

FINAL TERMS SHEET

as at 7 July 2022

FOR AN ISSUE OF NZ\$550 MILLION
PERPETUAL PREFERENCE SHARES

JOINT LEAD MANAGERS:



FORSYTH BARR

HOBSON
WEALTH



JARDEN



This final terms sheet (**Terms Sheet**) is a summary only. More details are contained in the Product Disclosure Statement for the Offer dated 23 June 2022 (**PDS**). The PDS is available free of charge on the online Disclose Register maintained by the Companies Office at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13332) or can be obtained from the Joint Lead Managers or your usual financial advice provider. Capitalised terms used but not defined in this Terms Sheet have the meaning given to them in the PDS unless the context otherwise requires.

These PPS do not have the same rights (including voting rights) or privileges, or the same opportunity to increase in value, as ordinary shares. Scheduled distributions may be cancelled and ANZ is under no obligation to pay cancelled distributions at a later date. The PPS are perpetual and have no fixed term. Holders have no right to require repayment for any reason.

Australia and New Zealand Banking Group Limited (**ANZBGL**) does not guarantee or support ANZ Bank New Zealand Limited (**ANZ**) or the PPS being issued. The PPS do not represent deposits or other liabilities of ANZBGL. Holders are exposed to investment risks, including those set out in the previous paragraph and loss of income and principal invested. You should read the PDS before deciding to invest in the PPS. You can also seek advice from a financial advice provider to help you make an investment decision.

KEY DATES FOR THE OFFER

PDS registration	Thursday, 23 June 2022
Opening Date	Monday, 4 July 2022
Closing Time	12.00pm on Thursday, 7 July 2022
Rate Set Date	Thursday, 7 July 2022
Issue Date	Monday, 18 July 2022
Expected date of quotation on the NZX Debt Market	Tuesday, 19 July 2022

KEY DATES FOR THE PPS

Term	The PPS have no fixed term
Optional Redemption Dates	Tuesday, 18 July 2028 (First Optional Redemption Date) and each Scheduled Distribution Payment Date (defined below) after that date
First Distribution Payment Date	Tuesday, 18 October 2022
Distribution Payment Dates	<p>Distributions on the PPS are scheduled to be paid in arrear:</p> <ul style="list-style-type: none"> quarterly on 18 January, 18 April, 18 July and 18 October in the period from the Issue Date until (but excluding) the Redemption Date (Scheduled Distribution Payment Dates); and on the Redemption Date. <p>Distributions are discretionary and subject to conditions (see below).</p> <p>"Redemption Date" means the date on which the PPS are redeemed if ANZ exercises its redemption option (as described below).</p>

PERPETUAL PREFERENCE SHARES

Issuer	ANZ Bank New Zealand Limited (ANZ)		
Description	Perpetual preference shares (PPS)		
Purpose	<p>The Offer will raise Additional Tier 1 Capital to help ANZ meet its regulatory capital requirements and manage its capital position.</p> <p>The proceeds of the Offer will be used for ANZ's general corporate purposes.</p>		
Issue amount	NZ\$550 million		
Regulatory treatment	Additional Tier 1 Capital		
Credit ratings		Senior credit rating of ANZ	Credit rating of the PPS
	S&P Global Ratings	AA- (Stable)	BBB
	Fitch	A+ (Stable)	
	Moody's Investors Service	A1 (Stable)	
	A credit rating is not a recommendation by any rating organisation to buy, sell or hold the PPS and may be subject to revision or withdrawal at any time.		
Legal form	Equity		
Accounting form	Equity		
Ranking and rights in liquidation	<p>In a liquidation of ANZ each PPS confers upon the Holder, in the distribution of surplus assets of ANZ, the right to payment of an amount equal to the Issue Price, which ranks:</p> <ul style="list-style-type: none"> behind the claims of all depositors and holders of other liabilities, securities, instruments and other obligations of ANZ (including Tier 2 Capital instruments), except for the rights and claims described below; equally with the rights of other Holders and the rights and claims of holders of any other preference shares, securities or other instruments that rank equally with the PPS; and ahead of the rights of ANZ's ordinary shareholders. <p>In a liquidation of ANZ, it is unlikely that there will be surplus assets available for the liquidator to pay any amount to Holders in respect of the PPS.</p>		
No guarantee	The PPS are not guaranteed by ANZBGL, any of ANZ's subsidiaries or any other person		
Not deposit liabilities	<p>The PPS are not deposit liabilities of ANZ. The PPS do not represent deposits or other liabilities of ANZBGL.</p> <p>ANZ is not an authorised deposit-taking institution under the Banking Act 1959 of Australia (Banking Act). The depositor protection provisions in Division 2 of Part II of the Banking Act do not apply to ANZ. The PPS are not "protected accounts" or "deposit liabilities" within the meaning of the Banking Act and an investment in the PPS is not covered by the Australian Government's Financial Claims Scheme.</p>		
Issue Price	NZ\$1.00 per PPS		
ANZ redemption option	<p>ANZ may at its option redeem all of the PPS:</p> <ul style="list-style-type: none"> on an Optional Redemption Date; or at any time following the occurrence of a Tax Event or Regulatory Event, but only if the Redemption Conditions are satisfied 		

Redemption Conditions	<p>ANZ may only exercise its redemption option if:</p> <ul style="list-style-type: none"> (i) either <ul style="list-style-type: none"> • prior to, or concurrent with, redemption, ANZ replaces the PPS with a paid-up capital instrument of the same or better quality and contributing at least the same regulatory capital amount (for the purposes of the Reserve Bank capital adequacy requirements applying to ANZ at the relevant time), the terms and conditions of which are sustainable for the income capacity of the ANZ Group; or • if ANZ does not intend to replace the PPS, ANZ has demonstrated to the Reserve Bank's satisfaction that, after the redemption, the ANZ Group's capital ratios would be sufficiently above their respective minimums and its prudential capital buffer ratio would be sufficiently above its buffer trigger ratio; (ii) ANZ has provided to the Reserve Bank any required information and supporting documentation; (iii) the Reserve Bank has given its prior written approval to the redemption. Approval is at the absolute discretion of the Reserve Bank; and (iv) ANZ will remain Solvent immediately after the redemption and otherwise comply with any applicable law, directive or requirement. <p>"ANZ Group" means ANZ, its wholly owned entities and all other entities consolidated for financial reporting purposes, as specified in its latest financial statements, on a consolidated and not an individual basis.</p>
Amount that is payable to Holders if the PPS are redeemed	Holders will receive the Issue Price if the PPS are redeemed
Holder redemption rights	Holders have no right to require that the PPS be redeemed
Distributions	Distributions on the PPS are expected to comprise a cash amount and imputation credits. The cash amount and imputation credits together will be equal to the Distribution Rate.
Distribution Rate	<p>The Distribution Rate during the Fixed Rate Period is 6.95% per annum.</p> <p>The Distribution Rate will be reset for each Distribution Payment Date during the Floating Rate Period and will be the sum of the 3 Month Bank Bill Rate plus the Issue Margin. If the sum of the 3 Month Bank Bill Rate plus the Issue Margin is less than 0% per annum, the Distribution Rate will be 0% per annum. When the Distribution Rate is reset for a Distribution Payment Date during the Floating Rate Period, the new Distribution Rate will be announced by ANZ via NZX on or about the relevant Base Rate Determination Date.</p>
Fixed Rate Period	The period from the Issue Date to (and including) the First Optional Redemption Date
Floating Rate Period	The period from (but excluding) the First Optional Redemption Date to (and including) the Redemption Date
Base Rate Determination Date	In relation to a Distribution Payment Date during the Floating Rate Period, the previous Scheduled Distribution Payment Date
Issue Margin	<p>3.25% per annum</p> <p>The Issue Margin for the PPS will not change.</p>
3 Month Bank Bill Rate	<ul style="list-style-type: none"> (a) The FRA rate administered by the New Zealand Financial Benchmark Facility (NZFBF) (or any person that takes over the administration of that rate) for bank bills having a term of, or of about, 3 months as displayed at or about 10.45am or such later time as ANZ may determine on the Base Rate Determination Date on Bloomberg BKBK page 'GDCO 2805' (or any successor page); or (b) if that rate is not displayed by 10.45am (New Zealand time) or such later time as ANZ may determine on that date (other than on account of a BKBK Disruption Event), the equivalent rate provided by the NZFBF (or any person that takes over the administration of that rate) at or around that time on that date, <p>in each case expressed as a percentage per annum and rounded, if necessary, to the nearest 4 decimal places with 0.00005% being rounded up</p>
Alternative reference rate	ANZ is able to replace the 3 Month Bank Bill Rate with an alternative reference rate if the 3 Month Bank Bill Rate becomes unavailable

Cash distribution amount	<p>Fixed Rate Period</p> <p>(a) The cash distribution payable on each PPS on each Scheduled Distribution Payment Date during the Fixed Rate Period and on the Redemption Date (if it falls on a date during the Fixed Rate Period that would otherwise be a Scheduled Distribution Payment Date) is calculated according to the following formula:</p> $\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4}$ <p>(b) The cash distribution payable on each PPS on the Redemption Date (if it falls on a date during the Fixed Rate Period that would not otherwise be a Scheduled Distribution Payment Date) is calculated according to the following formula:</p> $\text{Cash distribution payable} = \left(\frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price}}{4} \right) \times \frac{A}{B}$ <p>Floating Rate Period</p> <p>(c) The cash distribution payable on each PPS on each Distribution Payment Date during the Floating Rate Period and on the Redemption Date (if it falls on a date during the Floating Rate Period) is calculated in accordance with the following formula:</p> $\text{Cash distribution payable} = \frac{\text{Distribution Rate} \times (1 - \text{Tax Rate}) \times \text{Issue Price} \times A}{365}$
	<p>Determining the cash distribution amount</p> <p>For the purposes of determining the cash distribution amount, the Distribution Rate will be expressed as a decimal. In addition:</p> <p>“A” means, in respect of a Distribution Payment Date, the number of days from (and including) the preceding Scheduled Distribution Payment Date (or the Issue Date in the case of the first Distribution Payment Date) to (but excluding) the Distribution Payment Date.</p> <p>“B” means, in respect of a Distribution Payment Date, the number of days from (and including) the preceding Scheduled Distribution Payment Date (or the Issue Date in the case of the first Distribution Payment Date) to (but excluding) the date that would have been the next Scheduled Distribution Payment Date had the PPS not been redeemed.</p> <p>“Tax Rate” means the New Zealand corporate tax rate on the relevant Distribution Payment Date (expressed as a decimal).</p>
Imputation credits	Distributions on the PPS are expected to be fully imputed. If any distribution is not fully imputed, the cash distribution will be increased by an amount in dollars equal to the shortfall in imputation credits.
Distributions are discretionary and subject to conditions	<p>ANZ has full discretion at all times to cancel distributions on the PPS. In addition, the payment of any distribution on any Distribution Payment Date is subject to:</p> <ul style="list-style-type: none"> the payment of the distribution being permitted by ANZ’s conditions of registration as at the time of the payment; and ANZ satisfying the Solvency Condition.
Solvency Condition	<p>The payment of distributions on a Distribution Payment Date and any redemption of the PPS is conditional on ANZ satisfying the Solvency Condition. The Solvency Condition will be satisfied if ANZ:</p> <ul style="list-style-type: none"> is Solvent on the Distribution Payment Date; and remains Solvent immediately after such payment is made. <p>For the purposes of the Solvency Condition, “Solvent” means satisfying the solvency test contained in section 4 of the Companies Act 1993.</p>
Distributions are non-cumulative	<p>Distributions are non-cumulative.</p> <p>This means that if a distribution is not paid for any reason, ANZ is under no obligation to pay that distribution at a later date. Holders have no right to receive it and have no right to take any action against ANZ or any other member of the ANZ Group in relation to that unpaid distribution.</p>

Distribution stopper	<p>If a distribution is not paid in full within 3 Business Days of a Distribution Payment Date, then ANZ must not authorise or pay a dividend on its ordinary shares, acquire its ordinary shares or otherwise undertake a capital reduction in respect of its ordinary shares, unless and until:</p> <ul style="list-style-type: none"> • ANZ pays a distribution in full on a subsequent Distribution Payment Date; or • there are no PPS outstanding
Limited enforcement rights	<p>The terms of the PPS do not include events of default or any other provisions entitling Holders to require that the PPS be redeemed.</p> <p>Holders have no right to apply for the liquidation or administration of ANZ or any other member of the ANZ Group, or to cause a receiver or receiver and manager to be appointed in respect of ANZ or any other member of the ANZ Group on the grounds of ANZ's failure or potential failure to pay distributions on the PPS or for any other reason in connection with ANZ's compliance with the terms of the PPS.</p>
No restrictions on other securities or liabilities	<p>There are no restrictions on ANZ issuing further securities or incurring further liabilities after the PPS have been issued that rank equally with, or in priority to, the PPS in a liquidation of ANZ.</p> <p>ANZ could therefore, at any time after the Issue Date, issue further securities or incur further liabilities that rank equally with or in priority to the PPS.</p>
No voting rights	Holders have no right to attend or vote at meetings of ordinary shareholders of ANZ or any other member of the ANZ Group
No other rights	Holders have no right to subscribe for new securities of ANZ or to participate in any bonus issues of securities of ANZ. Holders have no rights to participate in the profits or property of ANZ, except by receiving distributions on the PPS (which are discretionary and subject to conditions).
Conversion, exchange or non-viability triggers	The PPS have no conversion or exchange options and no non-viability triggers
Business Day (for distribution payment purposes)	A day that is not a Saturday or Sunday and on which banks are open for general business in Auckland and Wellington
Business Day convention (for distribution payment purposes)	<p>If a Distribution Payment Date during the Fixed Rate Period is not a Business Day, ANZ will make payment on the next Business Day, but no adjustment will be made to the amount of distribution payable.</p> <p>If a Distribution Payment Date during the Floating Rate Period is not a Business Day, the Distribution Payment Date will be the next Business Day unless that day falls in the next calendar month, in which case it will be the preceding Business Day, and, in either case, the amount of the distribution paid will be adjusted to reflect the actual payment date.</p>
Record Date	<p>In the case of:</p> <ul style="list-style-type: none"> • distributions, the date which is 10 days before the relevant Distribution Payment Date; or • any redemption, a date determined by ANZ and notified to Holders
Brokerage	0.50% on firm allocations plus 0.50% brokerage, payable by ANZ as issuer
No gross up	There will be no gross up for RWT, NRWT or any other form of withholding
ISIN	NZANBDP001C9
NZX Code	ANZ intends to quote the PPS on the NZX Debt Market. NZX ticker code ANBHC has been reserved for the PPS. NZX takes no responsibility for the content of this terms sheet. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013.
Documents	<p>PDS relating to the offer of PPS dated 23 June 2022.</p> <p>ANZ's constitution.</p> <p>Terms of the PPS.</p> <p>Other documents and information are available on the online Disclose Register maintained by the Companies Office at www.disclose-register.companiesoffice.govt.nz/ (offer number OFR13332).</p>
Governing law	New Zealand

Minimum subscription amount	NZ\$5,000 and in multiples of NZ\$1,000 thereafter
Selling restrictions	<p>The PDS constitutes an offer of PPS to New Zealand retail and institutional investors.</p> <p>The PPS may only be offered for sale and sold in New Zealand.</p> <p>ANZ has not taken and will not take any action which would permit a public offering of PPS, or possession or distribution of any offering material in respect of the PPS, in any country or jurisdiction other than New Zealand.</p>
Arranger	ANZ Bank New Zealand Limited
Joint Lead Managers	ANZ Bank New Zealand Limited, Craigs Investment Partners Limited, Forsyth Barr Limited, Hobson Wealth Partners Limited and Jarden Securities Limited
Registry and paying agent	<p>Computershare Investor Services Limited.</p> <p>The PPS will be accepted for settlement in the NZClear system.</p>

