performance and remuneration policies and practices will apply. Moreover, ANZ will consult with employees and the Finance Sector Union on the Restructure and its impact on transferring employees.

No current ANZ employees are expected to transfer to ANZ Non-Bank HoldCo on implementation of the Restructure (although new roles are likely to be created as the ANZ Non-Bank Group grows).

ANZ deferred shares, deferred share rights, restricted shares, restricted rights and performance rights that are held by certain employees will be replaced with ANZ NOHC deferred shares, deferred share rights, restricted shares, restricted rights and performance right on a one-for-one basis and will continue to be governed by the relevant plan rules and same offer terms. The *ANZ Incentive Plans* will continue to operate and apply after implementation of the Restructure on substantially the same terms and conditions, except that the incentive plans will be operated by ANZ NOHC and provide interests in ANZ NOHC shares.

Impact on Dividends and Franking Credits

The Restructure is not expected to impact the ability of ANZ NOHC to pay dividends relative to ANZ.

While ANZ NOHC, ANZ Bank HoldCo and ANZ Non-Bank HoldCo will not be operating entities and therefore will not generate cash from operations, ANZ will be an operating entity and will generate cash from its operations which will be available to pay cash dividends to ANZ Bank HoldCo which will, in turn be able to pay cash dividends to ANZ NOHC (in each case subject to APRA requirements). In this regard:

- dividend payments from ANZ will continue to be subject to the same APRA regulations and guidelines in relation to capital adequacy requirements, maintenance of appropriate capital buffers and regulatory approvals; and
- the terms of ANZ's existing capital notes will be amended to prevent ANZ Bank HoldCo from paying dividends to ANZ NOHC if dividends are not paid on the capital notes in accordance with their terms (similar to the current restrictions on ANZ).

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Similarly, to the extent that the subsidiaries of, or investments by, ANZ Non-Bank HoldCo generate cash from their operations or pay distributions, this cash will also be available to pay cash dividends to ANZ NOHC.

As a result, ANZ NOHC will have accumulated profits and cash from which to pay dividends (and/or other capital distributions) to ANZ NOHC shareholders.

Historically, ANZ has paid fully franked dividends to shareholders. After implementation of the Scheme, the franking account balance of ANZ will transfer to ANZ NOHC and the ANZ NOHC Group will continue to generate the same level of franking credits that are currently generated by the ANZ Group. The ANZ Group's available New Zealand franking credits will continue to be held by the ANZ Group. The Restructure is therefore not expected to impact the capacity of ANZ NOHC to frank dividends.

The Restructure is not expected to result in any change to the dividend guidance of the ANZ Group, which will continue to target an annual payout ratio of between 60% and 65% of cash profit from continuing operations excluding large and notable items. However, there can be no guarantee as to the amount or timing of future dividend payments by ANZ NOHC which will be subject to the discretion of the ANZ NOHC Board and will depend on, among other criteria, its financial position and capital requirements.

The final dividend for FY22 (scheduled to be paid on 15 December 2022) will be paid by ANZ (not ANZ NOHC).

If the Restructure is implemented, ANZ NOHC intends to establish a DRP and a bonus option plan on substantially the same terms as the ANZ DRP and bonus option plan. ANZ shareholders who participate in the ANZ DRP will agree to participate in the ANZ NOHC DRP in the same manner and to the same extent as their current participation in the ANZ DRP. Residual balances in the ANZ DRP account of each participant will be paid by ANZ to ANZ NOHC and applied under the ANZ NOHC DRP.

Impact on Future Share Buybacks

ANZ has historically used on-market share buybacks as a capital management tool to return surplus capital to shareholders. The most recent on-market share buyback was completed in March 2022 where ANZ bought back 54.1 million shares for \$1.5 billion, reducing its CET1 capital ratio by approximately 35 basis points.

On-market share buybacks undertaken within the "10/12 limit" set out in the Corporations Act do not require shareholder approval. The "10/12 limit" restricts the number of ordinary shares that ANZ can buy back in any rolling 12 month period to 10% of the smallest number of ordinary shares ANZ had on issue during that 12 month period.

The Restructure will not have any impact on the ANZ Group's ability to undertake on-market share buybacks in the future. If an on-market share buyback is considered to be appropriate as part of the ANZ NOHC Group's capital management plan, it will be undertaken by ANZ NOHC as the listed entity in the same manner as on-market share buybacks have previously been undertaken by ANZ. The aggregate number of ANZ NOHC shares that could be bought back would not exceed more than 10% of the ordinary shares that ANZ NOHC has on issue when the Scheme is implemented (which will be the same number of shares as ANZ currently has on issue)³⁵. As a result, in assessing ANZ NOHC's "10/12 limit" for the first 12 months after implementation of the Scheme, the equity capital structure of ANZ NOHC and ANZ would effectively be regarded as the same.

³⁵ To enable ANZ NOHC to undertake on-market share buybacks after implementation of the Scheme, ANZ will (when ANZ is ANZ NOHC's only shareholder) authorise ANZ NOHC to undertake an on-market share buyback in the 12 months after implementation.



Impact on Indebtedness and Credit Ratings

Implementation of the Restructure is not expected to result in any change to the indebtedness of ANZ Group, its overall funding requirements or its debt issuance capacity. In this regard:

- ANZ will continue to operate its own funding program and maintain its own Board approved capital management strategies (e.g. financial risk appetite and liquidity policies), governance frameworks and reporting regime reflecting its ADI operations;
- ANZ NOHC will have the ability to issue debt instruments to support the funding requirements of both the ANZ Bank Group and the ANZ Non-Bank Group. ANZ NOHC will establish its own Board approved capital management strategy and its capital planning process will cover the requirements of the ANZ NOHC Group as a whole; and
- ANZ Non-Bank Group is not expected to have separate funding arrangements and will rely on ANZ NOHC for funding as ANZ NOHC is expected to have a lower cost of funds than any ANZ Non-Bank Group entities.

There is also not expected to be any impact on the ANZ Group's liquidity and net stable funding ratios.

The Restructure is not expected to materially affect the credit ratings of the ANZ Group and its businesses. The creditworthiness of ANZ and its wholly owned banking subsidiaries is expected to remain unchanged because the Restructure does not result in any significant change to the ANZ Group's overall business and financial profile. ANZ NOHC is likely to obtain an investment grade credit rating below that of ANZ because of the structural subordination of ANZ NOHC's obligations. However:

- this approach is consistent with the approach taken by the ratings agencies in other financial NOHC restructures such as Macquarie Bank and Suncorp-Metway, where the credit ratings of the banking entities remained unchanged but the credit ratings for the new NOHC were one notch lower than the banking entities; and
- the Restructure is not expected to have any immediate impact on overall funding costs for the ANZ Group as there is no intention for ANZ NOHC to raise debt finance in the short term.

Since announcement of the Restructure in May 2022, there has been no change to ANZ's ratings or outlook from its ratings agencies. Final ratings will be determined by the ratings agencies after implementation of the Restructure.

Impact on Regulatory Capital Requirements

The Restructure is not expected to have any material impact on the ANZ Group's regulatory capital requirements. The ANZ NOHC Group's Level 3 regulatory capital requirements will be the sum of the current ADI capital requirements plus the ANZ Non-Bank Group capital requirements determined by an economic capital model. ANZ expects that the total amount of capital held within the ANZ NOHC Group in aggregate will remain materially the same after implementation of the Restructure.

This position contrasts with precedent financial NOHC restructures undertaken by financial institutions in Australia (e.g. Macquarie Bank and Suncorp-Metway), where the capital advantages were a primary driver for the restructure.

Furthermore, it is relevant to note that:

- the ANZ Bank Group will continue to be appropriately capitalised after returning any excess capital (above target levels) to ANZ NOHC; and
- non-bank investments represent a capital requirement of \$426 million at 31 March 2022 or less than 1% of the ANZ Group's CET1 capital.

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There is the potential that the Restructure could result in a regulatory capital advantage to the ANZ NOHC Group in the future (relative to the regulatory capital requirement under its current structure). A regulatory capital advantage is only likely to eventuate in circumstances where the risk of potential loss as assessed by the economic capital model for the ANZ Non-Bank Group is less than the 100% CET 1 capital deduction that would be required under APRA's Level 2 ADI capital ratios. For example, in the situation where:

- the ANZ NOHC Group's existing start-up non-banking businesses grow to a sufficient size over time and application of the economic capital model subsequently assesses that these non-banking businesses carry less than a 100% risk of potential loss (i.e. these investments become less risky than they are currently); and/or
- the ANZ NOHC Group acquires a mature non-banking business that application of the economic capital model assesses carries less than 100% risk of potential loss.

However, neither of these situations is a certain outcome of the Restructure and, in any event, APRA may adjust the ANZ Bank Group's prudential capital requirement if it deems the assessment of ANZ Non-Bank Group's risk and capital requirements as insufficient.

Taxation Consequences (excluding stamp duty)

ANZ and its Australian resident wholly owned entities are currently members of a tax consolidated group, with ANZ as the head entity of the group. ANZ has applied for a private binding ruling from the ATO in respect of certain aspects of the Scheme. Broadly, the private ruling will confirm that the tax consolidated group will continue to exist with ANZ NOHC as the head entity. As head entity, ANZ NOHC will inherit the tax attributes of ANZ, including its franking account balance and any carried forward capital losses.

The Scheme is not expected to give rise to any other capital gains tax or other tax related liability for ANZ or ANZ NOHC.

Similarly, it is expected that the Scheme will have no adverse tax consequences for relevant Australian resident ANZ shareholders³⁶. It is expected that relevant Australian resident ANZ shareholders will be eligible for rollover relief to defer the capital gains tax consequences of the capital gains tax events relating to the Scheme. ANZ has applied to the ATO for a class ruling regarding the Australian income tax consequences of the Scheme for those ANZ shareholders and expects that a final class ruling will be issued in the form sought after implementation of the Scheme.

ANZ shareholders who are not residents of Australia and are not ineligible foreign shareholders should not generally be subject to Australian capital gains tax rules if they hold their shares on capital account and their ANZ shares are not considered "taxable Australian property". The non-Australian taxation implications for non-Australian resident shareholders will depend on the country of domicile of the shareholders. Many countries have similar rollover relief to that available in Australia but some do not. Non-Australian residents (including ineligible foreign shareholders) should seek their own taxation advice in relation to the taxation impact of the Scheme.

The analysis set out above outlines the major tax consequences of the Scheme and should be viewed as indicative only. It does not purport to represent formal tax advice regarding the taxation consequences of the Scheme. Further details on the taxation consequences of the Scheme for Australian resident shareholders as well as shareholders resident in New Zealand, the United Kingdom and the United States are set out in Section 8 of the Explanatory Memorandum. In any event, the tax consequences for

³⁶ Relevant Australian resident ANZ shareholders are those who are registered on the ANZ share register at 7.00pm on the record date for the Scheme, are residents of Australia within the meaning of Section 6(1) of the *Income Tax Assessment Act 1936* (Cth), are not temporary residents within the meaning of Section 995-1(1) of the *Income Tax Assessment Act 1997* (Cth) and have not elected the taxation of financial arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (Cth) to apply in relation to their ANZ shares.

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shareholders will depend on their individual circumstances. If in any doubt, shareholders should consult their own professional adviser.

Ineligible Foreign Shareholders

Ineligible foreign shareholders will not be entitled to participate in the Scheme and will not receive ANZ NOHC shares. Under the Scheme, the ANZ NOHC shares that they would otherwise be entitled to will be issued to a sale agent and sold on the ASX through a sale facility. Ineligible foreign shareholders will receive the cash proceeds from the sale of those ANZ NOHC shares. Ineligible foreign shareholders may also be required to pay tax on any profit on that disposal (in their country of residence). However:

- their ANZ NOHC shares will be sold for market value;
- the ineligible foreign shareholder can acquire ANZ NOHC shares through the ASX following its listing if it wishes to retain an exposure to the ANZ NOHC Group; and
- shareholders representing less than 0.2% of ANZ's issued ordinary shares are expected to be impacted by these provisions.

6.7 Shareholder Decision

Grant Samuel has been engaged to prepare an independent expert's report setting out whether in its opinion the Scheme is in the best interests of ANZ shareholders and to state reasons for that opinion. Grant Samuel has not been engaged to provide a recommendation to shareholders in relation to the Scheme, the responsibility for which lies with the directors of ANZ.

In any event, the decision whether to vote for or against the Scheme is a matter for individual shareholders based on each shareholder's views as to value and business strategy, their expectations about future economic and market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from shareholder to shareholder. If in any doubt as to the action they should take in relation to the Scheme, shareholders should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in ANZ or ANZ NOHC. These are investment decisions upon which Grant Samuel does not offer an opinion and are independent of a decision on whether to vote for or against the Scheme. Shareholders should consult their own professional adviser in this regard.

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7 Qualifications, Declarations and Consents

7.1 Qualifications

The Grant Samuel group of companies provide corporate advisory services in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 580 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Jaye Gardner BCom LLB (Hons) CA SF Fin GAICD and Stephen Wilson MCom (Hons) CA SF Fin. Each has a significant number of years of experience in relevant corporate advisory matters. Shaun Yu BBA CFA and Mitchell Skene BEng (Hons) BCom assisted in the preparation of the report. Each of the above persons is a representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

7.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the Scheme is in the best interests of shareholders. Grant Samuel expressly disclaims any liability to any ANZ shareholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Grant Samuel has had no involvement in the preparation of the Explanatory Memorandum issued by ANZ and has not verified or approved any of the contents of the Explanatory Memorandum. Grant Samuel does not accept any responsibility for the contents of the Explanatory Memorandum (except for this report).

Grant Samuel has had no involvement in ANZ's due diligence investigation in relation to the Explanatory Memorandum and does not accept any responsibility for the completeness or reliability of the process which is the responsibility of ANZ.

7.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any business or professional relationship with the ANZ Group or any financial or other interest that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Scheme.

Grant Samuel had no part in the formulation of the Restructure (including the Scheme). Its only role has been the preparation of this report.

Grant Samuel will receive a fixed fee of \$625,000 for the preparation of this report. This fee is not contingent on the conclusions reached or the outcome of the Scheme. Grant Samuel's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Regulatory Guide 112 issued by the ASIC on 30 March 2011.

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7.4 Declarations

ANZ has agreed that it will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by any conduct involving gross negligence or wilful misconduct by Grant Samuel. ANZ has also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Any claims by ANZ are limited to an amount equal to the fees paid to Grant Samuel. Where Grant Samuel or its employees and officers are found to have been grossly negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action.

Advance drafts of this report were provided to ANZ and its advisers. Certain changes were made to the drafting of the report as a result of the circulation of the draft report. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

7.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Explanatory Memorandum to be sent to shareholders of ANZ. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

7.6 Other

The accompanying letter dated 26 October 2022 forms part of this report.

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. The Financial Services Guide is set out at the beginning of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED

26 October 2022

ANNEXURE 2

INVESTIGATING ACCOUNTANT'S REPORT



ABN: 43 007 363 215

KPMG Transaction Services
A division of KPMG Financial Advisory Services
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P O Box H67 Australia Square
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Australia

The Directors
Australia and New Zealand Banking Group Ltd
ANZ Centre Docklands
Level 9, 833 Collins Street
Docklands Victoria 3008

27 October 2022

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Investigating Accountant's Report

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("**KPMG Transaction Services**") has been engaged by Australia and New Zealand Banking Group Limited ("**ANZ**") to prepare this report for inclusion in the Explanatory Memorandum to be dated 27 October 2022 ("**Explanatory Memorandum**"), and to be issued by ANZ in connection with the proposed restructure of ANZ into a non-operating holding company ("**NOHC**") structure with separate banking and non-banking activities (the "**Restructure**").

Expressions defined in the Explanatory Memorandum have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Explanatory Memorandum.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical financial information described below and disclosed in the Explanatory Memorandum.

The pro forma historical financial information is presented in the Explanatory Memorandum in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of ANZ (the **responsible party**) included in the Explanatory Memorandum.

The pro forma historical financial information has been derived from the historical financial information of ANZ, after adjusting for the effects of pro forma adjustments described in section 6 of the Explanatory Memorandum. The pro forma financial information consists of ANZ's:

- pro forma statement of financial position for the ANZ Bank HoldCo, ANZ Non-Bank HoldCo, and ANZ ServiceCo as at 31 March 2022 assuming the ANZ NOHC Group was in place on that date ("**Pro forma Balance Sheet**"); and
- pro forma income statements for the ANZ Bank HoldCo, ANZ Non-Bank HoldCo, and ANZ ServiceCo for the half year ended 31 March 2022 assuming that the ANZ NOHC Group was in place during the period ("**Pro forma Income Statement**").

(collectively the "**ANZ NOHC Pro Forma Financial Information**").

as set out in section 6 of the Explanatory Memorandum issued by ANZ

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 6 of the Explanatory Memorandum. Due to its nature, the ANZ NOHC Pro Forma Financial Information does not represent the company's actual or prospective financial position and/or financial performance.

The ANZ NOHC Pro Forma Financial Information has been compiled by ANZ to illustrate the impact of the Restructure described in section 4 and 7 of the Explanatory Memorandum on ANZ's financial position as at 31 March 2022 and ANZ's financial performance for the half year ended 31 March 2022. As part of this process, information about ANZ's financial position and financial performance has been extracted by ANZ from ANZ's financial statements for the period ended 31 March 2022.

The financial statements of ANZ for the half year ended 31 March 2022 were reviewed by KPMG in accordance with Australian Auditing Standards. The review opinions issued to the members of ANZ relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to ANZ NOHC Pro Forma Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the ANZ NOHC Pro Forma Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in section 6 of the Explanatory Memorandum.

*Australia and New Zealand Banking Group Limited
Limited Assurance Investigating Accountant's Report and
Financial Services Guide
27 October 2022*

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the ANZ NOHC Pro Forma Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Directors' responsibilities

The directors of ANZ are responsible for the preparation of the ANZ NOHC Pro Forma Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the ANZ NOHC Pro Forma Financial Information.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the ANZ NOHC Pro Forma Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the ANZ NOHC Pro Forma Financial Information, as set out in section 6 of the Explanatory Memorandum, comprising:

- the Pro forma Balance Sheet as at 31 March 2022; and
- the Pro Forma Income Statement for the half year ended 31 March 2022

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 6 of the Explanatory Memorandum, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and ANZ's accounting policies.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Restructure, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of ANZ and from time to time, KPMG also provides ANZ with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Explanatory Memorandum, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Design and Distribution Obligations ("DDO")

KPMG has made reasonable enquiries of ANZ as to whether the underlying financial product pursuant to the Restructure is captured by Design and Distribution Obligations ("DDO") regulations. Where a Target Market Determination ("TMD") is required KPMG has reviewed the TMD to ensure the content of the IAR is consistent with the TMD.

Restriction on use

Without modifying our conclusions, we draw attention to section 6 of the Explanatory Memorandum, which describes the purpose of the financial information, being for inclusion in the Explanatory Memorandum. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Explanatory Memorandum in the form and context in which it is so included, but has not authorised the issue of the Explanatory Memorandum. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Explanatory Memorandum.

Yours faithfully



Paul Guinea
Authorised Representative



KPMG Financial Advisory Services (Australia) Pty Ltd

ABN 43 007 363 215

Australian Financial Services Licence No. 246901

Financial Services Guide

Dated October 2021

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215 ("KPMG FAS")**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**"KPMG Transaction Services"**), and Paul Guinea as an authorised representative of KPMG FAS, authorised representative number 001245044 (**Authorised Representative**).

This FSG includes information about:

- KPMG FAS and its Authorised Representative and how they can be contacted;
- The services KPMG FAS and its Authorised Representative are authorised to provide;
- How KPMG FAS and its Authorised Representative are paid;
- Any relevant associations or relationships of KPMG FAS and its Authorised Representative;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG FAS has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG FAS.

This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (**PDS**). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits, and costs of acquiring the particular financial product.

Financial services that KPMG FAS and the Authorised Representative are authorised to provide

KPMG FAS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- Deposit and non-cash payment products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;
- Securities;
- Superannuation;
- Carbon units;
- Australian carbon credit units; and
- Eligible international emissions units, to retail and wholesale clients.

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We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG FAS to provide financial product advice on KPMG FAS's behalf.

KPMG FAS and the Authorised Representative's responsibility to you

KPMG FAS has been engaged by Australia and New Zealand Banking Group Limited ("**ANZ**") to provide general financial product advice in the form of a Report to be included in the Explanatory Memorandum ("**Document**") prepared by ANZ in relation to the proposed restructure of ANZ into a non-operating holding company structure with separate banking and non-banking activities (the "**Restructure**").

You have not engaged KPMG FAS or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG FAS nor the Authorised Representative are acting for any person other than ANZ.

KPMG FAS and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As KPMG FAS has been engaged by ANZ, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Restructure.

Fees KPMG FAS may receive, and remuneration or other benefits received by our representatives

KPMG FAS charges fees for preparing reports. These fees will usually be agreed with, and paid by ANZ. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the ANZ has agreed to pay KPMG FAS \$375,000 for preparing the Report. KPMG FAS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG FAS officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). KPMG FAS' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG FAS nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG FAS is controlled by and operates as part of the KPMG Partnership. KPMG FAS' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG FAS and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG FAS, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the ANZ or has other material financial interests in the transaction.

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Complaints resolution

Internal complaints resolution process

If you have a complaint, please let KPMG FAS or the Authorised Representative know. Complaints can be sent in writing to The Complaints Officer, KPMG, GPO Box 2291U, Melbourne, VIC 3000 or via email (AU-FM-AFSL-COMPLAINT@kpmg.com.au). If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on (03) 9288 5555 and they will assist you in documenting your complaint.

We will acknowledge receipt of your complaint, in writing, within 1 business day or as soon as practicable.

Following an investigation of your complaint, you will receive a written response within 30 calendar days. If KPMG FAS is unable to resolve your complaint within 30 calendar days, we will let you know the reasons for the delay and advise you of your right to refer the matter to the Australian Financial Complaints Authority (AFCA).

External complaints resolution process

If KPMG FAS or the Authorised Representative cannot resolve your complaint to your satisfaction within 30 calendar days, you can refer the matter to AFCA. AFCA is an independent body that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry. KPMG FAS is a member of AFCA (member no 11690).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1800 931 678

Email: info@afca.org.au

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG FAS holds professional indemnity insurance cover in accordance with section 912B of the *Corporations Act 2001(Cth)*.

Contact details

You may contact KPMG FAS or the Authorised Representative using the below contact details:

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ANNEXURE 3

SCHEME OF ARRANGEMENT



Scheme of arrangement

Australia and New Zealand Banking Group Limited

Scheme Shareholders

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HERBERT
SMITH
FREEHILLS

Scheme of arrangement – share scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Australia and New Zealand Banking Group Limited
ABN 11 005 357 522 of 833 Collins St, Docklands VIC 3008

The Scheme Shareholders

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ANZBGL	Australia and New Zealand Banking Group Limited ABN 11 005 357 522 .
ANZBGL Registry	Computershare Investor Services Pty Ltd ACN 078 279 277.
ANZBGL Share	a fully paid ordinary share in the capital of ANZBGL.
ANZBGL Shareholder	each person who is registered as the holder of a ANZBGL Share in the Share Register.
ANZ NOHC	ANZ Group Holdings Limited ACN 659 510 791.
ANZ NOHC Register	the register of shareholders maintained by ANZ NOHC or its agent.



Term	Meaning
ANZ NOHC Registry	Computershare Investor Services Pty Ltd ACN 078 279 277.
ANZ NOHC Share	a fully paid ordinary share in ANZ NOHC.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	business day as defined in the Listing Rules.
CHESS	the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Court	the Federal Court of Australia, Victoria Registry, or such other court of competent jurisdiction under the Corporations Act determined by ANZBGL.
Deed Poll	the deed poll substantially in the form of Attachment 2 of the Implementation Deed under which ANZ NOHC covenants in favour of the Scheme Shareholders to perform the obligations attributed to ANZ NOHC under this Scheme.
Effective	when used in relation to this Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the Court order made under paragraph 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
Eligible Foreign Jurisdiction	<p>Is expected to include:</p> <ol style="list-style-type: none">1 China, Cook Islands, Fiji, France, Germany, Hong Kong, India, Korea, Malaysia, Papua New Guinea, Philippines, Samoa, Singapore, Taiwan, the United Kingdom, the United States (including American Samoa and Guam) and Vanuatu; and2 in the case of Scheme Shareholders who are an ANZ employee as at the Scheme Record Date, those jurisdictions listed in 1 above



Term	Meaning
	and Indonesia and Japan, noting that ANZ may change these jurisdictions on the basis that ANZ determines that it is not lawful or unduly onerous or impracticable to issue ANZ NOHC Shares in a particular jurisdiction when the Scheme becomes Effective.
End Date	the later of 30 June 2023, or such other date determined by ANZBGL.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity (including any stock or other securities exchange), or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
Implementation Date	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as determined by ANZBGL.
Implementation Deed	the NOHC Restructure Implementation Deed dated 26 October 2022 between ANZBGL and ANZ NOHC relating to the implementation of the NOHC Restructure, including this Scheme.
Ineligible Foreign Shareholder	a Scheme Shareholder whose address shown in the Share Register on the Scheme Record Date is a place outside Australia (and its external territories), New Zealand, or an Eligible Foreign Jurisdiction, unless ANZ NOHC determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with ANZ NOHC Shares when this Scheme becomes Effective.
Listing Rules	the official listing rules of ASX.
NOHC Restructure	has the meaning given to that term in the Implementation Deed.
Registered Address	in relation to a ANZBGL Shareholder, the address shown in the Share Register as at the Scheme Record Date.
Sale Agent	the entity appointed by ANZBGL to act as the sale facility agent and nominee of the Ineligible Foreign Shareholders under this Scheme.
Scheme	this scheme of arrangement under Part 5.1 of the Corporations Act between ANZBGL and the Scheme Shareholders subject to any



Term	Meaning
	alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by ANZBGL and ANZ NOHC.
Scheme Booklet	the scheme booklet published by ANZBGL and dated 27 October 2022.
Scheme Consideration	for each ANZBGL Share held by a Scheme Shareholder as at the Scheme Record Date, one ANZ NOHC Share.
Scheme Meeting	the meeting of the ANZBGL Shareholders ordered by the Court to be convened under subsection 411(1) of the Corporations Act to consider and vote on this Scheme and includes any meeting convened following any adjournment or postponement of that meeting.
Scheme Record Date	7.00pm on the second Business Day after the Effective Date or such other date as determined by ANZBGL.
Scheme Shares	all ANZBGL Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a holder of ANZBGL Shares recorded in the Share Register as at the Scheme Record Date.
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of ANZ NOHC or the Sale Agent (as applicable) as transferee, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving this Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application or appeal is heard.
Share Register	the register of members of ANZBGL maintained by ANZBGL or the ANZBGL Registry in accordance with the Corporations Act.



1.2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or reenactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency;
- (j) a reference to any time is, unless otherwise indicated, a reference to that time in Melbourne;
- (k) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1.1, has the same meaning when used in this Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (n) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (o) if an act prescribed under this Scheme to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day; and
- (p) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party..

1.3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.



2 Preliminary matters

- (a) ANZBGL is a public company limited by shares, registered in Victoria, Australia, and has been admitted to the official list of the ASX. ANZBGL Shares are quoted for trading on the ASX. As at 23 October 2022, 2,989,923,751 ANZBGL Shares were on issue.
- (b) ANZ NOHC is an unlisted public company limited by shares registered in Victoria, Australia. As at 23 October 2022, one ANZ NOHC Share was on issue, which is held by ANZBGL. The board of ANZ NOHC has resolved to become the new parent of ANZBGL by acquiring all the Scheme Shares under this Scheme.
- (c) ANZBGL and ANZ NOHC have agreed, by executing the Implementation Deed, to implement the NOHC Restructure, including this Scheme.
- (d) This Scheme attributes actions to ANZ NOHC but does not itself impose an obligation on it to perform those actions. ANZ NOHC has agreed, by executing the Deed Poll and the Implementation Deed, to perform the actions attributed to it under this Scheme.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated;
- (c) approval of this Scheme by the Court under paragraph 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under subsection 411(6) of the Corporations Act and agreed to by ANZ NOHC and ANZBGL;
- (d) the orders of the Court made under paragraph 411(4)(b) (and, if applicable, subsection 411(6)) of the Corporations Act approving this Scheme coming into effect, pursuant to subsection 411(10) of the Corporations Act on or before the End Date (or any later date ANZBGL and ANZ NOHC agree in writing).

3.2 Certificate

- (a) ANZBGL and ANZ NOHC will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent were satisfied, waived or taken to be waived as at the Second Court Date.



3.3 End Date

This Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date does not occur on or before the End Date; or
- (b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms,

unless ANZBGL and ANZ NOHC otherwise agree in writing.

4 Implementation of this Scheme

4.1 Lodgement of Court orders with ASIC

ANZBGL must lodge with ASIC, in accordance with subsection 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible after the Court approves this Scheme and in any event by 5.00pm on the first Business Day after the day on which the Court approves this Scheme.

4.2 Transfer of Scheme Shares held by Ineligible Foreign Shareholders to Sale Agent

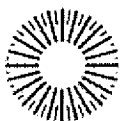
On the Implementation Date:

- (a) all the Scheme Shares held by the Ineligible Foreign Shareholders, together with all rights and entitlements attaching to those Scheme Shares as at the Implementation Date, must be transferred to the Sale Agent, without the need for any further act by any Ineligible Foreign Shareholder, by:
 - (1) ANZBGL delivering to the Sale Agent a duly completed Scheme Transfer, executed on behalf of the Ineligible Foreign Shareholders by ANZBGL; and
 - (2) ANZBGL procuring that the Sale Agent duly executes the Scheme Transfer and attending to the stamping of the Scheme Transfer (if required); and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.3(a)(2), ANZBGL must enter, or procure the entry of, the name of the Sale Agent in the Share Register in respect of all the Scheme Shares transferred to the Sale Agent in accordance with this Scheme.

4.3 Transfer of Scheme Shares to ANZ NOHC

On the Implementation Date, following the transfer referred to in clause 4.2 and the issue of ANZ NOHC Shares under clause 5.1:

- (a) the Scheme Shares (including those transferred to the Sale Agent under clause 4.2), together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, must be transferred to ANZ NOHC, without the need for any further act by any Scheme Shareholder or the Sale Agent), by:
 - (1) ANZBGL delivering to ANZ NOHC a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders and the Sale Agent by ANZBGL, for registration; and



- (2) ANZ NOHC duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to ANZBGL for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.3(a)(2), ANZBGL must enter, or procure the entry of, the name of ANZ NOHC in the Share Register in respect of all the Scheme Shares transferred to ANZ NOHC in accordance with this Scheme.

5 Scheme Consideration

5.1 Provision of Scheme Consideration

ANZ NOHC must, subject to clauses 5.2, 5.3 and 5.5:

- (a) on the Implementation Date, after the transfer of the Scheme Shares by Ineligible Foreign Shareholders under clause 4.2, but before the transfer of the Scheme Shares to ANZ NOHC under clause 4.3, issue the Scheme Consideration to the Scheme Shareholders (other than the Ineligible Foreign Shareholders) and the Sale Agent and procure that the name and address of each Scheme Shareholder (other than the Ineligible Foreign Shareholders) and the Sale Agent is entered in the ANZ NOHC Register in respect of those ANZ NOHC Shares that comprise the Scheme Consideration; and
- (b) procure that on or before the date that is 10 Business Days after the Implementation Date, a share certificate or holding statement (or equivalent document) is sent to the Registered Address of each Scheme Shareholder (other than the Ineligible Foreign Shareholders) and the Sale Agent representing the number of ANZ NOHC Shares issued to the Scheme Shareholder or Sale Agent (as applicable) pursuant to this Scheme.

5.2 Joint holders

In the case of Scheme Shares held in joint names:

- (a) the ANZ NOHC Shares to be issued under this Scheme must be issued to and registered in the names of the joint holders;
- (b) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of ANZBGL, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
- (c) any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of ANZBGL, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders.

5.3 Ineligible Foreign Shareholders

- (a) ANZBGL and ANZ NOHC must procure that:
 - (1) as soon as reasonably practicable after the Implementation Date (and after completion of the transfers referred to in clauses 4.2 and 4.3 and the issue of the ANZ NOHC Shares in accordance with clause 5.1),



the Sale Agent sells or procures the sale of all the ANZ NOHC Shares issued to the Sale Agent under clause 5.1;

- (2) each Ineligible Foreign Shareholder is paid, promptly following the sale of all the ANZ NOHC Shares in accordance with clause 5.3(a)(1), the amount 'A' calculated in accordance with the following formula and rounded down to the nearest cent:

$$A = (B \div C) \times D$$

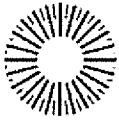
Where

B = the number of ANZBGL Shares held by that Ineligible Foreign Shareholder as at the Record Date;

C = the total number of ANZBGL Shares held by all Ineligible Foreign Shareholders as at the Record Date; and

D = the proceeds of sale of the ANZ NOHC Shares under clause 5.3(a)(1) (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges).

- (b) Each payment to an Ineligible Foreign Shareholder in accordance with clause 5.3(a) must be made in Australian dollars, other than in respect of any Ineligible Foreign Shareholder who has, prior to the Scheme Record, made a valid election to receive dividends from ANZBGL in:
- (1) New Zealand dollars, in which case the amount A referred to in clause 5.3(a)(2) applicable to that Ineligible Foreign Shareholder will be converted into New Zealand dollars at a date determined by ANZBGL on the basis of the Australian dollar-New Zealand dollar exchange rate procured by ANZBGL on that date, and that Ineligible Foreign Shareholder will be paid the proceeds in New Zealand dollars; and
- (2) Pounds sterling, in which case the amount A referred to in clause 5.3(a)(2) applicable to that Ineligible Foreign Shareholder will be converted into pounds sterling at a date determined by ANZBGL on the basis of the Australian dollar-pounds sterling exchange rate procured by ANZBGL on that date, and that Ineligible Foreign Shareholder will be paid the proceeds in pounds sterling.
- (c) The Ineligible Foreign Shareholders acknowledge that none of ANZ NOHC, ANZBGL or the Sale Agent gives any assurance as to the price that will be achieved for the sale of ANZ NOHC Shares described in clause 5.3(a).
- (d) ANZBGL must make, or procure the making of, payments to Ineligible Foreign Shareholders under clause 5.3(a) by either (in the absolute discretion of ANZBGL, and despite any election referred to in clause 5.3(d)(1) or authority referred to in clause 5.3(d)(2) made or given by the Scheme Shareholder):
- (1) if an Ineligible Foreign Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the ANZBGL Registry to receive dividend payments from ANZBGL by electronic funds transfer to a bank account nominated by the Ineligible Foreign Shareholder, paying, or procuring the payment of, the relevant amount by electronic means in accordance with that election;
- (2) paying or procuring the payment of, the relevant amount by electronic means to a bank account nominated by the Ineligible Foreign Shareholder by an appropriate authority from the Ineligible Foreign Shareholder to ANZBGL; or



- (3) dispatching, or procuring the dispatch of, a cheque for the relevant amount to the Ineligible Foreign Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Ineligible Foreign Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.2).
- (e) Each Ineligible Foreign Shareholder appoints ANZBGL as its agent to receive on its behalf any financial services guide (or similar or equivalent document) or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Shareholders under the Corporations Act or any other applicable law.
- (f) Payment of the amount calculated in accordance with clause 5.3(a) to an Ineligible Foreign Shareholder in accordance with this clause 5.3 satisfies in full the Ineligible Foreign Shareholder's right to Scheme Consideration.

5.4 Unclaimed monies

ANZBGL may cancel a cheque issued under this clause 5 if the cheque:

- (a) is returned to ANZBGL; or
- (b) has not been presented for payment within six months after the date on which the cheque was sent.

5.5 Orders of a court or Government Agency

If written notice is given to ANZBGL (or the ANZBGL Registry) or ANZ NOHC (or the ANZ NOHC Registry) of an order or direction made by a court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by ANZBGL in accordance with this clause 5, then ANZBGL shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (b) prevents ANZBGL from providing consideration to any particular Scheme Shareholder in accordance with this clause 5, or the payment or issuance of such consideration is otherwise prohibited by applicable law, ANZBGL shall be entitled to (as applicable):
 - (1) retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration; or
 - (2) direct ANZ NOHC not to issue, or to issue to a trustee or nominee, such number of ANZ NOHC Shares as that Scheme Shareholder would otherwise be entitled to under clause 5.1,until such time as provision of the Scheme Consideration in accordance with this clause 5 is permitted by that (or another) order or direction or otherwise by law.

5.6 Withholdings and deductions

If withholding is required by law or ANZBGL (or the ANZBGL Registry) or ANZ NOHC (or the ANZ NOHC Registry) (each a **Payor**) receives professional advice or written notice



that any withholding or other tax is required by law or by a Government Agency to be withheld from a payment (including from a payment to an Ineligible Foreign Shareholder under clause 5.3(a)), or from the provision of Scheme Consideration to any Scheme Shareholder, then:

- (a) the relevant Payor is entitled to withhold (or procure the withholding of) the relevant amount from the payment or from the provision of Scheme Consideration to the relevant Scheme Shareholder;
- (b) ANZ NOHC may issue the relevant Scheme Shareholder with Scheme Consideration only to the extent (if at all) that the issue is net of any such withholding or other tax, and issue the balance of the Scheme Consideration (if any) to a trustee or nominee who will sell those ANZ NOHC shares and deal with any proceeds of their disposal as required by law or the requirements of the relevant Government Agency;

the relevant Payor must pay (or procure the payment of) any amount so withheld to the relevant Government Agency as required by law or the requirements of the relevant Government Agency, and if requested in writing must provide (or procure the provision of) a receipt or other appropriate evidence of such payment; and

- (c) Payment or provision of the reduced amount shall be taken to be full payment or provision of the relevant amount, without any requirement to gross up, for the purposes of this Scheme (including clause 5.3(a)(2)).

5.7 Status of ANZ NOHC Shares

Subject to this Scheme becoming Effective, ANZ NOHC must:

- (a) issue the ANZ NOHC Shares required to be issued by it under this Scheme on terms such that each such new ANZ NOHC Share will rank equally in all respects with each existing ANZ NOHC Share;
- (b) ensure that each such ANZ NOHC Share issued under this Scheme is duly and validly issued in accordance with all applicable laws and ANZ NOHC's constitution, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under ANZ NOHC's constitution); and
- (c) use all reasonable endeavours to ensure that such ANZ NOHC Shares are, from the Business Day following the date this Scheme becomes Effective (or such later date as ASX requires), quoted for trading on the ASX initially on a deferred settlement basis and thereafter on an ordinary settlement basis.

6 Dealings in ANZBGL Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in ANZBGL Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant ANZBGL Shares before the Scheme Record Date; and



- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received before the Scheme Record Date at the place where the Share Register is kept,

and ANZBGL must not accept for registration, nor recognise for any purpose (except a transfer to the Sale Agent or ANZ NOHC pursuant to this Scheme), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) ANZBGL must register registrable transmission applications or transfers of the Scheme Shares that are received in accordance with clause 6.1(b) before the Scheme Record Date.
- (b) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of, or purport or agree to dispose of, any Scheme Shares or any interest in them on or after the Scheme Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and ANZBGL shall be entitled to disregard any such disposal.
- (c) All statements of holding for ANZBGL Shares (other than statements of holding in favour of ANZ NOHC or any Excluded Shareholders) will cease to have effect after the Scheme Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of ANZ NOHC) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the ANZBGL Shares relating to that entry.

7 Quotation of ANZBGL Shares

- (a) ANZBGL must apply to ASX to suspend trading on the ASX in ANZBGL Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by ANZ NOHC, ANZBGL must apply for termination of the official quotation of ANZBGL Shares on the ASX.

8 General Scheme provisions

8.1 Consent to amendments to this Scheme

If the Court proposes to approve this Scheme subject to any alterations or conditions:

- (a) ANZBGL may by its counsel consent on behalf of all persons concerned to those alterations or conditions; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which ANZBGL has consented to.

8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:



- (1) agrees to the transfer of their ANZBGL Shares together with all rights and entitlements attaching to those ANZBGL Shares in accordance with this Scheme;
 - (2) agrees to the variation, cancellation or modification of the rights attached to their ANZBGL Shares constituted by or resulting from this Scheme;
 - (3) agrees to, on the direction of ANZ NOHC, destroy any holding statements or share certificates relating to their ANZBGL Shares;
 - (4) other than each Ineligible Foreign Shareholder agrees to become a member of ANZ NOHC and to be bound by the terms of the constitution of ANZ NOHC; and
 - (5) acknowledges and agrees that this Scheme binds ANZBGL and all Scheme Shareholders (including those who do not attend the Scheme Meeting and those who do not vote, or vote against this Scheme, at the Scheme Meeting).
- (b) On the Implementation Date:
- (1) each Scheme Shareholder is taken to have warranted to ANZBGL and ANZ NOHC; and
 - (2) each Ineligible Foreign Shareholder is taken to have warranted to the Sale Agent,
- that all their ANZBGL Shares (including any rights and entitlements attaching to those shares) which are transferred under this Scheme will, at the date of transfer, be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their ANZBGL Shares to ANZ NOHC or the Sale Agent (as applicable) together with any rights and entitlements attaching to those shares.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to ANZ NOHC or the Sale Agent (as applicable) will, at the time of transfer of them vest in ANZ NOHC or the Sale Agent (as applicable) free from all mortgages, charges, liens, encumbrances, pledges, security interests (including any 'security interests' within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth)) and interests of third parties of any kind, whether legal or otherwise and free from any restrictions on transfer of any kind.
- (b) Immediately after the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.1, and upon the transfer of the Scheme Shares, ANZ NOHC will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by ANZBGL of ANZ NOHC in the Share Register as the holder of the Scheme Shares. Prior to the transfer of the Scheme Shares to ANZ NOHC under this Scheme, ANZ NOHC will have no interest in, or entitlement to, the Scheme Shares.



8.4 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 5.1 and until ANZBGL registers ANZ NOHC as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed ANZ NOHC as attorney and agent (and directed ANZ NOHC in each such capacity) to appoint any director, officer, secretary or agent nominated by ANZ NOHC as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 8.4(a)); and
- (c) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), ANZ NOHC and any director, officer, secretary or agent nominated by ANZ NOHC under clause 8.4(a) may act in the best interests of ANZ NOHC as the intended registered holder of the Scheme Shares.

8.5 Authority given to ANZBGL

Each Scheme Shareholder, without the need for any further act, on the Implementation Date, irrevocably appoints ANZBGL and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer, and ANZBGL accepts each such appointment. ANZBGL as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers, secretaries or employees (jointly, severally or jointly and severally).

8.6 Instructions and elections

- (a) If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, authorisations, notifications or elections by a Scheme Shareholder to ANZBGL that are binding or deemed binding between the Scheme Shareholder and ANZBGL relating to ANZBGL or ANZBGL Shares, including instructions, authorisations, notifications or elections relating to:
 - (1) whether dividends are to be paid by cheque or into a specific bank account;
 - (2) payments of dividends on ANZBGL Shares, including the currency in which dividends are to be paid;
 - (3) participation in the ANZBGL dividend reinvestment plan;
 - (4) forgoing dividends and participation in the ANZBGL bonus option plan; and
 - (5) personal details including for payments and for receipt of notices or other communications from ANZBGL (including by email),



will be deemed from the Implementation Date (except to the extent determined otherwise by ANZ NOHC in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to ANZ NOHC and to be a binding instruction, authorisation, notification or election to, and accepted by, ANZ NOHC in respect of the ANZ NOHC Shares issued to that Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to ANZ NOHC at its registry. Any residual credit balances in a Scheme Shareholder's ANZBGL dividend reinvestment plan account or ANZBGL bonus option plan account will be transferred to that Scheme Shareholder's NOHC dividend reinvestment plan account or NOHC bonus option plan account, as applicable, under this Scheme.

- (b) On the Implementation Date, provided that a Scheme Shareholder has properly notified ANZBGL of the Scheme Shareholder's Australian Tax File Number (TFN), , Australian Business Number (ABN) or any relevant exemption from providing a TFN (as applicable), the Scheme Shareholder will be deemed to have authorised ANZBGL to transfer to ANZ NOHC on the Scheme Shareholder's behalf the Scheme Shareholder's TFN, ABN or any relevant exemption from providing a TFN, unless prior to the Effective Date, the Scheme Shareholder notifies the ANZBGL Registry that the Scheme Shareholder's TFN, ABN or any relevant exemption from providing a TFN is not to be provided to ANZ NOHC.

8.7 Register details

ANZBGL and ANZ NOHC must procure that the:

- (a) Share Register; and
- (b) ANZ NOHC Register,

are updated (as applicable) after each of the steps set out in clauses 4.2, 4.3 and 5.1.

8.8 Binding effect of Scheme

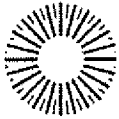
This Scheme binds ANZBGL and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting, or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of ANZBGL.

9 General

9.1 Stamp duty

ANZ NOHC will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under or in connection with this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1(a).



9.2 Consent

Each of the Scheme Shareholders consents to ANZBGL doing all things necessary or incidental to, or to give effect to, the implementation of this Scheme, whether on behalf of the Scheme Shareholders, ANZBGL or otherwise.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to ANZBGL, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at ANZBGL's registered office or at the office of the ANZBGL Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a ANZBGL Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

- (a) This Scheme is governed by the laws in force in Victoria.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

ANZBGL must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Each Scheme Shareholder agrees that neither ANZBGL nor ANZ NOHC nor any director, officer, secretary or employee of any of those companies shall be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

ANNEXURE 4

DEED POLL



HERBERT
SMITH
FREEHILLS

Scheme deed poll

ANZ Group Holdings Limited

Execution version

80 Collins Street Melbourne Vic 3000 Australia
GPO Box 128 Melbourne Vic 3001 Australia

T +61 3 9288 1234 F +61 3 9288 1567
herbertsmithfreehills.com DX 240 Melbourne



Share scheme deed poll

Date ► 26 October 2022

This deed poll is made

By **ANZ Group Holdings Limited**
ACN 659 510 791 of 833 Collins St, Docklands VIC 3008
(ANZ NOHC)

in favour of each person registered as a holder of fully paid ordinary shares in ANZBGL in the Share Register as at the Scheme Record Date.

Recitals ANZ NOHC is making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform its obligations under the Scheme.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
ANZBGL	Australia and New Zealand Banking Group Limited ABN 11 005 357 522.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Implementation Deed	the NOHC Restructure Implementation Deed dated 26 October 2022 between ANZBGL and ANZ NOHC relating to the



Term	Meaning
	implementation of the NOHC Restructure, including the Scheme.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between ANZBGL and the Scheme Shareholders, substantially in the form set out in Schedule 2 of the Implementation Deed, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by ANZBGL.
(b)	Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Clauses 1.2, 1.3 and 1.4 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

ANZ NOHC acknowledges that this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of ANZ NOHC under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of ANZ NOHC under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated; or
 - (b) the Scheme is not Effective on or before the End Date,
- unless ANZBGL and ANZ NOHC otherwise agree in writing (and, if required, as approved by the Court).

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) ANZ NOHC is released from its obligations to further perform this deed poll; and



- (b) each Scheme Shareholder retains the rights they have against ANZ NOHC in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to issue Scheme Consideration

Subject to clause 2, ANZ NOHC undertakes in favour of each Scheme Shareholder to:

- (a) provide, or procure the provision of, the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme; and
- (b) undertake all other actions, and give each acknowledgement, representation and warranty (if any), attributed to it under the Scheme,

in each case, subject to and in accordance with the provisions of the Scheme.

3.2 Shares to rank equally

ANZ NOHC covenants in favour of each Scheme Shareholder that the ANZ NOHC Shares which are issued to each Scheme Shareholder in accordance with the Scheme will:

- (a) rank equally with all existing ANZ NOHC Shares; and
- (b) be issued fully paid and free from any mortgage, charge, lien, encumbrance or other security interest.

4 Warranties

ANZ NOHC represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.



5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) ANZ NOHC has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to ANZ NOHC in accordance with the details set out below (or any alternative details nominated by ANZ NOHC by Notice).

Attention Craig Brackenrig

Address 833 Collins St, Docklands VIC 3008

Email address Craig.Brackenrig@anz.com

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By email to the nominated email	The first to occur of:



address

- 1 the sender receiving an automated message confirming delivery; or
- 2 two hours after the time that the email was sent (as recorded on the device from which the email was sent) provided that the sender does not, within the period, receive an automated message that the email has not been delivered.

6.3 Notice must not be given by email or other electronic communication

A Notice must not be given by email or other electronic means of communication.

7 General

7.1 Stamp duty

ANZ NOHC:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under or in connection with the Scheme and this deed poll; and
- (b) indemnifies each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in Victoria.
- (b) ANZ NOHC irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. ANZ NOHC irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Waiver

- (a) ANZ NOHC may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) No Scheme Shareholder may rely on words or conduct of ANZ NOHC as a waiver of any right unless the waiver is in writing and signed by ANZ NOHC.
- (c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
------	---------

conduct	includes delay in the exercise of a right.
---------	--



right	any right arising under or in connection with this deed poll and includes the right to rely on this clause.
--------------	---

waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.
---------------	---

7.4 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the First Court Date, the variation is agreed to by ANZBGL; or
- (b) if on or after the First Court Date, the variation is agreed to by ANZBGL and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event ANZ NOHC will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of ANZ NOHC and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

- (a) The rights created by this deed poll are personal to ANZ NOHC and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of ANZ NOHC.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Further action

ANZ NOHC must, at its own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.



HERBERT
SMITH
FREEHILLS

Signing page

Executed as a deed poll

EXECUTED for and on behalf of
ANZ GROUP HOLDINGS LIMITED

ACN 659 510 791 under Power of Attorney
dated 24 October 2022 by Craig Brackenrig
who certifies that he is a Senior Executive and
that he has not received notice of revocation
of that Power in the presence of: Yael Boneh

)
)
)
)
)
)
)

C. Brackenrig
Signature of Attorney

[Signature]
Signature of Witness

833 Collins Street VIC 3008

Address of Witness

I confirm that this document was signed in
counterpart and witnessed over audio visual
link in accordance with section 14G of the
Electronic Transactions Act 2000 (NSW).

ANNEXURE 5

NOTICE OF SCHEME MEETING

ANZ 2022
SCHEME MEETING

Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (**ANZ**) gives notice that, by order of the Federal Court of Australia (**Court**) pursuant to section 411(1) of the Corporations Act, a meeting of holders of fully paid ordinary shares in ANZ (**Scheme Meeting**) will be held on Thursday, 15 December 2022 at the later of 12:00pm (Adelaide Time) or the conclusion (or adjournment) of ANZ's 2022 Annual General Meeting (**AGM**).

CONTENTS

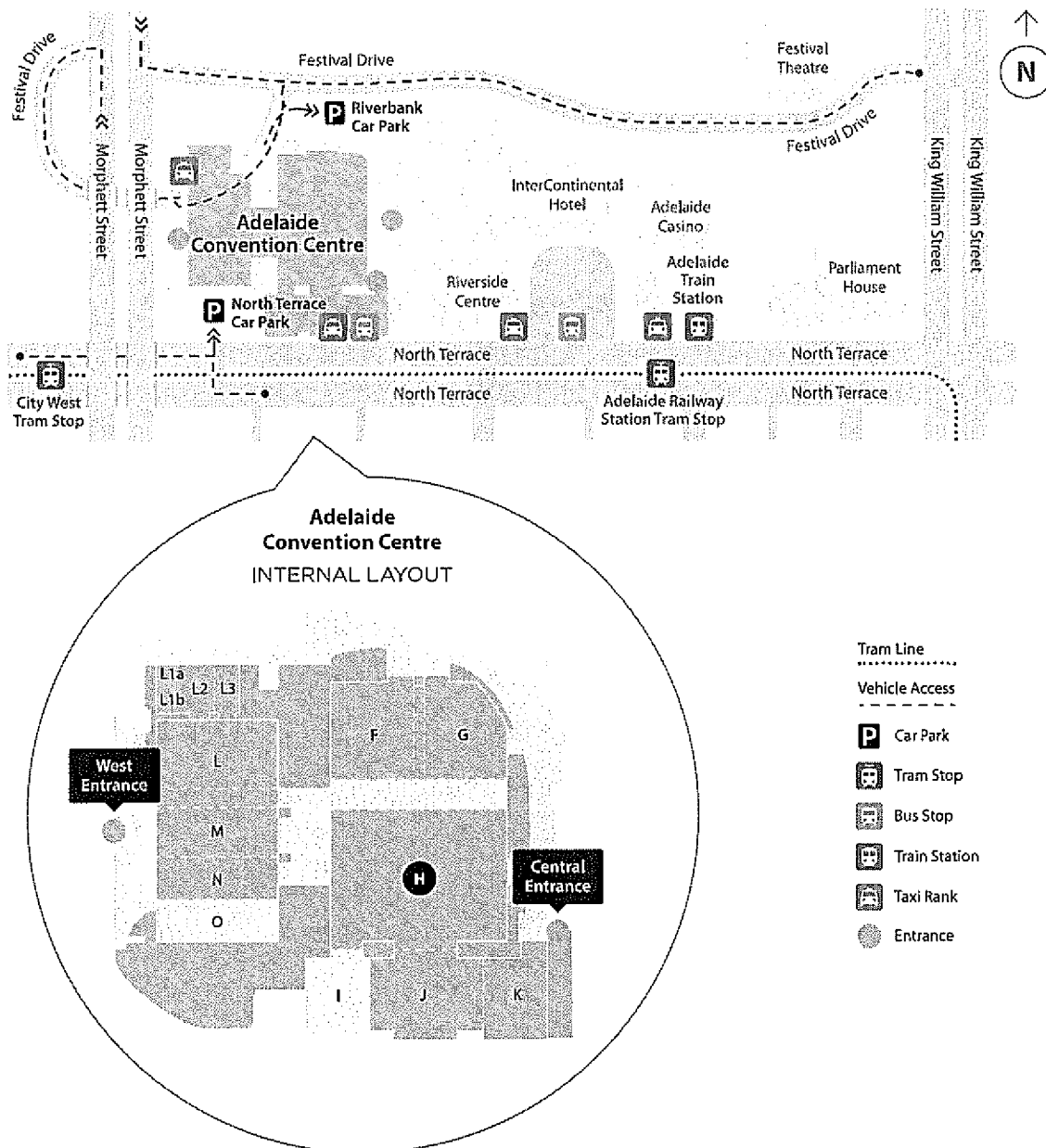
Time and location of the Scheme Meeting
Important Dates
ANZ Shareholder Centre Website
Explanatory Memorandum
Scheme Meeting
How Business will be conducted at the Meeting
Discussion and asking questions
Hybrid Scheme Meeting, webcast and photography
Notice of Scheme Meeting
Explanatory Notes

TIME AND LOCATION OF THE SCHEME MEETING

Thursday, 15 December 2022

To be held at the later of 12:00pm (Adelaide Time) or the conclusion (or adjournment) of ANZ's 2022 Annual General Meeting (AGM)

Adelaide Convention Centre
Hall H, North Terrace
Adelaide SA 5000





Join the meeting online

To participate online visit <https://meetnow.global/ANZ2022> on your smartphone, tablet, or computer.

You will need the latest versions of Chrome, Firefox, Safari & Edge. Please ensure your browser is compatible. Refer to the instructions on the Online Meeting Guide document.



Join the meeting in person

ADELAIDE CONVENTION CENTRE (ACC)

The Adelaide Convention Centre (ACC) is located in the central business district off Adelaide, South Australia. The fully-equipped centre is close to public transport hubs and just 15 minutes by car from Adelaide Airport.

TRAVELLING BY PUBLIC TRANSPORT

Trams

Air-conditioned trams stop outside the Adelaide Convention Centre. Trips within the city centre are free. The route runs from Glenelg via Rundle Mall and the Central Market. Further information can be accessed at www.adelaidemetro.com.au

Suburban Rail

The main railway station is right next door to the Adelaide Convention Centre and it provides access from Adelaide's major suburban centres. Further information can be accessed at www.adelaidemetro.com.au

Taxi

A taxi rank is positioned immediately in front of the Adelaide Convention Centre on North Terrace. Additional ranks exist along North Terrace within close proximity.

Car

There are two car parks available for visitors to the Adelaide Convention Centre, namely the Riverbank and North Terrace car parks which are open 24 hours/day, 7 days a week. The car parks are situated under the Convention Centre (Riverbank) and beneath the Exhibition Hall.

Important Dates

All times are given in Australian Central Daylight Time (Adelaide Time) unless otherwise specified.

13 December 2022

3:30pm (Adelaide Time)

Latest time for receipt of proxy appointments

15 December 2022

Scheme Meeting to be held at the later of 12:00pm (Adelaide Time) or the conclusion (or adjournment) of ANZ's 2022 Annual General Meeting (AGM).

ANZ Shareholder Centre Website

Shareholders are able to view information in the manner that best suits them on our website: anz.com/shareholder/centre. Documents are available in various formats.

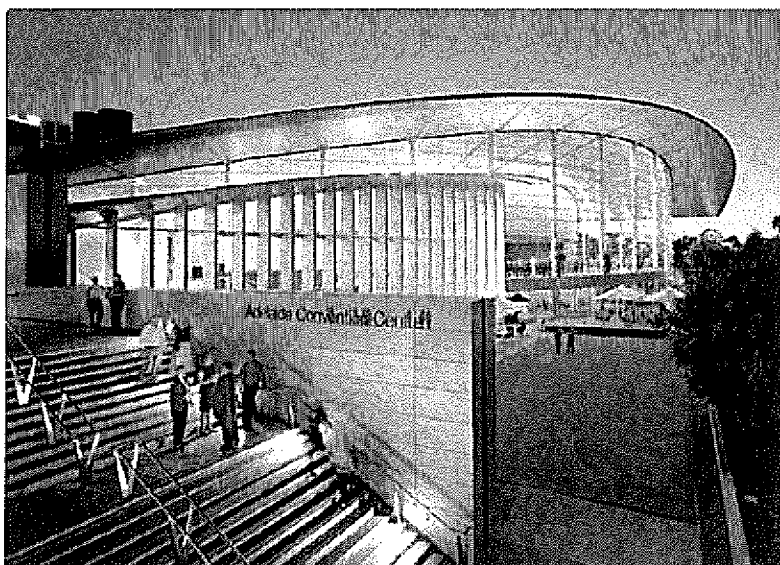
Explanatory Memorandum

ANZ proposes to establish a non-operating holding company as the new listed parent company of the ANZ Group and to separate ANZ's banking and certain non-banking businesses within the ANZ Group ("Restructure"). As part of that process, ANZ is required to convene a meeting of ANZ shareholders to consider and vote on a scheme of arrangement ("Scheme Meeting"), which is one of the steps required to implement the Restructure. The Explanatory Memorandum (also referred to as the Scheme Booklet) as announced to the ASX, provides the important information you need to help you decide on how to vote at the Scheme Meeting.

These documents are available at anz.com/schememeeting or by calling the Share Registrar on 1800 11 33 99 (within Australia) or (+61 3) 9415 4010 (outside Australia) to request a hard copy.



Scheme Booklet
anz.com/schememeeting



SCHEME MEETING

Thursday, 15 December 2022

Commencing at the later of 12:00 pm (Adelaide Time), or the conclusion (or adjournment) of ANZ's 2022 Annual General Meeting.

Registration opens

For those shareholders attending the meeting online – please log onto your electronic device and register your attendance

(you will need your SRN/HIN number in order to login to the online Meeting platform. For Proxyholders, a login will be provided to you by Computershare)

Scheme Meeting commences

- Welcome to Shareholders – Chairman
- Chief Executive Officer's presentation
- Item of Business

How business will be conducted at the meeting

The Scheme Meeting is an important event and we encourage shareholders to actively participate.

Important information about the conduct of the Scheme Meeting is set out below.

Discussion and asking questions

Discussion will take place on the item of business that is put to the Meeting – refer to "Business" and "Explanatory Notes" sections for further information relating to the items of business.

Shareholders as a whole will have a reasonable opportunity to ask questions at the Scheme Meeting and also via the online platform or verbally by phone.

To ensure that as many shareholders as possible have the opportunity to participate, shareholders are requested to observe the following guidelines:

- all shareholder questions should be stated clearly and should be relevant to the business of the Scheme Meeting;
- if a shareholder has more than one question on an item of business, all questions should be asked at the one time; and
- shareholders should not ask questions at the Scheme Meeting relating to any matters that are personal to the shareholder or commercial in confidence.

Shareholders who prefer to register questions in advance of the Scheme Meeting are invited to do so.

A "Questions from Shareholders Form" will be made available on our Website anz.com/schememeeting. You can also submit any questions via the Proxy Voting Link investorvote.com.au/login (Control Nbr 131546).

We will attempt to address as many of the more frequently asked questions as possible in the Chairman's and Chief Executive Officer's presentations to the Scheme Meeting.

Written questions must be received by the Company by 4:30pm (Adelaide Time) on 8 December 2022, and can be submitted online, by mail, or email as set out on the top of the Questions from Shareholders Form.

Hybrid Scheme Meeting, webcast and photography

We have arranged for the Scheme Meeting to be filmed and broadcast via a webcast which can be viewed at anz.com/schememeeting.

After the Meeting you can also watch an archived recording on the ANZ website.

We have arranged for photographs to be taken at the Scheme Meeting. If you attend the Meeting in person, you may be included in photographs or the webcast recording.

For the safety and security of all those present at the Scheme Meeting, cameras and recording devices are not permitted.

Participating and voting online

For those shareholders who are attending the Scheme Meeting online, the Scheme Meeting will be webcast live online for participation and voting by shareholders and proxyholders via the online Meeting Platform at <https://meetnow.global/ANZ2022>.

To participate you will need a computer or mobile/tablet device with internet access. When you log onto the Online platform on the day of the Scheme Meeting, you will need to provide your details (including SRN or HIN) to be verified as a shareholder or proxyholder. Proxyholders will need their login details which will be provided by Computershare no later than 24 hours before the Meeting. Following this you will be given details as to how to vote and ask questions online during the Scheme Meeting.

More information about how to use the Scheme Meeting online platform (including how to vote and ask questions online during the Scheme Meeting) is available in the Online Meeting Guide and Online Frequently Asked Questions document, which have been lodged with ASX and are available at anz.com/schememeeting. If you intend to use the online platform, we recommend that you test to see that it works on your device before the Scheme Meeting commences.

Further instructions on device configurations are provided in the Online Meeting Guide.

Alternatively, shareholders may listen to the proceedings of the Scheme Meeting by dialing:

Country	Number	Guest Passcode
Australia	1800 173 224/ 1800 556 264	7500882
New Zealand	0800 452 794/ 0800 880 585	7500882
Worldwide	+61 7 3107 0200	7500882

If you wish to ask a question over the phone, please register follow the details below:

To register call the Share Registrar on 1800 11 33 99 or +61 3 9415 4010 and press option 3 (ANZ Meeting Phone conference details) to request a PIN and the conference call number.

See question 20 in the Frequently Asked Questions document for further details.

In addition to the above, shareholders can also watch an archived recording of the webcast after the Meeting at anz.com/schememeeting.

NOTICE OF SCHEME MEETING

Australia and New Zealand Banking Group Limited ABN 11 005 357 522

Notice of meeting

Australia and New Zealand Banking Group Limited ABN 11 005 357 522 (ANZ) gives notice that, by order of the Federal Court of Australia (Court) pursuant to section 411(1) of the Corporations Act, a meeting of holders of fully paid ordinary shares in ANZ (Scheme Meeting) will be held on Thursday, 15 December 2022 at the later of 12.00pm (Adelaide time) or the conclusion (or adjournment) of ANZ's 2022 Annual General Meeting (AGM).

The Scheme Meeting will be held at The Adelaide Convention Centre, North Terrace, Adelaide and online at <https://meetnow.global/ANZ2022>.

Business of the Scheme Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree (with or without modification or conditions) to the following resolution (Scheme Resolution):

"That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed between Australia and New Zealand Banking Group Limited and the holders of its fully paid ordinary shares as contained in and more precisely described in the Explanatory Memorandum of which the notice convening this meeting forms part, is approved (with or without modification as approved by the Federal Court of Australia)."

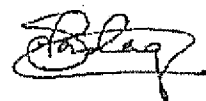
Explanatory notes and other information

Terms used in this notice have the same meaning as set out in the Glossary in section 11 of the Explanatory Memorandum

(of which this Notice of Scheme Meeting forms part), unless indicated otherwise.

If you would like to receive a hard copy of this Notice of Scheme Meeting, please contact the ANZ Shareholder Information Line on 1800 11 33 99 (within Australia) or +61 3 9415 4010 (outside Australia). This line is open between 8.00am and 4.30pm (Adelaide time), Monday to Friday (excluding public holidays).

By order of the Court and the Board of Australia and New Zealand Banking Group Limited.



Simon Pordage – Company Secretary
Australia and New Zealand Banking Group Limited

27 October 2022

Explanatory notes

1. General

This notice of meeting and the Scheme Resolution should be read in conjunction with the explanatory memorandum of which this notice forms part (Explanatory Memorandum). The Explanatory Memorandum provides the important information you need to help you decide on how to vote on the Scheme Resolution.

Unless otherwise defined, terms used in this notice have the same meaning as set out in the Glossary in section 10 of the Explanatory Memorandum.

2. Eligibility to participate in and vote at the Scheme Meeting

For the purpose of voting at the Scheme Meeting, ANZ Shareholders will be entitled to participate in and vote at the Scheme Meeting if they are a registered holder of ANZ Shares on the ANZ Share Register as at 6.30pm (Adelaide time) on Tuesday, 13 December 2022. This means that transfers of ANZ Shares registered after that time will be disregarded in determining entitlements to participate in the Scheme Meeting and vote on the Scheme Resolution.

3. Required majorities at the Scheme Meeting

In accordance with section 411(4)(a) of the Corporations Act, for the Scheme to be approved by ANZ Shareholders, the Scheme Resolution must be passed by:

- unless the Court orders otherwise, a majority in number (more than 50%) of ANZ Shareholders present and voting (either in person or by proxy); and
- at least 75% of the votes cast on the Scheme Resolution.

4. Participation in the Scheme Meeting

ANZ Shareholders will have the opportunity to participate in the Scheme Meeting in the following ways:

- **in person** by attending Scheme Meeting held at The Adelaide Convention Centre, North Terrace, Adelaide immediately after the AGM but not before 12.00pm (Adelaide Time);
- **online** by participating and voting online at <https://meetnow.global/ANZ2022>;
- **lodge a proxy** in advance of the Scheme Meeting; or
- **lodge questions** in advance of the Scheme Meeting.

(a) Participating and voting in person

If you are attending the AGM prior to the Scheme Meeting, you may remain in the venue following the conclusion (or adjournment) of the AGM. The Scheme Meeting will commence immediately after the conclusion (or adjournment) of the AGM but not before 12.00pm (Adelaide time).

If you are not attending the AGM prior to the Scheme Meeting, you should arrive at the Scheme Meeting venue 30 minutes before the time designated for the Scheme Meeting. This will allow time for your shareholding to be checked against the ANZ Share Register and attendance noted, or any power of attorney or certificate of appointment of corporate representative to be verified, and attendance noted.

Alternative arrangements

In the lead up to the Scheme Meeting, ANZ will be closely monitoring the COVID-19 situation in Adelaide. If it becomes necessary or appropriate to make alternative or supplementary arrangements to hold the Scheme Meeting to those set out in this notice, ANZ Shareholders will be given as much notice as possible. Information relating to any alternative or supplementary

arrangements will be communicated to ANZ Shareholders by way of an announcement to the ASX and published on ANZ's website at anz.com/schememeeting.

(b) **Participating and voting online**

ANZ Shareholders (or their proxies, attorneys or authorised corporate representatives) will be able to participate in the Scheme Meeting including to vote and ask questions, in real-time online at <https://meetnow.global/ANZ2022>. ANZ Shareholders can access the Scheme Meeting online using a computer, tablet or mobile device with an internet connection. The link to attend the Scheme Meeting and AGM online is the same for both meetings.

By participating in the Scheme Meeting online, you will be able to:

- hear the meeting discussion and view presentation slides;
- ask questions while the Scheme Meeting is progressing; and
- vote during the Scheme Meeting.

If you intend to participate in the Scheme Meeting online, we recommend that you test to see that it works on your device before the Scheme Meeting commences in accordance with the instructions below.

- ANZ Shareholders can register to participate in the Scheme Meeting online by entering the following URL in their browser <https://meetnow.global/ANZ2022>. As the Scheme Meeting is being held after the AGM, ANZ Shareholders may register for the Scheme Meeting any time after registration for the AGM has opened. Registration for the AGM will open at 9.00am (Adelaide Time) (being 1 hour before the start of the AGM); and
- ANZ Shareholders will need the following details in order to log in to the Scheme Meeting online:
 - Securityholder Reference Number (SRN) or Holder Identification Number (HIN); and postcode registered on your holding if you are an Australian shareholder. If you are an overseas shareholder, select the country registered on your holding from the drop-down menu.

If you are attending the AGM online, and intend to participate in the Scheme Meeting online, we recommend that you stay logged in following the conclusion (or adjournment) of the AGM in order to participate in the Scheme Meeting. The Scheme Meeting will commence immediately after the conclusion (or adjournment) of the AGM but not before 12.00pm (Adelaide time).

Proxyholders will need to contact Computershare Investor Services on +61 3 9415 4024 no later than 1 hour before the Scheme Meeting to obtain a unique email invitation link to participate online.

Online voting will be open between the commencement of the Scheme Meeting on Thursday, 15 December 2022 and the time at which the chair of the Scheme Meeting announces the poll is closed.

Further information on how to participate and vote online, and ask questions during the Scheme Meeting, is set out later in this notice and in the Online Meeting Guide available at anz.com/schememeeting.

Technical difficulties

Technical difficulties may arise during the Scheme Meeting. The chair of the Scheme Meeting has discretion as to whether and how the Scheme Meeting should proceed if a technical difficulty arises. In exercising their discretion, the chair will have regard to the number of ANZ Shareholders impacted and the extent to which participation in the business of the Scheme Meeting is affected.

Where considered appropriate, the chair of the Scheme Meeting may continue to hold the meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, ANZ Shareholders are encouraged to lodge a proxy vote, even if they plan to attend the Scheme Meeting in person or online.

In the event of a technological failure that prevents ANZ Shareholders from having a reasonable opportunity to participate in the Scheme Meeting, ANZ will provide an update on its website and the ASX platform to communicate the details of any postponement or adjournment of the Scheme Meeting to ANZ Shareholders.

5. How to vote

Voting at the Scheme Meeting will be conducted by poll.

If you are an ANZ Shareholder entitled to vote at the Scheme Meeting, you may vote:

- **in person**, by attending the Scheme Meeting held at The Adelaide Convention Centre, North Terrace, Adelaide on 15 December 2022 immediately after the AGM but not before 12.00pm (Adelaide time);
- **online**, by participating and voting online at <https://meetnow.global/ANZ2022>;
- **by proxy**, by completing a proxy form online at www.investorvote.com.au or by completing, signing and lodging a paper proxy form for the Scheme Meeting in accordance with the instructions set out on the form. To be valid, your proxy form (online or paper) must be received by the ANZ Share Registry by 3.30pm (Adelaide Time) on 13 December 2022;
- **by attorney**, by appointing an attorney to attend and vote at the Scheme Meeting on your behalf and providing a duly executed power of attorney to the ANZ Share Registry by 3.30pm (Adelaide Time) on 13 December 2022; or
- **by corporate representative**, if you are a body corporate, by appointing a corporate representative to attend and vote at the Scheme Meeting on behalf of that ANZ Shareholder. The representative needs to provide a duly executed certificate of appointment (in accordance with the Corporations Act) to be admitted to the Scheme Meeting.

6. Jointly held ANZ Shares

If ANZ Shares are jointly held, each of the joint ANZ Shareholders is entitled to vote. However, if more than one ANZ Shareholder votes in respect of jointly held ANZ Shares, only the vote of the shareholder whose name appears first on the ANZ Share Register will be counted.

7. How to ask questions

(a) During the Scheme Meeting

ANZ Shareholders will have a reasonable opportunity to ask questions or make comments about the Scheme and Restructure at the Scheme Meeting in person, online or verbally by phone.

More information on how to ask questions during the Scheme Meeting online is set out in the Online Meeting Guide and the Frequently Asked Questions document available at anz.com/schememeeting.

To ask a question verbally by phone, ANZ Shareholders can call the ANZ Shareholder Information Line on 1800 11 33 99 (within Australia) or +61 3 9415 4010 to request a PIN and the conference call number.

(b) In advance of the Scheme Meeting

A Scheme Meeting Questions Form will be made available on the ANZ website at anz.com/schememeeting.

Questions must be received by 4.30pm (Adelaide Time) on Thursday, 8 December 2022, and can be submitted online, or by mail, fax, or email as set out on the top of the Scheme Meeting Questions Form.

8. How to submit a proxy

To appoint a proxy, you should complete and submit the proxy form in accordance with the instructions on that form.

- **online:** submitting it online at www.investorvote.com.au by following the prompts;
- **by mobile device:** if you have a smart phone or other compatible mobile device, you can lodge your vote via the ANZ Share Registry's voting website by scanning the QR code on the front of the proxy form. Log-in using the SRN/HIN and postcode for your shareholding;
- **by post:** posting it to the ANZ Share Registry, Computershare Investor Services Pty Ltd in the reply paid envelope provided (where applicable) or to the following address:
Australia and New Zealand
Banking Group Limited
C/- Computershare
Investor Services Pty Ltd
GPO Box 242
Melbourne VIC 3001
Australia

- **by hand delivery:** depositing it at the ANZ Share Registry, Computershare Investor Services Pty Ltd, during normal business hours at the following address:
452 Johnston Street
Abbotsford VIC 3067; or

- **by fax:** faxing it to the ANZ Share Registry on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

If you complete and return a proxy form, you may still attend the Scheme Meeting in person or online. At registration you will have the opportunity to revoke your proxy appointment and vote at the meeting. Or you may allow the proxy appointment to stand and vote as per your voting instructions and attend as a non-voting shareholder which will allow you to ask questions.

9. Proxy voting by the chair of the Scheme Meeting

If the chair of the Scheme Meeting is a proxy, either by appointment or default, and the appointment does not provide any voting directions on the proxy form, by signing and returning the proxy form, the ANZ Shareholder will be expressly authorising the chair of the Scheme Meeting to cast their vote on the Scheme Resolution as the chair of the Scheme Meeting sees fit.

The chair of the Scheme Meeting intends to vote undirected proxies in favour of the Scheme Resolution.

10. Court approval

In accordance with section 411(4)(b) of the Corporations Act, to become Effective, the Scheme must be approved by the order of the Court. If the Scheme Resolution set out in this notice is agreed to by the required majorities set out above and the conditions set out in the Scheme are satisfied or waived (where capable of waiver), ANZ will apply to the Court for the necessary orders to give effect to the Scheme.

The ANZ Directors recommend you vote "Yes" in favour of the Scheme.



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Australia and New Zealand Banking Group Limited (ANZ) ABN 11 005 357 522.
ANZ's colour blue is a trade mark of ANZ.

ANNEXURE 6

APRA CONDITIONS



Authority to be a NOHC of an ADI 2022 – ANZ Group Holdings Limited

Banking Act 1959

To: ANZ Group Holdings Limited ACN 659 510 791 (the NOHC)

I, Therese McCarthy Hockey, a delegate of APRA, under subsection 11AA(2) of the *Banking Act 1959* (the Act), GRANT the NOHC an authority to be a NOHC of an ADI.

Under subsection 11AAA(1) of the Act, I IMPOSE on this NOHC authority the conditions specified in the schedule.

This instrument commences on the day the restructure arrangement takes effect.

Dated: 4 October 2022

Therese McCarthy Hockey
Executive Director
Banking Division

Interpretation

In this instrument:

APRA means the Australian Prudential Regulation Authority.

ADI has the meaning given in subsection 5(1) of the Act.

NOHC has the meaning given in subsection 5(1) of the Act.

NOHC authority has the meaning given in subsection 5(1) of the Act.

restructure arrangement means the arrangement set out in the Federal Court of Australia matter of Australia and New Zealand Banking Group Limited (File number VID536/2022).

Notes

APRA is required to publish this instrument in the *Gazette*, and may also publish this instrument in any other way that APRA considers appropriate.

This NOHC authority operates as an authority in relation to the NOHC and any ADIs that are subsidiaries of the NOHC from time to time.

A decision to impose conditions on a NOHC authority is a decision to which Part VI of the Act applies. You may request APRA reconsider the decision in accordance with subsection 51B(1) of the Act. The request for

reconsideration must be made in writing, must state the reasons for the request, and must be given to APRA within 21 days after the day on which you first received notice of this decision, or within such further period as APRA allows. If you are dissatisfied with the outcome of APRA's reconsideration of the decision, you may, subject to the *Administrative Appeals Tribunal Act 1975*, apply to the Administrative Appeals Tribunal for review of the reconsidered decision. The address where written notice may be given to APRA is Level 12, 1 Martin Place, Sydney NSW 2000.

Schedule – conditions on the NOHC authority

Capital

1. The NOHC must calculate and manage capital for the Non-Bank Group in accordance with an Economic Capital Model (ECM). The NOHC must ensure that the capital is held as Common Equity Tier 1 Capital within the Non-Bank Group at all times and that the ability of the NOHC's prudentially regulated subsidiaries to meet their obligations to depositors, policy holders or beneficiaries is not adversely impacted by risks emanating from the Non-Bank Group.
2. The ECM must be subject to appropriate governance, oversight and independent assurance.
3. The NOHC must always ensure that the quality and quantity of the total capital of the NOHC's Level 3 group is equivalent to, or greater than, the quality and quantity of the sum of the total capital of the consolidated Bank Group and the consolidated Non-Bank Group (adjusted as required to exclude any external capital raised directly by any Level 3 institution), unless otherwise agreed with APRA.
4. The NOHC must ensure that the Internal Capital Adequacy Assessment Process (ICAAP) for the Bank Group includes an assessment of contagion risk from exposure to the NOHC and the Non-Bank Group.
5. The NOHC must provide any information requested by APRA that APRA considers necessary to assess the prudential risks of the NOHC's Level 3 group, including any information about the NOHC or the Non-Bank Group. The NOHC must provide quarterly reports to APRA, in a form acceptable to APRA and commencing with the quarter ending 31 March 2023, on capital adequacy, funding and exposures (a) between the Bank Group and the NOHC, and (b) between the Bank Group and the Non-Bank Group. Each report must be provided within 20 business days of the end of the quarter to which it relates, or within such further time as APRA may agree in writing.

Governance

6. The NOHC must ensure that the Boards of the ADI and the Bank Holding Company each have at least one independent director who is not also a director of the NOHC or a company in the Non-Bank Group. The NOHC must ensure that the Chair, and a majority of the members, of the Board of the NOHC are not executives of any Level 3 institution.

Activities

7. The NOHC must not undertake any activities, other than those set out below, unless the NOHC has obtained prior written agreement from APRA:
 - (a) hold investments in its subsidiaries;

- (b) raise funds to invest in, or to provide support to, its subsidiaries;
 - (c) hold properties used by other Level 3 institutions;
 - (d) raise funds to conduct activities permitted under these conditions;
 - (e) invest funds on behalf of the NOHC's Level 3 group;
 - (f) provide executive leadership across the NOHC's Level 3 group;
 - (g) activities that must be undertaken by a Level 3 Head to meet its obligations under APRA's Prudential Standards, activities that the NOHC is required to undertake under a law, listing rule or requirement of any governmental agency or regulatory body; and
 - (h) activities that relate to undertaking a 'corporate centre' role including group financial control, group treasury activities, risk management, settlements, information technology, human resources, financial reporting, taxation and other group services such as company secretarial services. These roles may be performed by companies in the Bank Group or service subsidiaries of the NOHC formed for that purpose.
- 8. The NOHC must not:
 - (a) itself issue deposit liabilities;
 - (b) trade in financial instruments (other than for hedging for the purposes of carrying on the activities specified in paragraphs (a) to (e) of condition 7);
 - (c) provide security over investments in its subsidiaries except with APRA's prior written agreement;
 - (d) conduct any other business that is not in connection with the activities specified in condition 7; and
 - (e) provide material guarantees of the obligations of its subsidiaries except with APRA's prior written agreement (including any related or similar guarantees that may be collectively material).
- 9. The NOHC must not start any material business activity in the Non-Bank Group unless the NOHC has obtained prior written confirmation that APRA has no objection, and must consult with APRA in relation to any business in the Non-Bank Group that becomes material over time. The NOHC must ensure that the Non-Bank Group transfers to the Bank Group any activity that APRA notifies in writing to constitute an activity APRA determines may give rise to a prudential risk if retained by the Non-Bank Group.
- 10. The NOHC must ensure that all services that are, or business that is, critical to the operations of the ADI are conducted within the ADI, or that the ADI will at all times have satisfactory access to the services or business if they are provided by third parties, including in the event of the exercise of APRA's resolution powers.
- 11. The NOHC must ensure that all critical functions are conducted within the ADI. Where a function is developed in the Non-Bank Group that becomes a critical function, it must be expeditiously transferred into the Bank Group.
- 12. The NOHC must ensure that all activities of the Non-Bank Group that are not required or related to the business of the Bank Group are financially and operationally separable from the Bank Group immediately in resolution.

13. The NOHC must ensure that the NOHC's Level 3 group does not carry on any activities that pose excessive risk to the ADI. The NOHC must ensure that the Bank Group transfers to the Non-Bank Group any activities that APRA notifies in writing to constitute an undue risk to the ADI.

Interpretation

In this schedule:

Bank Group means the group of companies at Level 2 (within the meaning given in *Prudential Standard APS 001 Definitions*) of which the Bank Holding Company is the parent company.

Bank Holding Company means ANZ BH Pty Ltd ACN 658 939 952.

Common Equity Tier 1 Capital has the meaning given in *Prudential Standard APS 111 Capital Adequacy: Measurement of Capital*.

critical function means any function provided by an APRA-regulated entity that is important to financial system stability or the availability of essential financial services to a particular industry or community.

Internal Capital Adequacy Assessment Process (ICAAP) has the meaning given in *Prudential Standard APS 110 Capital Adequacy*.

Level 3 group has the meaning given in *Prudential Standard 3PS 001 Definitions*.

Level 3 Head has the meaning given in *Prudential Standard 3PS 001 Definitions*.

Level 3 institution means an institution that is a member of the NOHC's Level 3 group.

Non-Bank Group means all Level 3 institutions other than the NOHC and companies in the Bank Group.

prudentially regulated subsidiaries of the NOHC are those subsidiaries that are *bodies regulated by APRA* within the meaning given in the *Australian Prudential Regulation Authority Act 1998*.

the ADI means Australia and New Zealand Banking Group Limited ACN 005 357 522.

the NOHC means ANZ Group Holdings Limited ACN 659 510 791.

Unless the contrary intention appears, a reference in this schedule to an Act or Prudential Standard is a reference to the Act or Prudential Standard as in force from time to time.

CORPORATE DIRECTORY

Australia and New Zealand

Banking Group Limited

ANZ Centre Melbourne

Level 9, 833 Collins Street

Docklands VIC 3008 Australia

ANZ Group Holdings Limited

ANZ Centre Melbourne

Level 9, 833 Collins Street

Docklands VIC 3008 Australia

Legal adviser

Herbert Smith Freehills

80 Collins Street

Melbourne VIC 3000

Australian taxation adviser

King & Wood Malletsons

Level 27, Collins Arch

447 Collins Street

Melbourne VIC 3000

Independent Expert

Grant Samuel & Associates Pty Limited

Level 19 Governor Macquarie Tower, 1 Farrer Place

Sydney NSW 2000

ANZ Share Registry and

ANZ NOHC Share Registry

Computershare Investor Services Pty Ltd

GPO Box 2975

Melbourne VIC 3001

