

Prospectus

Simple steps to invest in a new security called ANZ StEPS

Co-managers

ABN AMRO Morgans Limited
ANZ Securities Limited
Bell Potter Securities Limited
Citigroup Global Markets Australia Pty Limited
Deutsche Securities Australia Limited
Macquarie Equities Limited
Ord Minnett Limited
UBS Private Clients Australia Limited

Joint Arrangers & Bookrunners

Deutsche Bank   **UBS**

Joint Lead Managers

ANZ Investment Bank
Deutsche Bank AG
UBS Advisory and Capital Markets Australia Limited

*Prospectus for the issue of ANZ Stapled Exchangeable Preferred Securities
(ANZ StEPS) at an Issue Price of \$100.00 each to raise up to \$750 million –
with the ability to accept oversubscriptions for up to \$250 million*

Applications must be for a minimum of 50 ANZ StEPS (\$5,000)

Australia and New Zealand Banking Group Limited
ABN 13 005 357 522

ANZ Holdings (New Zealand) Limited
ABN 105 680 012



Important information

This Prospectus, which is dated 14 August 2003, is for the issue to the Initial Holders and transfer to Holders (Successful Applicants) of ANZ Stated Exchangeable Preferred Securities (ANZ StEPS) at an issue Price of \$100.00 each to raise up to \$450 million with the ability to accept oversubscriptions for up to \$450 million (Offer). This Prospectus was lodged with the Australian Securities and Investments Commission (ASIC) on 14 August 2003. No ANZ StEPS will be issued on the basis of this Prospectus later than 18 months after that date.

Australia and New Zealand Banking Group Limited (ANZ) and ANZ Holdings (New Zealand) Limited (ANZ (NZ)) will apply to Australian Stock Exchange (ASX) for ANZ StEPS to be quoted on ASX. ASIC and ASX take no responsibility for the content of this Prospectus.

The Offer is being made by ANZ and ANZ (NZ) only. The Joint Arrangers and Initial Holders are not offering ANZ StEPS under this Prospectus.

Prospectus availability and Applications

This Prospectus will be made generally available from the date of this Prospectus until the Closing Date. You can obtain a copy of this Prospectus during the Offer Period on the ANZ website at www.anz.com/anzsteps or by calling the ANZ StEPS InfoLine 1800 022 060. The Application Form will be available with

printed copies of this Prospectus and on the ANZ website at www.anz.com/anzsteps.

Applications for ANZ StEPS pursuant to this Prospectus may only be made by Australian residents during the Offer Period on an Application Form attached to, or accompanying, this Prospectus (including an electronic copy of this Prospectus). Applications will not be accepted before the Opening Date and, in any case, not until after the Exposure Period. Application Forms are only available with a Prospectus. The Exposure Period is expected to end on 21 August 2003, although ASIC may extend it by up to a further seven days by notice in writing to ANZ and ANZ (NZ).

Foreign jurisdictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

No action has been taken to register ANZ StEPS or otherwise permit a public offering of ANZ StEPS in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law. If you come into possession of this Prospectus, you should observe any such restrictions and seek your own advice on your eligibility to apply. Any failure to comply with these restrictions may violate securities laws.

ANZ StEPS may be offered to professional and sophisticated investors in certain jurisdictions outside Australia (except the United States and Canada) if that offer is made in accordance with the laws of that jurisdiction. See Section 3.6 for details of selling restrictions in certain foreign jurisdictions – New Zealand, Hong Kong, Singapore and the United States.

This Prospectus has not been registered in New Zealand under the Securities Act 1978 (New Zealand). Under the Offer, no ANZ StEPS may be offered or sold to the public within New Zealand or allotted with a view to being offered for sale to the public in New Zealand.

Defined words and expressions

Some words and expressions used in this Prospectus have defined meanings, which are in the Terms of Issue in Appendix A or in the Glossary in Appendix B. A reference to time in this Prospectus is in Melbourne time, unless otherwise stated.

A reference to \$, A\$, A\$ and cents is to Australian currency, unless otherwise stated.

Disclaimer

No person is authorised to give any information, or to make any representation, in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information or representation that is not in this Prospectus may not be relied on as having been authorised by ANZ or ANZ

(NZ) in connection with the Offer. Except as required by law, and only to the extent so required, none of ANZ, ANZ (NZ) or any other person warrants or guarantees the future performance of ANZ or ANZ (NZ) or any return on any investment made pursuant to this Prospectus.

This Prospectus is dated 14 August 2003 and speaks as at that date. As a disclosing entity under the Corporations Act and subject to regular reporting and disclosure obligations, ANZ may disclose information to ASX after the date of this Prospectus which may be relevant to the Offer or which qualifies statements in this Prospectus. However, except to the extent required by law, ANZ and ANZ (NZ) do not assume any obligation to supply further information or to amend any statements in connection with the Offer.

The pro forma financial information provided in this Prospectus is for information purposes only and is not a forecast of operating results to be expected in future periods.

You should read this entire Prospectus carefully. If you are unclear in relation to any matter or uncertain if ANZ StEPS are a suitable investment for you, then you should consult your stockbroker, accountant or other professional adviser.

ANZ StEPS InfoLine 1800 022 060

Monday to Friday 8:30am – 5:00pm (Melbourne time)

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Key dates

<i>Event</i>	<i>Date</i>
<i>Announcement of Offer and lodgement of this Prospectus with ASIC</i>	<i>14 August 2003</i>
<i>Record date – for Ordinary Shareholder priority allocation</i>	<i>(7:00pm) 13 August 2003</i>
<i>Bookbuild</i>	<i>19-20 August 2003</i>
<i>Announcement of Initial Margin</i>	<i>21 August 2003</i>
<i>Opening Date</i>	<i>(9:00am) 22 August 2003</i>
<i>Closing Date</i>	<i>(5:00pm) 17 September 2003</i>
<i>Allotment Date</i>	<i>24 September 2003</i>
<i>Commencement of trading of ANZ StEPS on ASX (deferred settlement basis)</i>	<i>25 September 2003</i>
<i>Dispatch of holding statements</i>	<i>1 October 2003</i>
<i>Commencement of trading of ANZ StEPS on ASX (normal settlement basis)</i>	<i>2 October 2003</i>
<i>First Distribution Payment Date</i>	<i>15 December 2003</i>
<i>First Reset Date</i>	<i>15 September 2008</i>

Dates may change

The Offer dates are indicative only and are subject to change. ANZ, ANZ (NZ) and the Joint Arrangers may agree to extend the Closing Date for the Offer, close the Offer early without notice or withdraw the Offer at any time prior to allotment of ANZ StEPS. Accordingly, you are encouraged to apply as soon as possible after the Opening Date. If the Closing Date for the Offer is extended, the later Offer dates may also be extended.

Quotation

ANZ and ANZ (NZ) will apply to ASX within seven days after the date of this Prospectus for ANZ StEPS to be quoted on ASX.

Applications

No Application for ANZ StEPS under this Prospectus will be accepted (and no ANZ StEPS will be issued) until seven days after this Prospectus was lodged with ASIC. ASIC may extend that period for up to a further seven days by notice in writing to ANZ and ANZ (NZ). This period is known as the Exposure Period.

Applications will only be accepted between the Opening Date and the Closing Date. You can obtain an Application Form and a copy of this Prospectus on the ANZ website at www.anz.com/anzsteps or arrange for a copy to be sent to you by calling the ANZ StEPS InfoLine 1800 022 060.



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Melbourne VIC 3002
Australia

P.O. Box 537F
Melbourne VIC 3000
Australia

Phone 03 9273 5555
Fax 03 9273 4849
www.anz.com

14 August 2003

Dear Investor

The Directors are pleased to offer you the opportunity to invest in ANZ through a new security, expected to be quoted on the ASX. The new security is called ANZ Stapled Exchangeable Preferred Securities (ANZ StEPS). The offer of ANZ StEPS was approved by Ordinary Shareholders at a general meeting held on 13 August 2003.

ANZ StEPS are stapled securities that offer a floating, non-cumulative, preferred Distribution, payable quarterly in arrears. The Distribution Rate for the first Distribution on 15 December 2003 will be #.##% per annum.

ANZ intends to issue up to 7.5 million ANZ StEPS at an Issue Price of \$100.00 each, to raise up to \$750 million – with the ability to accept oversubscriptions for up to \$250 million. Applications must be for a minimum of 50 ANZ StEPS (\$5,000). If there is excess demand for ANZ StEPS, then Ordinary Shareholders will receive a priority allocation over Applicants who apply as members of the general public.

If you invest in ANZ StEPS, then on any Reset Date, you may require Exchange of your ANZ StEPS. The first Reset Date is 15 September 2008. If you want to realise your investment in ANZ StEPS before any Reset Date, then you may sell them on the ASX at the then prevailing market price. There can be no assurance as to what that price will be.

The issue of ANZ StEPS forms part of ANZ's ongoing capital management program. The proceeds from the issue will strengthen ANZ's balance sheet and increase its financial flexibility. The proceeds may be used to partially fund any buy-back or redemption of the preference shares that were issued in the United States in 1998 or for other purposes determined by the Directors.

Full details of this investment opportunity are in this Prospectus and the Directors urge you to read the entire document carefully. To apply for ANZ StEPS, you will need to fill out the Application Form accompanying this Prospectus. If you have any questions regarding how to apply, please call the ANZ StEPS InfoLine 1800 022 060. If you are uncertain whether ANZ StEPS are a suitable investment for you, we encourage you to consult your stockbroker, accountant or other professional adviser.

The Offer is expected to open at 9:00am on 22 August 2003 and close at 5:00pm on 17 September 2003. It is possible that the Offer will close earlier so we encourage you to lodge your Application promptly.

Yours faithfully

Charles Goode
Chairman

ANZ highlights

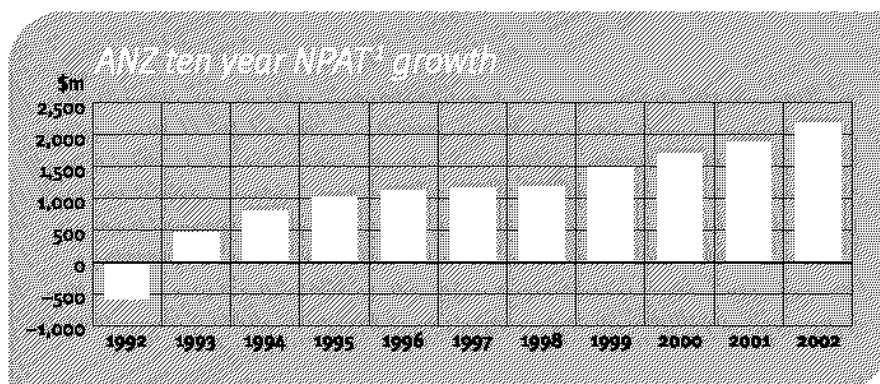
- Established in 1835 and one of Australia's ten largest publicly listed companies with a market capitalisation of approximately \$27.4 billion
- Delivers a broad range of financial products and services through ten business segments and a network of more than 1,000 branches
- Net profit after tax¹ for the year ended 30 September 2002 totalled \$2.2 billion – a 15.9% increase on the previous year
- Principal markets in Australia and New Zealand (representing approximately 90% of total assets as at 31 March 2003) – with smaller operations in Asia, the Pacific, the United Kingdom, Europe and the United States

Market capitalisation
\$27.4 billion

ANZ's ten business segments

- | | |
|--------------------------------------|-----------------------------|
| 1. PERSONAL BANKING AUSTRALIA | 4. CONSUMER FINANCE |
| 2. INSTITUTIONAL FINANCIAL SERVICES | 7. ASSET FINANCE |
| 3. CORPORATE & SME BANKING AUSTRALIA | 8. ING AUSTRALIA JV |
| 4. NEW ZEALAND BANKING | 9. ASIA PACIFIC |
| 5. MORTGAGES | 10. TREASURY & GROUP CENTRE |

1,000 branches



2002 NPAT¹ 15.9%
UP

Notes:

Years ended 30 September.

¹ Net profit after tax (excluding Significant Transactions).

ANZ StEPS key features

Floating Distribution Rate

- ###% per annum for the first Distribution on 15 December 2003
- calculated each quarter as the 90 Day Bank Bill Rate¹ per annum plus a Margin per annum. The initial Margin is ###% per annum
- payable quarterly in arrears (subject to Payment Tests)

Preferred Distributions

- Distributions on ANZ StEPS will be paid in preference to any dividends on Ordinary Shares
- If Distributions are not paid – a 'dividend stopper' prevents ANZ from paying distributions or dividends or returning share capital on its Ordinary Shares

Resettable terms

- Distribution Rate and certain other terms may be changed by ANZ on Reset Dates
- the first Reset Date is 15 September 2008

Exchangeable for Ordinary Shares or \$100.00 cash

- Holders may require Exchange of ANZ StEPS on any Reset Date
- on Exchange, Holders will receive for each ANZ StEPS (at ANZ's choice):
 - a number of Ordinary Shares calculated in accordance with the Conversion Ratio; or
 - \$100.00 cash (subject to APRA approval)

Quoted on ASX

- ANZ is applying to have ANZ StEPS quoted on ASX
- ANZ will refund all Application payments if ANZ StEPS are not quoted on ASX

Issue credit rating²

- Standard & Poor's has rated ANZ StEPS 'A'
- Moody's has rated ANZ StEPS 'A2'

Notes:

1. The 90 Day Bank Bill Rate for the period from the Allotment Date (expected to be 24 September 2003) to 15 December 2003 is 4.55% per annum.
2. Issues rated 'BBB+' or higher by Standard & Poor's or 'Aaa' or higher by Moody's are considered to be investment grade (see Section 5.9 for ANZ's key credit ratings and Sections 6.3.11 and 6.4.8 for risks associated with credit ratings).

How to apply

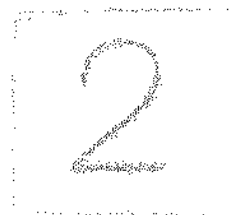
If you want to apply for ANZ StEPS you need to do the following:



READ

Read this Prospectus in full, paying particular attention to:

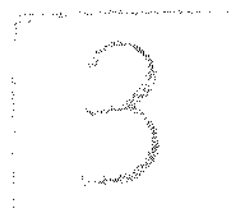
- important information on the inside front cover;
- answers to key questions about ANZ StEPS, in Section 2; and
- investment risks that may be relevant to an investment by you in ANZ StEPS, in Section 6.



CONSIDER and CONSULT

Consider all risks and other information about ANZ StEPS in light of your own particular investment objectives and circumstances.

Consult your stockbroker, accountant or other professional adviser if you are uncertain whether ANZ StEPS are a suitable investment for you.



COMPLETE the APPLICATION FORM

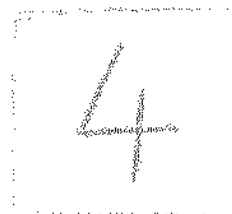
Complete the Application Form accompanying this Prospectus.

If you are a registered Ordinary Shareholder with an Australian address at 7:00pm on 13 August 2003, you are eligible for a priority allocation of ANZ StEPS over Applicants who apply as members of the general public (if there is excess demand for ANZ StEPS). To receive this priority allocation, you must complete a yellow personalised Shareholder Application Form. To receive your yellow personalised Shareholder Application Form, follow the instructions on the registration card that was mailed to you on 14 August 2003 or call the ANZ StEPS InfoLine 1800 022 060.

If you are not an Ordinary Shareholder and you want to apply for ANZ StEPS, you should complete the blue Application Form accompanying this Prospectus.

When you have completed your Application Form, you must pay for your ANZ StEPS by cheque or money order (or both) in Australian currency. You cannot pay with cash. Cheques should be crossed 'not negotiable' and made payable to 'ANZ StEPS Offer'.

If you are a Broker Firm Applicant, send your Application Form and Application payment to your Participating Broker.



MAIL or DELIVER

Mail or deliver your completed Application Form together with your Application payment (unless you are a Broker Firm Applicant):

Mail to:
ANZ Share Registry
GPO Box 3329
Melbourne VIC 8060

Deliver to:
ANZ Share Registry
Level 12, 565 Bourke Street
Melbourne VIC 3000

Your completed Application Form and Application payment must be received by ANZ Share Registry by no later than 5:00pm on the Closing Date – which is expected to be 17 September 2003. It is possible that the Offer will close early, so you should lodge your Application promptly.

For further details on applying for ANZ StEPS, see Section 3. If you have any questions on how to apply, call the ANZ StEPS InfoLine 1800 022 060.



Section 1: Overview of ANZ StEPS

This Section sets out an overview of ANZ StEPS. It is a summary only.

Section 2 sets out answers to key questions about ANZ StEPS.

You should read this overview subject to the other information contained in this Prospectus, particularly:

- the investment risks in Section 6; and*
- the Note Terms and the Preference Share Terms which are set out in full in the Terms of Issue in Appendix A.*

Section 1: Overview of ANZ StEPS

General

STAPLED SECURITY	An ANZ StEPS is a stapled security consisting of two fully paid securities that may not be traded separately – that is why it is called a ‘stapled security’. The two securities are: – an interest paying Note issued by ANZ (NZ), a wholly-owned subsidiary of ANZ; and – a Preference Share issued by ANZ which does not pay Dividends while it is ‘stapled’ to a Note.
ISSUE PRICE	\$100.00 per ANZ StEPS.
ASX QUOTATION	ANZ and ANZ (NZ) will apply to quote ANZ StEPS on ASX.
APRA CLASSIFICATION	APRA has classified ANZ StEPS as Tier 1 Capital for ANZ.

Distributions

FLOATING DISTRIBUTIONS	Distributions are payable quarterly in arrears based on a floating Distribution Rate equal to the 90 Day Bank Bill Rate plus a Margin. The Initial Margin is #.##% per annum. Distributions are subject to certain Payment Tests and the basis for their calculation may change on any Reset Date.
CALCULATION OF DISTRIBUTION RATE	The Distribution Rate for the period from the Allotment Date to 15 December 2003 will equal: – 4.85% per annum – the 90 Day Bank Bill Rate; plus – the Initial Margin of #.##% per annum. For future Distributions until the first Reset Date, the Distribution Rate will be equal to the 90 Day Bank Bill Rate determined on the previous Distribution Payment Date plus the Initial Margin.
CHANGES TO DISTRIBUTION RATE	Until the first Reset Date, the Distribution Rate will change each quarter. Changes will reflect increases or decreases in the 90 Day Bank Bill Rate. Market Rate To reflect changes in market conditions, ANZ may, on any Reset Date, change the 90 Day Bank Bill Rate to another Market Rate (subject to APRA approval). Margin The Margin can be: – Increased on 15 September 2013 and on any Reset Date after that date (subject to APRA restrictions); or – decreased on any Reset Date.
PAYMENT OF DISTRIBUTIONS	Distributions are payable quarterly on 15 March, 15 June, 15 September and 15 December. The first Distribution Payment Date is 15 December 2003.
PAYMENT TESTS	Distributions will not be paid if: – payment of a Distribution would result in ANZ not complying with APRA’s capital adequacy guidelines; – the total amount that would be paid is greater than Distributable Profits; or – APRA otherwise objects to the Distribution being paid.
‘DIVIDEND STOPPER’	If Distributions are not paid on ANZ StEPS, a ‘dividend stopper’ prevents ANZ from paying dividends or returning share capital on its Ordinary Shares or any share capital that ranks below the Preference Share component of ANZ StEPS.

Resetting terms

RESET DATES The first Reset Date is 15 September 2008. Reset Dates after the first Reset Date are expected to be every five years.

On any Reset Date, ANZ may change certain terms (subject to certain restrictions), including the next Reset Date, Market Rate (from a floating rate to a fixed rate or vice versa), Margin and frequency and timing of Distribution Payment Dates.

Exchange

EXCHANGE BY HOLDERS A Holder may require Exchange of some or all of their ANZ StEPS on any Reset Date or earlier if certain specified events occur.

If a Holder requires Exchange, the Holder will receive (at ANZ's choice) for each ANZ StEPS either:

- a number of Ordinary Shares calculated in accordance with the Conversion Ratio; or
- \$100.00 cash (subject to APRA approval).

EXCHANGE BY ANZ ANZ may require Exchange of some or all of ANZ StEPS:

- on a Reset Date; or
- after a Regulatory Event or Tax Event occurring.

ANZ may require Exchange of all ANZ StEPS (not some only):

- after an Acquisition Event occurring; or
- If the aggregate Issue Price of all ANZ StEPS on issue is less than \$100 million.

If ANZ requires Exchange then ANZ may:

- Convert your ANZ StEPS to a number of Ordinary Shares calculated in accordance with the Conversion Ratio; or
- Repurchase your ANZ StEPS for \$100.00 each (subject to APRA approval).

CONVERSION RATIO The Conversion Ratio is the number of Ordinary Shares received on Conversion for each ANZ StEPS calculated by dividing:

- \$100.00; by
- the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX during the 20 Business Days immediately preceding the Exchange Date, reduced by the Conversion Discount of 2.5%.

RIGHTS TO EXCHANGE Rights to Exchange are determined by the Preference Share component of ANZ StEPS. If an Assignment Event occurs and ANZ StEPS are 'unstapled', rights to Exchange continue to apply to the Preference Share component of ANZ StEPS.

Ranking

RANKING In the unlikely event of a winding-up of ANZ, Holders' rights will be determined by the Preference Share component of ANZ StEPS. Those Preference Shares rank ahead of Ordinary Shares.

ANZ may not issue any preference shares that would rank in priority over Preference Shares unless ANZ first obtains the consent of Holders.

Section 1: Overview of ANZ StEPS

You should read this entire Prospectus carefully. If you are unclear in relation to any matter or uncertain if ANZ StEPS are a suitable investment for you, then you should consult your stockbroker, accountant or other professional adviser. The full Terms of Issue are in Appendix A.



Section 2: Answers to key questions

This Section answers some key questions you may have about ANZ StEPS regarding:

- | | |
|--------------------------|------------------------------|
| 1. Structure | 6. Exchange |
| 2. Risks | 7. Assignment |
| 3. Taxation consequences | 8. Ranking and voting rights |
| 4. Distributions | 9. Enquiries |
| 5. Reset of terms | |

The answers to these key questions are intended as a guide only. Further details including the full Terms of Issue are provided elsewhere in this Prospectus, which you should read in full.

Section 2: Answers to key questions

2.1 Structure

2.1.1 What are ANZ STEPS?

An ANZ STEPS is a stapled security consisting of two fully paid securities that may not be traded separately – that is why it is called a ‘stapled security’. ANZ STEPS stands for ANZ Stapled Exchangeable Preferred Securities.

The two securities are:

- an interest paying Note issued by ANZ (NZ), which is a wholly-owned subsidiary of ANZ; and
- a Preference Share issued by ANZ which does not pay Dividends while it is ‘stapled’ to a Note.

See Section 5 for information about the issuers.

ANZ STEPS:

- entitle Holders to a preferred, non-cumulative Distribution (see Section 2.4);
- have certain terms that may be changed by ANZ (subject to certain conditions) on any Reset Date (see Section 2.5);
- may be Exchanged by you or by ANZ in a number of circumstances (see Section 2.6); and
- rank in priority to Ordinary Shareholders, but are subordinated to all depositors and creditors (see Section 2.8).

2.1.2 What is the Offer?

ANZ and ANZ (NZ) intend to issue up to 7.5 million ANZ STEPS at an Issue Price of \$100.00 each to raise up to \$750 million with the ability to accept oversubscriptions for up to \$250 million (or up to 2.5 million ANZ STEPS).

2.1.3 Will ANZ STEPS be quoted on a stock exchange?

ANZ and ANZ (NZ) will apply within seven days after the date of this Prospectus for ANZ STEPS to be quoted on ASX. Quotation is not guaranteed or automatic. Quotation will allow you to realise or increase your investment in ANZ STEPS by selling or buying ANZ STEPS on ASX at the then prevailing market price. There can be no assurance as to what that price will be.

ASX has reserved the code ‘ANZPA’ for ANZ STEPS.

2.1.4 Are ANZ STEPS independently rated?

Standard & Poor’s has rated ANZ STEPS ‘A–’ and Moody’s has rated ANZ STEPS ‘A2’.

Issues rated ‘BBB–’ or higher by Standard & Poor’s or ‘Baa3’ or higher by Moody’s are considered to be investment grade (see Section 5.9 for ANZ’s key credit ratings and Sections 6.1.11 and 6.2.8 for risks associated with credit ratings).

2.1.5 How will ANZ STEPS be issued to you?

Notes and Preference Shares will be issued to the Initial Holders, which are New Zealand entities of the Joint Arrangers. After Notes and Preference Shares have been issued to the Initial Holders, ANZ STEPS will be transferred by the Initial Holders as ‘stapled securities’ to successful Applicants under the Offer. The Offer Management Agreement which details these arrangements is summarised in Section 8.5.

2.1.6 What will ANZ do with the proceeds raised through the Offer?

The issue of ANZ StEPS forms part of ANZ's ongoing capital management program. The proceeds from the issue will strengthen ANZ's balance sheet and increase its financial flexibility. The proceeds may be used to partially fund any buy-back or redemption of Series 1 TrUEPrS or Series 2 TrUEPrS that were issued in the United States in 1998 or for other purposes determined by the Directors.

See Section 5.2 which sets out potential corporate opportunities being considered by ANZ, Section 5.8 which sets out pro forma financial information and Section 6.2.8 for the risks associated with potential corporate opportunities.

2.1.7 Could regulatory changes affect ANZ StEPS?

Certain regulatory changes may affect ANZ StEPS and allow ANZ to require Exchange (see Section 2.6.11). APRA has approved the classification of ANZ StEPS as Tier 1 Capital and has indicated that a change in accounting treatment would not in itself result in a change in regulatory classification.

2.1.8 What is APRA?

APRA is the Australian Prudential Regulation Authority. APRA is the prudential regulator of the Australian financial services sector including banks, credit unions, building societies, insurance companies and superannuation funds. As Australia's prudential regulator, APRA's mission is to establish and enforce prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions that APRA supervises are met within a stable, efficient and competitive financial system. APRA's website at www.apra.gov.au includes further details of its functions, prudential standards and guidelines.

Prudential standards set by APRA define the capital adequacy standards for APRA-regulated entities including ANZ. The APRA prudential standard ('APS 110 – Capital Adequacy') aims to ensure that APRA-regulated entities maintain adequate capital to support the risks associated with their activities on both a stand-alone and group basis. APRA has adopted a 'tiered' approach to the measurement of an APRA-regulated entity's financial strength at three levels:

- Level 1: being for the APRA-regulated entity on a stand-alone basis;
- Level 2: being for the consolidated banking group as defined by APRA under 'APS 110 – Capital Adequacy'; and
- Level 3: being the conglomerate group at the widest level.

ANZ StEPS form part of ANZ's APRA-regulated capital and this is reflected in the Terms of Issue. Level 1 relates to ANZ on a stand-alone basis. Level 2 relates to the Group excluding certain subsidiaries as defined by APRA under 'AGN 110.2 – Non-consolidated Subsidiaries'. Level 3 is not yet applicable to ANZ. See Section 5.8.2 for the Group's pro forma regulatory capital position following the issue of ANZ StEPS.

2.2 Risks

2.2.1 Are there any risks to investing in ANZ StEPS?

Yes. There are risks associated with investing in ANZ StEPS as well as risks associated with investing in ANZ and ANZ (NZ) and the financial services sector. These are set out in Section 6, which you should read carefully before deciding whether to invest in ANZ StEPS.

Section 2: Answers to key questions

2.3 Taxation consequences

2.3.1 What are your taxation consequences?

The taxation consequences of investing in ANZ StEPS will depend on your individual circumstances. You will need to consult your own tax adviser about the actual consequences for you of acquiring, holding or selling ANZ StEPS. A general outline of the Australian taxation consequences for investors is in Section 7.

2.4 Distributions

2.4.1 What is a Distribution?

Distributions paid to Holders will normally be Interest on Notes. However, after an Assignment Event (see Section 2.7.1), Distributions will be Dividends on Preference Shares.

Regardless of whether a Distribution is Interest on Notes or a Dividend on Preference Shares, the amount of the Distribution will be calculated on the same basis. You will not be entitled to both Interest on Notes and a Dividend on Preference Shares at the same time.

2.4.2 How will the Distribution Rate be calculated?

The Distribution Rate for the next Distribution period will be calculated on the Distribution Payment Date for the previous Distribution period. It will be the Market Rate plus a Margin. Until the first Reset Date, the Market Rate is the 90 Day Bank Bill Rate (which will be determined each quarter) and the Margin is the Initial Margin of ###00% per annum.

The Distribution Rate for the period from the Allotment Date to 15 December 2003 is calculated as follows:

Market Rate (90 Day Bank Bill Rate)	4.8500% per annum
Plus the Initial Margin (set through the Bookbuild)	###00% per annum
Distribution Rate (for the first Distribution paid on 15 December 2003)	###00% per annum

All calculations of the Distribution Rate will be rounded to four decimal places.

2.4.3 How will the Distribution be calculated?

The Distribution payable each quarter is calculated based on the Issue Price, Distribution Rate, number of days in the quarter and number of ANZ StEPS held. For example, the Distribution Rate for the first Distribution is ###00% per annum and the number of days from the Allotment Date until the first Distribution Payment Date is 82 days. Assuming an aggregate holding of 50 ANZ StEPS, the Distribution for the first Distribution Payment Date is therefore calculated as follows:

Issue Price	\$100.00
Multiplied by Distribution Rate	###00% per annum
Multiplied by number of days (24 September 2003 to 14 December 2003)	82 days
Divided by number of days in a year	365 days
Distribution for each ANZ StEPS (first quarter)	\$#.##00
Multiplied by aggregate holding	50 ANZ StEPS
Total Distribution ¹	\$#.##

Note:

¹ Any fraction of a cent is disregarded when calculating total Distributions.

2.4.4 What is the 90 Day Bank Bill Rate?

The 90 Day Bank Bill Rate is the primary benchmark interest rate for the Australian money market commonly used by major Australian banks to lend short-term cash to each other over a 90 day period. The 90 Day Bank Bill Rate changes to reflect the supply and demand within the cash and currency markets and other factors. You should be aware that the 90 Day Bank Bill Rate has varied between 4.18% per annum and 20.50% per annum since July 1983.

The 90 Day Bank Bill Rate is fully defined as 'Bank Bill Rate' in the Terms of Issue.

2.4.5 Will your Distribution be franked?

Your Distribution will not be franked if it is paid as Interest on Notes – which ANZ and ANZ (NZ) expect to be the case. However, if an Assignment Event occurs, then your Distribution will be paid as Dividends on Preference Shares. Under current Australian taxation law, that Dividend would be franked to the same extent that dividends on Ordinary Shares are franked (if at all) at the time.

2.4.6 When will your Distributions be paid?

ANZ will pay your Distributions on Distribution Payment Dates. The first Distribution Payment Date will be 15 December 2003. Unless ANZ changes Distribution Payment Dates on any Reset Date, your Distribution will be determined and paid on the following dates each year:

Distribution Rate determined	Distribution paid
15 December	15 March
15 March	15 June
15 June	15 September
15 September	15 December

If any of those days is not a Business Day, then the relevant determination and payment will happen on the next Business Day.

2.4.7 How will your Distributions be paid?

Your Distributions will be paid either directly into an account at an Australian financial institution that you nominate or by cheque mailed to the address you provide to ANZ Share Registry. All Distributions will be paid in Australian dollars.

To be entitled to a Distribution, you must be recorded as the registered Holder on the relevant record date – which is at least 11 Business Days (or any other period determined under the Listing Rules from time to time) before the relevant Distribution Payment Date.

Section 2: Answers to key questions

2.4.8 Will Distributions always be paid?

There can be no assurance that Distributions will be paid on ANZ STEPS. The payment of a Distribution depends on three Payment Tests which ANZ currently expects to meet:

1. The first Payment Test involves the effect of the Distribution on ANZ's capital adequacy requirements as set by APRA. A Distribution requires APRA approval if the Distribution will cause the Total Capital Adequacy Ratio or Tier 1 Capital Ratio of ANZ (on a Level 1 basis) or the relevant entities within the Group (on a Level 2 or Level 3 basis) to not comply with APRA's capital adequacy guidelines as they apply to ANZ as a single entity, a regulated banking group or a consolidated group;
2. The second Payment Test involves whether the Distribution exceeds ANZ's consolidated Distributable Profits on the relevant record date. If it does, a Distribution requires APRA's approval; and
3. The third Payment Test is whether APRA objects to the payment of the Distribution. If it does, ANZ may not pay a Distribution.

If an Assignment Event occurs, the Payment Tests that apply to Dividends also include whether ANZ may legally pay a dividend and the requirement for Directors to resolve to pay Dividends, which they may or may not do in their sole discretion.

2.4.9 What happens if your Distribution is not paid?

If your Distribution is not paid within 20 Business Days after the relevant Distribution Payment Date, then an Assignment Event occurs (see Section 2.7.1). If a Distribution is not paid after an Assignment Event, ANZ will not be required to make up the Distribution Payment. However, ANZ will be subject to a 'dividend stopper' (see Section 2.4.10).

If an Assignment Event occurs and there is an amount of unpaid Interest, then this amount may be paid to you on or before the first Dividend Payment Date following the Assignment Event if ANZ complies with the Payment Tests (see clause 3.9 of the Preference Share Terms).

2.4.10 Are there any consequences for ANZ if your Distributions are not paid?

Yes. If ANZ does not pay a Distribution within 20 Business Days after a relevant Distribution Payment Date, an Assignment Event occurs and a 'dividend stopper' will apply to ANZ.

A 'dividend stopper' prevents ANZ from declaring or paying dividends or making distributions, returning share capital, or redeeming or repurchasing any share capital that ranks below the Preference Share component of your ANZ STEPS. This prevents ANZ from paying dividends on Ordinary Shares (see clause 3.8 of the Preference Share Terms).

The 'dividend stopper' will be lifted if ANZ pays an Optional Dividend equal to the unpaid amount of any Distribution in the preceding year (see clause 3.8 of the Preference Share Terms).

2.5 Reset of terms

2.5.1 What are Reset Dates?

Reset Dates are dates on which:

- ANZ may require you to Exchange your ANZ StEPS (see Section 2.6.6) or may change some of the terms of ANZ StEPS subject to certain restrictions (see Section 2.5.2); and
- you may choose to Exchange your ANZ StEPS (see Section 2.6.1).

The first Reset Date is 15 September 2008. ANZ may vary the period between Reset Dates after the first Reset Date (see clause 6 of the Note Terms and clause 7 of the Preference Share Terms). Reset Dates after the first Reset Date are expected to be every five years.

2.5.2 What terms can ANZ change?

On any Reset Date, ANZ may (subject to APRA's approval) change any of the following terms:

- the next Reset Date;
- the Market Rate (from a floating rate to a fixed rate or vice versa);
- the Margin; and
- the frequency and timing of Distribution Payment Dates.

If ANZ changes any terms of ANZ StEPS, the new terms apply from the Reset Date on which they change until the next Reset Date.

There are restrictions on ANZ's ability to change the terms set out above. For example, ANZ may not increase the Margin until 15 September 2013 (see clause 6 of the Note Terms and clause 7 of the Preference Share Terms).

2.5.3 Will you be notified if ANZ intends to change any terms on a Reset Date?

Yes. At least 50 Business Days before a Reset Date, ANZ will send you notice of any terms it intends to change.

If ANZ does not send Holders a Reset Notice, then the existing terms will continue to apply until the next Reset Date.

2.6 Exchange

2.6.1 What is Exchange?

Exchange is a process through which you receive, at ANZ's choice, a number of Ordinary Shares or \$100.00 cash for each of your ANZ StEPS.

Rights to Exchange are determined by the Preference Share component of your ANZ StEPS (see clause 4 of the Preference Share Terms). If an Assignment Event occurs and ANZ StEPS are 'unstapled', your rights to Exchange continue to apply to your Preference Shares.

2.6.2 When can Exchange occur?

Exchange can occur in two circumstances:

- if you, as a Holder, require Exchange (see Sections 2.6.3 to 2.6.5); and
- if ANZ requires you to Exchange (see Sections 2.6.6 and 2.6.7).

Section 2: Answers to key questions

2.6.3 When can you require Exchange?

You can require Exchange by sending a notice to ANZ:

- at least 35 Business Days, but not more than three months, before a Reset Date; or
- within 20 Business Days after notice of a Trigger Event is given by ANZ (see Section 2.6.5).

ANZ will make available to you a form of notice which you can use to require Exchange (see clause 4.3 of the Preference Share Terms).

2.6.4 What happens if you require Exchange?

If you require Exchange of some or all of your ANZ StEPS, ANZ (at its choice) must do one of the following to each ANZ StEPS covered by the notice that you send:

- Convert ANZ StEPS into a number of Ordinary Shares calculated in accordance with the Conversion Ratio;
- arrange for a third party to acquire each of your ANZ StEPS for \$100.00 cash and deliver to you the cash proceeds; or
- Repurchase each of your ANZ StEPS for \$100.00 cash (subject to APRA's approval).

ANZ may Exchange using a combination of the three methods of Exchange.

If ANZ chooses to Convert or Repurchase your ANZ StEPS, an Assignment Event occurs (see Section 2.7.1) and the Note component of your ANZ StEPS is assigned to ANZ Capital Funding Pty Ltd. Your Preference Share will then immediately Convert or be Repurchased as mentioned above. If ANZ Repurchases the Preference Shares, ANZ may choose whether this is done by redemption, buy-back, transfer to an entity of ANZ or cancellation.

The process of Exchange by Holders is set out in clause 4.1 of the Preference Share Terms.

2.6.5 What is a Trigger Event?

A Trigger Event is:

- non-payment in full of a Distribution within 20 Business Days after a Distribution Payment Date (except if the Payment Tests are not satisfied);
- a Liquidation Event (see Section 2.6.8);
- an Acquisition Event (see Section 2.6.9);
- the suspension of ANZ StEPS, Preference Shares or Ordinary Shares from trading on ASX for more than 20 consecutive Business Days; or
- an announcement by ANZ of its intention to sell all, or substantially all, of its business undertaking or assets (except in the case of a solvent reconstruction or where ANZ will retain a majority interest after the sale).

Trigger Event is fully defined in clause 14.2 of the Preference Share Terms.

2.6.6 What happens if ANZ requires Exchange?

If ANZ requires Exchange, you will receive for each ANZ STEPS Exchanged either, at ANZ's choice:

- a number of Ordinary Shares calculated in accordance with the Conversion Ratio; or
- \$100.00 cash (subject to APRA's approval).

If an Assignment Event occurs and ANZ STEPS are 'unstapled', ANZ's rights to require Exchange continue to apply to your Preference Shares.

If ANZ requires Exchange, the process of Exchange is as described in Section 2.6.4. The process of Exchange by ANZ is set out in clause 4.2 of the Preference Share Terms.

2.6.7 When can ANZ require Exchange?

ANZ may require Exchange:

- after an Acquisition Event (see Section 2.6.9);
- after a Tax Event (see Section 2.6.10);
- after a Regulatory Event (see Section 2.6.11);
- by giving you notice at least 30 Business Days (but no more than six months) before any Reset Date; or
- if the aggregate Issue Price of all ANZ STEPS on issue is less than \$100 million.

If ANZ requires Exchange after an Acquisition Event or if the aggregate Issue Price of all ANZ STEPS on issue is less than \$100 million, then ANZ must Exchange all of your ANZ STEPS.

2.6.8 What is a Liquidation Event?

A Liquidation Event is an ordinary insolvency-type event (for example, a winding-up or appointment of a liquidator) in relation to ANZ or ANZ (NZ).

Liquidation Event is fully defined in clause 14.2 of the Preference Share Terms.

2.6.9 What is an Acquisition Event?

An Acquisition Event occurs when a person obtains a majority ownership interest in ANZ as a result of a takeover bid or scheme of arrangement, or the Directors recommend acceptance of a takeover bid for ANZ.

Acquisition Event is fully defined in clause 14.2 of the Preference Share Terms.

2.6.10 What is a Tax Event?

A Tax Event occurs when ANZ receives advice that:

- ANZ STEPS will cause a more than insubstantial risk to ANZ, ANZ (NZ) or any Holder that they will suffer a more than nominal additional cost because of an increase in a tax or any other government charge or any payment of Interest will not be deductible for ANZ (NZ); and
- the risk will be caused by legal, regulatory, interpretation or administrative changes that become effective on or after the Allotment Date.

Tax Event is fully defined in clause 14.2 of the Preference Share Terms and the risks associated with a Tax Event are in Section 6.1.10.

Section 2: Answers to key questions

2.6.11 What is a Regulatory Event?

A Regulatory Event occurs when:

- ANZ becomes aware of legal, regulatory, administrative or interpretation changes that become effective or are announced on or after the Allotment Date that would impose unacceptable conditions on ANZ if ANZ StEPS remain on issue; or
- ANZ believes there is a risk that ANZ StEPS or the Preference Share component of ANZ StEPS will no longer be classified as Tier 1 Capital (on a Level 1, Level 2 or Level 3 basis) by APRA.

Regulatory Event is fully defined in clause 14.2 of the Preference Share Terms and the risks associated with a Regulatory Event are in Section 6.1.13.

2.6.12 What is the Conversion Ratio?

The Conversion Ratio is the calculation used to determine the number of Ordinary Shares that you will receive on Conversion of the Preference Share component of your ANZ StEPS to Ordinary Shares.

The Conversion Ratio is based on the Issue Price of \$100.00 and is calculated by reference to the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX (also known as VWAP) during a 20 Business Day period before, in most circumstances, the Exchange Date.

The Conversion Ratio includes a 2.5% discount to the VWAP, which is called the Conversion Discount.

The Conversion Ratio formula is set out in clause 5 of the Preference Share Terms and VWAP is fully defined in clauses 5.3 and 14.2 of the Preference Share Terms.

2.7 Assignment

2.7.1 What is an Assignment Event?

An Assignment Event is any of the following events:

- a Liquidation Event in relation to ANZ or ANZ (NZ);
- a Distribution not being paid in full within 20 Business Days after the relevant Distribution Payment Date;
- the Total Capital Adequacy Ratio or Tier 1 Capital Ratio of ANZ (on a Level 1 basis) or the relevant entities within the Group (on a Level 2 or Level 3 basis) falling below APRA's then current requirements for 90 continuous days (or any other period specified by APRA);
- ANZ (NZ) no longer being a subsidiary of ANZ;
- APRA requiring an Assignment Event to occur;
- ANZ choosing that an Assignment Event is to occur;
- ANZ choosing to Convert or Repurchase your ANZ StEPS after you require Exchange;
- ANZ requiring Exchange; or
- 14 September 2053.

Assignment Event is fully defined in clause 4.1 of the Note Terms and the risks associated with an Assignment Event are in Section 6.1.7.

2.7.2 What happens to your ANZ STEPS after an Assignment Event?

If an Assignment Event occurs, your ANZ STEPS are 'unstapled' and your Notes are automatically assigned to ANZ Capital Funding Pty Ltd. You will continue to hold the Preference Share component of your ANZ STEPS which will remain quoted on ASX. The following rights will continue to apply to your Preference Shares:

- your rights in relation to:
 - Distributions;
 - Exchange;
 - voting; and
 - ranking, and
- ANZ's rights in relation to:
 - Exchange; and
 - the ability to change terms on any Reset Date.

2.7.3 What happens to your Distributions after an Assignment Event?

After an Assignment Event, you will no longer be entitled to Interest on Notes. Instead you will be entitled to Dividends on Preference Shares. Dividends will be calculated and paid at the same rate, and on similar terms and conditions, as Interest. In this circumstance, all future payments on Notes will be payable to ANZ Capital Funding Pty Ltd.

Before an Assignment Event, you are entitled to Interest on Notes and no Dividends are payable on Preference Shares.

2.8 Ranking and voting rights

2.8.1 Where do ANZ STEPS rank?

The ranking of your ANZ STEPS is determined effectively by the Preference Share component of ANZ STEPS. Holders of Preference Shares rank in priority to Ordinary Shareholders, but are subordinated to all depositors and creditors.

2.8.2 In a winding-up, what will you receive?

In the unlikely event of a winding-up of ANZ or ANZ (NZ), your ANZ STEPS will be 'unstapled'. This is an Assignment Event and you will cease to be entitled to any payment on Notes. The Preference Share component of your ANZ STEPS will rank as a claim of \$100.00 each in priority over payment to Ordinary Shareholders and holders of securities ranking lower than Preference Shares for any distributable assets in a winding-up.

Please note that you may hold Ordinary Shares that will rank below Preference Shares in a winding-up if:

- you or ANZ have required Exchange of ANZ STEPS before a winding-up; and
- ANZ has chosen Conversion to effect Exchange.

2.8.3 Do you have voting rights?

Except in certain limited circumstances, your ANZ STEPS do not give you any right to vote at general meetings of ANZ. Those limited circumstances include, for example, a proposal by ANZ to reduce its share capital, a proposal that affects the rights attached to Preference Shares or if a Distribution that has been declared but not paid in full. ANZ must also obtain the approval of Holders if ANZ seeks to issue share capital ranking ahead of Preference Shares.

Section 2: Answers to key questions

2.8.4 Is ANZ restricted in relation to other securities it may issue?

Yes. ANZ must not issue share capital that ranks in priority to Preference Shares without Holder consent. This restriction extends to permitting conversion of any existing share capital into shares that rank in priority to Preference Shares.

2.8.5 Do ANZ StEPS carry any participation rights?

No. ANZ StEPS do not carry a right to participate in other issues of securities of ANZ or ANZ (NZ).

2.9 Enquiries

2.9.1 Who can you call if you have any other questions?

If after reading this Prospectus, you have any further questions, please call the ANZ StEPS InfoLine 1800 022 060. If you have questions in relation to whether ANZ StEPS are a suitable investment for you, then you should consult your stockbroker, accountant or other professional adviser.

2.9.2 Where can you get more information about ANZ StEPS?

You can obtain a number of relevant documents free of charge from ANZ during the Offer Period. See Section 8.2 for a list of these documents and how you can get copies.

To apply for ANZ StEPS, you will need to fill out the Application Form accompanying this Prospectus. If you have any questions regarding how to apply, please call the ANZ StEPS InfoLine 1800 022 060. If you are uncertain if ANZ StEPS are a suitable investment for you, then you should consult your stockbroker, accountant or other professional adviser.



Section 3: Applying for ANZ StEPS

This Section is for Australian resident investors only and sets out:

- what you must do if you wish to apply for ANZ StEPS;*
- the minimum number of ANZ StEPS you may apply for; and*
- further information about the Offer.*

Section 3: Applying for ANZ StEPS

The Offer is available to Australian residents only. No action has been taken to register ANZ StEPS or otherwise permit a public offering of ANZ StEPS in any jurisdiction outside Australia. The Offer is not made in any jurisdiction where the laws of that jurisdiction would require this Prospectus to be registered or other similar action to be taken by ANZ and ANZ (NZ).

3.1 How do you apply for ANZ StEPS?

To apply for ANZ StEPS, you must complete an Application Form.

Application Forms and the instructions for completing and returning your Application Form vary depending on whether you are making an Application:

- as an Ordinary Shareholder who is resident in Australia (see Section 3.1.1);
- as a member of the general public (see Section 3.1.2); or
- through a Participating Broker for a broker firm allocation (Broker Firm Applicant) (see Section 3.1.3).

You should follow the instructions in this Section and on the Application Form carefully as your application may be rejected if you complete it incorrectly. Once you make an Application, you cannot revoke it other than as the law allows.

3.1.1 Applying as an Ordinary Shareholder

If you were registered as an Ordinary Shareholder with an Australian address at 7:00pm on 13 August 2003 and if there is excess demand for ANZ StEPS, then you are eligible for a priority allocation over Applicants who apply as members of the general public. To be eligible for a priority allocation, you must complete a yellow personalised Shareholder Application Form. If you apply on the blue Application Form, you will not be eligible for a priority allocation.

To receive a yellow personalised Shareholder Application Form accompanying this Prospectus, you must follow the instructions on the registration card that was mailed to you on 14 August 2003. If you do not have a registration card, you should call the **ANZ StEPS InfoLine 1800 022 060** and quote your Securityholder Reference Number (SRN) or Holder Identification Number (HIN).

3.1.2 Applying as a member of the general public

If you are not an Ordinary Shareholder and you wish to apply for ANZ StEPS, you should complete the blue Application Form accompanying this Prospectus or available from the ANZ website at www.anz.com/anzsteps

3.1.3 Applying as a Broker Firm Applicant

If you are a Broker Firm Applicant, you should contact your Participating Broker for information about how to submit an Application Form and payment instructions. Your Participating Broker will be your agent and you must:

- make your cheque(s) or money order(s) (or both) payable to the Participating Broker that has given you the broker firm allocation (not to 'ANZ StEPS Offer'); and
- deliver your completed Application Form and Application payment to the Participating Broker that has given you the broker firm allocation (not to ANZ Share Registry), with sufficient time for them to deliver it to ANZ Share Registry on your behalf before the Closing Date.

3.2 How do you pay?

Your completed Application Form must be accompanied by cheque(s) or money order(s) (or both). Cheques or money orders must be in Australian dollars, drawn on an Australian branch of a financial institution and payable to 'ANZ StEPS Offer'. Cheques should be crossed 'not negotiable'. You may not pay in cash.

If you are a Broker Firm Applicant, see Section 3.1.3.

3.3 When must you apply by?

If you decide to apply, your Application for ANZ StEPS must be received (with your Application payment) by no later than 5:00pm on the Closing Date – which is expected to be 17 September 2003. The Offer is expected to open at 9:00am on 22 August 2003 and an Application cannot be accepted before this time.

ANZ may extend the Closing Date or close the Offer early without notice. If you decide to apply for ANZ StEPS, you are encouraged to submit your Application Form and Application payment as soon as possible after the Opening Date.

3.4 Where do you send your Application Form?

Your completed Application Form and Application payment should be:

mailed to:	or	delivered to:
ANZ Share Registry		ANZ Share Registry
GPO Box 3329		Level 12, 565 Bourke Street
Melbourne VIC 8060		Melbourne VIC 3000

If you try to apply in any other way, your application is likely to be rejected.

Application Forms and Application payments will not be accepted at ANZ's registered office, or at any of the ANZ branches or other ANZ offices.

If you are a Broker Firm Applicant, see Section 3.1.3.

3.5 What is the minimum number of ANZ StEPS you may apply for?

If you decide to apply for ANZ StEPS, your Application must be for a minimum of 50 ANZ StEPS at an Issue Price of \$100.00 each – that is, for at least \$5,000 of ANZ StEPS. If you apply for more than the minimum Application amount, you must apply in multiples of 10 ANZ StEPS or \$1,000.

ANZ and the Joint Arrangers reserve the right in their absolute discretion to reject any applications or to allocate any successful Applicant a lesser number of ANZ StEPS than was applied for – including less than the minimum Application amount of 50 ANZ StEPS (\$5,000).

3.6 Is brokerage and stamp duty payable?

You do not have to pay brokerage or stamp duty on your Application. Under current law, stamp duty will not be payable on later transfers of ANZ StEPS while ANZ StEPS are quoted on ASX. However, brokerage may be payable on later transfers of ANZ StEPS.

Section 3: Applying for ANZ StEPS

3.7 Should you provide your Tax File Number and/or Australian Business Number?

You do not have to provide your Tax File Number (TFN) or Australian Business Number (ABN). If you do not do so, your Application will not be affected. However, ANZ may be required to withhold Australian tax at the maximum marginal tax rate (currently 48.5% including the Medicare Levy) on the amount of any Distribution in respect of your ANZ StEPS, if you do not provide any one of your:

- TFN;
- TFN exemption details (if applicable); or
- ABN (if ANZ StEPS are held in the course of an enterprise carried on by a Holder).

ANZ will provide you with a form on which to provide the above details when holding statements are mailed.

3.8 Is the Prospectus available online?

You can obtain an electronic copy of this Prospectus from 14 August 2003 on the ANZ website at www.anz.com/anzsteps

The Application Forms will not be available on the ANZ website until the Opening Ddate.

The Offer constituted by this Prospectus in electronic form is available only to Australian residents. You can obtain a paper copy of this Prospectus (including an Application Form) free of charge during the Offer Period by contacting the **ANZ StEPS InfoLine 1800 022 060**.

3.9 Who can you contact for more information?

If you require:

- assistance to complete the Application Form;
- additional copies of this Prospectus; or
- a yellow personalised Shareholder Application Form and Prospectus,

you should contact the **ANZ StEPS InfoLine 1800 022 060**.

If you are unclear in relation to any matter or are uncertain if ANZ StEPS are a suitable investment for you, then you should contact your stockbroker, accountant or other professional adviser.

If you are a Broker Firm Applicant and are in any doubt about what action you should take, you should contact your Participating Broker.

By returning an Application Form, you acknowledge that you have received and read this Prospectus in full.



Section 4: Allocation and allotment

- This Section sets out details of ANZ's intentions in relation to:*
- allocation and allotment;*
 - how your Application payment will be treated before allotment and in the case of refunds (if any); and*
 - the process for ANZ STEPS to be admitted by ASX for quotation.*

When reading this Section, you should pay particular attention to the allocation policy because it applies differently to:

- an Ordinary Shareholder who is resident in Australia;*
- a member of the general public; or*
- an institutional investor; or*
- a Broker Firm Applicant.*

Section 4: Allocation and allotment

4.1 Allotment

ANZ and ANZ (NZ) intend to issue up to 7.5 million ANZ StEPS at an Issue Price of \$100.00 each, to raise up to \$750 million – with the ability to accept oversubscriptions for up to \$250 million (or up to 2.5 million ANZ StEPS).

ANZ and ANZ (NZ) will not allot any ANZ StEPS until all proceeds from accepted Applications have been received by ANZ and ANZ (NZ) and ASX has granted permission for ANZ StEPS to be quoted on ASX. ANZ and ANZ (NZ) expect that ANZ StEPS will be allotted on 24 September 2003 (Allotment Date). ANZ and the Joint Arrangers may change the Closing Date and the Allotment Date or may withdraw the Offer at any time before Allotment.

ANZ and ANZ (NZ) reserve the right to issue less than \$750 million of ANZ StEPS.

4.2 Allocation policy

The allocation policy for:

- Institutional investors and Participating Brokers will be determined during the Bookbuild (see Section 4.2.1); and
- Ordinary Shareholders and members of the general public will be determined after the Closing Date when all Applications have been received and the priority allocation can be determined (see Section 4.2.3).

ANZ (after consultation with the Joint Arrangers) has the absolute discretion to determine the method and extent of the priority allocation to Ordinary Shareholders.

In determining the allocation policy, ANZ and the Joint Arrangers will act fairly and equitably, and will aim to achieve an orderly and successful secondary market and a wide distribution of ANZ StEPS.

4.2.1 Bookbuild

In the period after lodgement of this Prospectus and before the Opening Date, the Joint Arrangers will conduct a Bookbuild in accordance with terms and conditions agreed by ANZ and the Joint Arrangers. As part of the Bookbuild, certain institutional investors and Participating Brokers will be invited to lodge bids for a maximum number of ANZ StEPS within an indicative range for the Initial Margin. On the basis of those bids, ANZ and the Joint Arrangers will determine the Initial Margin and the firm allocations of ANZ StEPS to institutional investors and Participating Brokers. ANZ StEPS allocated during the Bookbuild will be issued pursuant to this Prospectus.

The Initial Margin determined by ANZ and the Joint Arrangers on the basis of the outcome of the Bookbuild will be included in the printed version of this Prospectus.

ASIC has permitted the Initial Margin and the first Distribution Rate (for the period from the Allotment Date to 15 December 2003) to be inserted into this Prospectus after it was lodged and before it is printed.

Application and settlement procedures for the Bookbuild will be notified to institutional investors and Participating Brokers by the Joint Arrangers.

4.2.2 Broker firm allocations

The distribution of each broker firm allocation to Broker Firm Applicants by a Participating Broker will be at the discretion of that Participating Broker. That distribution will be subject to the terms and conditions of the Bookbuild and the offer made to that Participating Broker by the Joint Arrangers.

4.2.3 Ordinary Shareholders and members of the general public

If there is excess demand for ANZ StEPS, ANZ (in consultation with the Joint Arrangers) will consider scaling back Applications. This means that Applicants may be allotted fewer ANZ StEPS than they applied for – perhaps even fewer than the minimum Application of 50 ANZ StEPS or even no ANZ StEPS.

If Applications are scaled back, Applicants who are Ordinary Shareholders at 7:00pm on 13 August 2003, who have a registered address in Australia, and who have submitted a yellow personalised Shareholder Application Form by the Closing Date, will still receive a priority allocation. This means that those Applicants will receive a preference over Applicants who are members of the general public. The method and extent of the priority allocation will be determined by ANZ (in consultation with the Joint Arrangers) in their absolute discretion.

Despite the priority allocation, Ordinary Shareholders may receive fewer ANZ StEPS than they applied for, including fewer than the minimum Application of 50 ANZ StEPS or even no ANZ StEPS.

4.3 Application payments and refunds

Until ANZ StEPS are allotted, ANZ will hold the Application payments in a trust account. The account will be established and kept solely for the purpose of depositing Application payments and retaining those funds for as long as required under the Corporations Act.

In the following cases, you will receive a refund cheque as soon as practicable after the Closing Date, which is expected to be dispatched on 1 October 2003:

- you are allotted fewer than the number of ANZ StEPS you applied for;
- your Application is not accepted; or
- the Offer Management Agreement terminates (see Section 8.5).

No interest will be paid on any Application payments returned to you. Any interest earned on Application payments will be, and will remain, the property of ANZ.

4.4 ASX quotation

ANZ and ANZ (NZ) will apply to ASX within seven days after the date of this Prospectus for quotation of ANZ StEPS issued under this Prospectus. If quotation is not granted by ASX, ANZ StEPS will not be issued and Application payments will be refunded to Applicants without interest.

It is expected that ANZ StEPS will trade under ASX code 'ANZPA'.

4.5 ASX deferred settlement trading

It is expected that the trading of ANZ StEPS on ASX will commence on a deferred settlement basis on 25 September 2003. Trading is expected to continue on that basis until 2 October 2003 when trading of ANZ StEPS on a normal settlement basis should commence. Deferred settlement will occur because trading will take place before entries are made by ANZ Share Registry in respect of holdings of ANZ StEPS and before holding statements are sent out to Holders.

It is your responsibility to confirm your holding before you trade in ANZ StEPS. If you sell your ANZ StEPS before you receive your holding statement, then you will do so at your own risk. You may call the ANZ StEPS InfoLine 1800 022 060 or your Participating Broker to enquire about your holding.

Section 4: Allocation and allotment

4.5.1 Provision of holding statements

ANZ and ANZ (NZ) will apply for ANZ StEPS to participate in CHESS and, if quotation is granted by ASX, no certificates will be issued. On 1 October 2003, ANZ and ANZ (NZ) expect holding statements to be dispatched, setting out the number of ANZ StEPS issued to each successful Applicant. When you receive your holding statement, ANZ Share Registry will request your TFN or ABN details (see Section 3.7).

On admission to CHESS, ANZ StEPS will be maintained on an electronic issuer sponsored sub-register and an electronic CHESS sub-register. If you choose to hold your ANZ StEPS on the issuer sponsored sub-register, you will be provided with a holding statement that sets out the number of ANZ StEPS issued to you.

If you hold ANZ StEPS on the CHESS sub-register, ANZ Share Registry will provide you with a statement that sets out the number of ANZ StEPS allotted to you under the Offer.

The holding statement will also provide details of your:

- HIN in the case of a holding on the CHESS sub-register; or
- SRN in the case of a holding on the issuer sponsored sub-register.

An updated holding statement will be sent to you at the end of each month if the balance of your ANZ StEPS holding changes.



Section 5: About ANZ

This Section sets out information in relation to ANZ and its operations including the effect of the issue of ANZ SiEPS on ANZ.

Further details about the information available on ANZ and its operations are contained in Sections 5.1 and 5.2.

Section 5: About ANZ

5.1 The Group overview

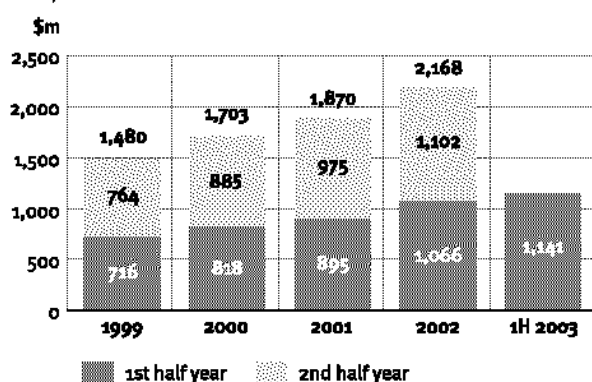
Established in 1835, ANZ is one of Australia's ten largest publicly listed companies, with a market capitalisation of approximately \$27.4 billion as at 13 August 2003. The Group operates in 27 countries, with the principal markets being Australia and New Zealand, and with smaller operations in Asia, the Pacific, the United Kingdom, Europe and the United States.

ANZ's specialisation strategy is executed through a management structure of ten business segments covering 17 specialist business units.

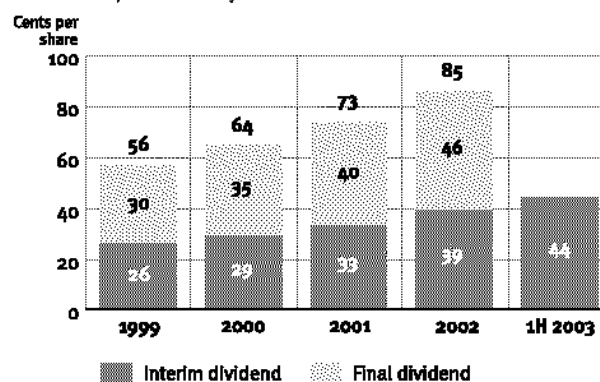
The Group offers a broad range of financial products and services, including mortgages, credit cards, deposit and investment products, corporate and business lending, trade finance and investment banking products and services. The Group's business is conducted through a network of more than 1,000 branches.

With total assets of \$191 billion as at 31 March 2003, ANZ is the fourth largest Australian-based bank on this measure. Net profit after tax for the year ended 30 September 2002 totalled \$2,168 million (excluding Significant Transactions) and for the half year ended 31 March 2003 was \$1,141 million. The Significant Transactions are detailed in the notes to the table in Section 5.4.

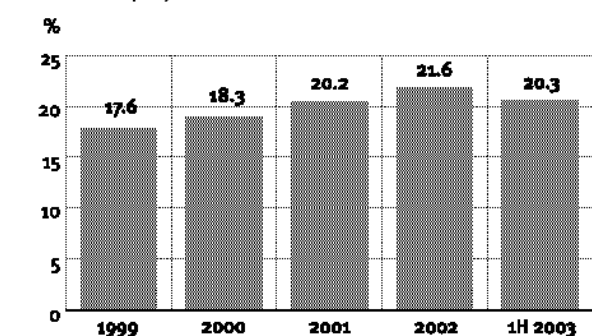
Net profit after tax¹



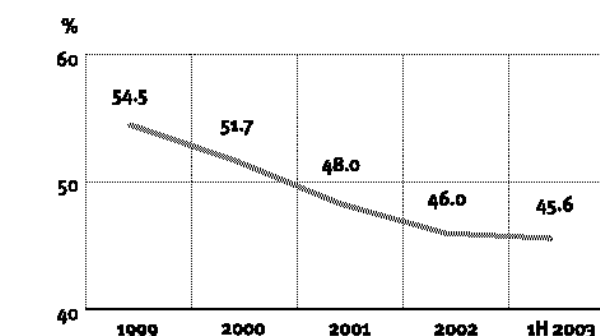
Dividends per Ordinary Share



Return on equity²



Cost to income ratio³



Notes:

Extracted from the audited financial statements for years ended 30 September, except for 1H 2003 which is extracted from the reviewed financial statements for the half year ended 31 March 2003.

¹ NPAT (excluding Significant Transactions).

² Return on equity is calculated as NPAT (excluding Significant Transactions) attributable to Ordinary Shareholders divided by average Ordinary Shareholders' equity.

³ Cost to income ratio is calculated as operating expenses (excluding goodwill amortisation and Significant Transactions) divided by operating income (excluding Significant Transactions).

5.2 Outlook and strategy

ANZ seeks to pursue a distinctive specialisation strategy that is well executed and consistently delivers superior performance for shareholders, staff, customers and the community. This strategy is built on the changes ANZ has made in recent years to reduce risk, to achieve global industry-leading productivity, to build a balanced and sustainable business mix and to evolve a high performance culture.

ANZ has identified four priorities for the future to assist in the delivery of superior performance. These priorities are broadly as follows:

- leveraging real capabilities to build a sustainable strategic position;
- growing value by creating a rich, diversified portfolio of specialised businesses;
- becoming one of the best managed and most efficient banks in the world; and
- being bold and different, leveraging a unique performance culture and approach.

ANZ's specialised businesses continue to produce superior performance with eight out of 17 business units delivering more than 10% earnings growth in the half year ended 31 March 2003 compared to the half year ended 31 March 2002.

ANZ remains confident that overall growth in net profit after tax (excluding Significant Transactions) for the full year ending 30 September 2003 will be in line with market expectations of around 8%. Mortgage demand has remained strong, offset by a difficult interest rate climate and low institutional loan demand.

ANZ has previously stated that it expects 2004 to be a more challenging year given among other things, the new credit card Interchange arrangements (see Section 6.2.5). While reasonable economic growth is expected in Australia, challenges for the financial services sector as a whole include a difficult interest rate environment, a strong Australian dollar and a softening outlook for housing.

ANZ sees its challenges in the years ahead as maintaining superior financial performance and a low risk profile, as well as growing revenues and its customer base. To achieve this, ANZ will seek to establish stronger relative positions in its core businesses in Australia and New Zealand, and selectively overseas.

The Group regularly examines a range of corporate opportunities with a view to determining whether those opportunities will enhance its financial performance and position. Selected corporate opportunities currently being investigated by ANZ include:

- National Bank of New Zealand (NBNZ) – Lloyds TSB has announced that it has entered into discussions with a number of parties regarding the future ownership of its subsidiary, NBNZ. In the interests of shareholders, ANZ is investigating potential ownership of NBNZ. As part of this process, ANZ has lodged an application with the New Zealand Commerce Commission and may make further regulatory applications;
- Metrobank Card Corporation (MCC), the credit card issuing company of Metropolitan Bank and Trust Company of the Philippines – ANZ is in the final stages of negotiating the terms of the acquisition of a 40% stake in MCC; and
- Shanghai Rural Credit Co-operatives Union (SRCCU) – ANZ is currently in discussions with SRCCU with respect to forming an alliance involving, among other things, ANZ taking a minority equity stake in SRCCU (or its successor).

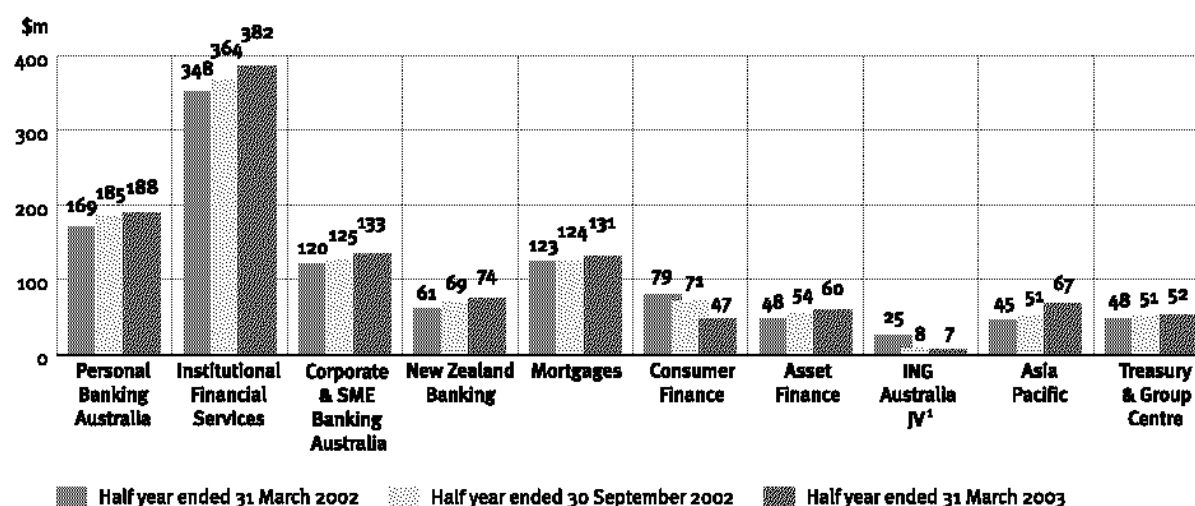
Section 5: About ANZ

5.3 Business description

The Group operates ten business segments:

Business segment	Principal activities
Personal Banking Australia	Personal Banking Australia provides a range of banking services to personal customers, high net worth individuals and SME rural customers in Australia
Institutional Financial Services	Institutional Financial Services brings together the institutional customer segment with specialised wholesale product segments to provide a broad range of financial solutions for institutional customers
Corporate & SME Banking Australia	Corporate & SME Banking Australia provides the principal relationship between ANZ's corporate and SME customers and all areas of ANZ, including working capital management, liquidity management and transaction processing
New Zealand Banking	New Zealand Banking provides a broad range of banking services, including wealth management, for personal, small business and corporate clients in New Zealand
Mortgages	Mortgages provides mortgage finance secured by residential real estate in Australia and New Zealand
Consumer Finance	Consumer Finance provides consumer and commercial credit cards, ePayment products, personal loans and merchant payment facilities
Asset Finance	Asset Finance provides finance and operating leases for vehicles and business equipment
ING Australia JV	ING Australia JV is a joint venture that provides integrated manufacture and distribution of wealth creation, management and protection products and services
Asia Pacific	Asia Pacific provides primarily retail banking services in the Asia and Pacific region and includes ANZ's share of PT Panin Bank in Indonesia
Treasury & Group Centre	Treasury is the banker to all ANZ businesses. Group Centre provides support to the Group and includes finance, legal, risk, tax and audit functions

Net profit after tax (excluding Significant Transactions) by business segment



Note:

Extracted from the reviewed financial statements for the half year ended 31 March 2003.

¹ Includes the financial performance of ING Australia JV in the period starting from 1 May 2002 and the financial performance of the businesses sold to ING Australia JV for the prior periods.

5.4 Financial performance

For the half year ended 31 March 2003, the Group recorded a net profit after tax (excluding Significant Transactions) of \$1,141 million, an increase of 7.0% on the half year ended 31 March 2002. Earnings per Ordinary Share (EPS) (excluding Significant Transactions) increased by 6.8% to 72 cents. The interim dividend per Ordinary Share increased by 12.8% to 44 cents, reflecting the Group's strong capital position.

Return on equity (excluding Significant Transactions) for the half year ended 31 March 2003 was 20.3%, which decreased from 21.3% (excluding Significant Transactions) for the half year ended 30 September 2002. This return was still ahead of the Group's 20% target.

For the year ended 30 September 2002, the Group recorded a net profit after tax (excluding Significant Transactions) of \$2,168 million, an increase of 15.9% over the year ended 30 September 2001. EPS (excluding Significant Transactions) increased from \$1.17 to \$1.37 and return on equity (excluding Significant Transactions) increased from 20.2% to 21.6% for the same period. The Group recorded a net profit after tax (including Significant Transactions) of \$2,322 million.

Over the last three years, the Group has achieved a compound annual growth rate of 13.6% per annum in net profit after tax (excluding Significant Transactions). A summary of the Group's recent financial performance is set out in the following table:

ANZ SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

(\$ million)	1999	2000	2001	2002	1H 2003
Net interest income	3,655	3,801	3,833	4,018	2,140
Net profit before tax (excluding Significant Transactions)	2,222	2,568	2,783	3,051	1,587
Net profit after tax (including Significant Transactions)	1,480	1,747	1,870	2,322	1,141
Net profit after tax (excluding Significant Transactions)	1,480	1,703	1,870	2,168	1,141
Per Ordinary Share					
EPS ¹	\$0.91	\$1.04	\$1.17	\$1.37	\$0.72
Dividends	\$0.56	\$0.64	\$0.73	\$0.85	\$0.44

Notes:

Extracted from the audited financial statements for years ended 30 September, except for 1H 2003 which is extracted from the reviewed financial statements for the half year ended 31 March 2003. The Significant Transactions are as follows, for the half years ended:

- 30 September 2002: profit on sale of businesses to ING Australia JV of \$170 million after tax (\$174 million before tax);
- 31 March 2002: return of funds on settlement of National Housing Bank of India litigation of \$159 million after tax (\$248 million before tax) and special provision for doubtful debts of \$(175) million after tax (\$(250) million before tax);
- 30 September 2000:
 - restructuring provision for specialist businesses and eTransformation of \$(245) million after tax (\$(361) million before tax);
 - write down of investment in PT Panin Bank Indonesia of \$(81) million after tax;
 - profit and provisions related to the sale of Grindlays and associated businesses of \$404 million after tax; and
 - provision for litigation of \$(33) million after tax (\$(50) million before tax); and
- 31 March 2000:
 - reversal of previous property revaluation of \$30 million after tax;
 - gain on sale of investment in Colonial Limited following the announcement of its acquisition by Commonwealth Bank of Australia of \$33 million after tax; and
 - restatement of deferred tax balances by \$(64) million to reflect new company tax rate.

¹ Excluding Significant Transactions and based on the weighted average number of Ordinary Shares outstanding during each period.

Section 5: About ANZ

5.5 Group Risk Management

ANZ's Group Risk Management function is part of the Treasury & Group Centre business segment and operates with the authority of the Directors and Chief Executive Officer.

The Group Risk Management function is responsible for establishing risk policies, principles and process standards that reflect the Group's risk strategy and risk tolerance level, and determining the risk parameters for the Group and for each business segment. The Group Risk Management function measures, assesses and monitors the level of risk in the Group and approves material risk exposures, limits and transactions. These and other material risk issues are regularly reported to executive management, the Directors and regulators.

All major credit decisions (including automated decision processes) for the Group's corporate and consumer businesses require dual approval by Group Risk Management and executive management within the relevant business segment. Market risk is managed by a variety of different techniques with Group Risk Management setting the limits to control trading positions and interest rate risk within parameters approved by the Directors. Operational risk is managed across the Group by each business unit, with Group Risk Management responsible for establishing policies and developing operational risk monitoring capabilities and specialists in key risk areas.

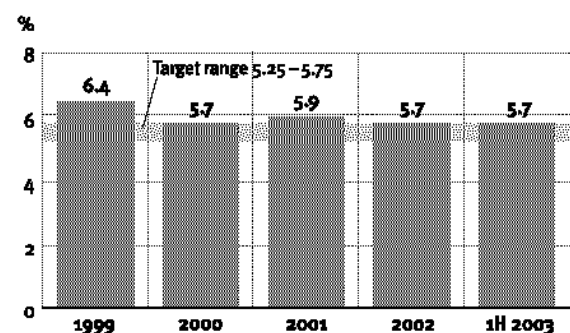
5.6 Capital management

ANZ pursues an active approach to capital management. This involves a continual review of the level and composition of the Group's capital base, assessed against a range of objectives including maintenance of sufficient capital to ensure ANZ remains in the 'AA' rating category.

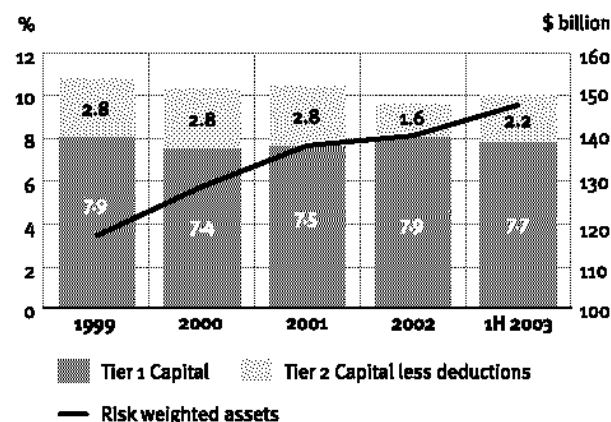
ANZ seeks to ensure that it maintains an appropriate level of capital to meet its economic capital needs. Economic capital is the equity allocated to a business unit's inherent risk profile. It is allocated for several categories including credit risk, operating risk, interest rate risk, basis risk, mismatch risk, investment risk, trading risk and other risks. The methodology used to allocate capital to business units for risk is designed to incentivise appropriate risk management and investment decisions across the Group.

Based on these criteria, ANZ has targeted a capital structure with adjusted common equity (ACE) as a percentage of risk weighted assets (RWA) in the range of 5.25% to 5.75%. ACE is determined by ANZ as Tier 1 Capital less the face value of preference shares (calculated at exchange rates as at the balance date) less Total Capital deductions (as defined by APRA). RWA is an APRA determined measure, which applies a weighted level of relative risk to on and off-balance sheet assets. The weightings are based on scales determined by APRA to reflect the relative risk of the counterparty and the asset class.

ACE/RWA ratio



Regulatory capital ratios and balances



Note:

Extracted from the audited financial statements as at 30 September, except for 1H 2003 which is extracted from the reviewed financial statements as at 31 March 2003.

As at 31 March 2003, the Tier 1 Capital Ratio was 7.7% and the ACE/RWA ratio was 5.7%. The raising of \$750 million of new hybrid equity through the issue of ANZ StEPS will strengthen the Group's capital ratios resulting in increased financial flexibility. The Group's pro forma regulatory capital position presented as if the issue of ANZ StEPS was complete as at 31 March 2003 is set out in Section 5.8.2.

5.7 ANZ Holdings (New Zealand) Limited

ANZ (NZ) is a wholly-owned subsidiary of ANZ and is a New Zealand bank holding company with consolidated assets of NZ\$27.5 billion as at 30 September 2002.

ANZ (NZ) SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

(NZ\$ million)	1999	2000	2001	2002
Net interest income	547	576	618	663
Net profit before tax	331	340	491	512 ¹
Net profit after tax	232	250	346	361 ¹

Notes:

Extracted from the audited financial statements for the years ended 30 September. ANZ (NZ) prepares audited financial statements on an annual basis only.

¹ Excluding a Significant Transaction for the full year ended 30 September 2002 of NZ\$38 million after tax from the sale of businesses to the ING Australia JV.

ANZ (NZ) holds ANZ's investment in ANZ Banking Group (New Zealand) Limited (ANZ NZ Bank). ANZ NZ Bank is New Zealand's oldest bank, with operations dating back to 1840 and is the fourth largest full service banking group in New Zealand. ANZ NZ Bank is registered under the Reserve Bank of New Zealand Act 1989 (New Zealand). ANZ NZ Bank has around 14% of the total assets held by registered banks in New Zealand, is supported by a network of over 140 branches and has approximately 800,000 customers – the second largest customer base in New Zealand.

Six of ANZ's business segments operate in the ANZ NZ Bank:

- New Zealand Banking;
- Mortgages;
- Consumer Finance;
- Asset Finance;
- Institutional Financial Services; and
- Treasury & Group Centre.

ANZ (NZ) borrows funds from ANZ and provides funding to ANZ NZ Bank.

5.8 Pro forma financial information

The following pro forma financial information assumes \$750 million was raised through the issue of ANZ StEPS. It sets out the Group's summarised pro forma statement of financial position and regulatory capital position as at 31 March 2003 assuming that:

- the Offer was completed as at 31 March 2003;
- \$736 million of net proceeds was raised (after estimated transaction costs of \$14 million); and
- the net proceeds are initially used to replace existing funding and reduce 'Deposits and other borrowings'.

Also, the issue of ANZ StEPS is expected to result in a marginal increase in net profit after tax and an immaterial decrease on EPS and return on equity to Ordinary Shareholders. Preference share dividends will increase to the extent that Distributions are paid.

Section 5: About ANZ

5.8.1 Statement of financial position

ANZ's summarised consolidated statement of financial position is taken from the financial statements for the half year ended 31 March 2003 which were reviewed by KPMG, the Group's auditors. The purpose of the pro forma statement of financial position is to present the Group's financial position as at 31 March 2003 adjusted for the effect of the issue of ANZ STEPS. The first column is the summarised consolidated statement of financial position for ANZ as at 31 March 2003. The Adjustments column assumes that the net proceeds reduce 'Deposits and other borrowings'.

ANZ SUMMARISED CONSOLIDATED PRO FORMA STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2003

(\$ million)	Group ¹	Adjustments ²	Pro forma ²
Liquid assets	7,759	–	7,759
Due from other financial institutions	3,123	–	3,123
Trading and investment securities	9,520	–	9,520
Net loans and advances including acceptances	155,235	–	155,235
Other	14,881	–	14,881
Total assets	190,518	–	190,518
Due to other financial institutions	8,824	–	8,824
Deposits and other borrowings	122,256	(736)	121,520
Liability for acceptances	13,270	–	13,270
Bonds and notes	14,917	–	14,917
Other	18,766	–	18,766
Total liabilities	178,033	(736)	177,297
NET ASSETS	12,485	736	13,221
Ordinary Shares	4,058	–	4,058
Preference shares			
TrUEPrs ³	1,225	–	1,225
ANZ STEPS	–	736	736
Reserves	485	–	485
Retained profits	6,700	–	6,700
Outside equity interests	17	–	17
TOTAL SHAREHOLDERS' EQUITY	12,485	736	13,221

Notes:

- 1 ANZ's summarised reviewed consolidated statement of financial position as at 31 March 2003.
- 2 The pro forma adjustments and the pro forma statement of financial position are unaudited. If there is oversubscription for ANZ STEPS, the 'Deposits and other borrowings' and 'ANZ STEPS' balances in the Adjustments column will be increased by the amount of the oversubscription, net of transaction costs.
- 3 TrUEPrs are stated at the A\$:US\$ exchange rates at the dates when they were issued, net of transaction costs.

5.8.2 Regulatory capital position

ANZ's summarised consolidated regulatory capital statement is extracted from the financial statements as at 31 March 2003, which were reviewed by KPMG, the Group's auditors. The purpose of the pro forma regulatory capital position is to present the Group's regulatory capital position as at 31 March 2003 adjusted for the effect of the issue of ANZ STEPS.

The first column is the summarised consolidated regulatory capital position for ANZ as at 31 March 2003. The Adjustments column assumes that:

- total preference share capital increases by \$736 million, the net proceeds from the issue of ANZ STEPS;
- Tier 1 Capital increases by the net proceeds of the Offer; and
- ACE is reduced by the estimated transaction costs (\$14 million) for the issue of ANZ STEPS.

ANZ SUMMARISED CONSOLIDATED REGULATORY CAPITAL POSITION AS AT 31 MARCH 2003

(\$ million)	Group	Adjustments ¹	Pro forma
TrUEPrS ²	1,225	–	1,225
ANZ StEPS	–	736	736
Total preference shares	1,225	736	1,961
Tier 1 Capital	11,511	736	12,247
Tier 2 Capital	5,043	–	5,043
Deductions	(1,784)	–	(1,784)
Total Capital	14,770	736	15,506
Adjusted common equity	8,443	(14) ³	8,429
Capital ratios			
Tier 1 Capital Ratio	7.7%	0.5%	8.2%
Tier 2 Capital Ratio	3.4%	–	3.4%
Deductions	(1.2%)	–	(1.2%)
Total Capital Adequacy Ratio	9.9%	0.5%	10.4%
ACE/RWA ratio	5.7%	–	5.7%

Notes:

¹ If there is oversubscription for ANZ STEPS, the preference shares balance, Tier 1 Capital balance and the Tier 1 Capital Ratio in the Adjustments column will be adjusted by the amount of the oversubscription, net of transaction costs. The ACE balance would be reduced for the additional transaction costs.

² TrUEPrS are stated at the A\$:US\$ exchange rates at the date when they were issued, net of transaction costs.

³ ACE is reduced by the estimated transaction costs for the issue of ANZ STEPS.

On 1 July 2003, revised APRA prudential standards 'APS110 – Capital Adequacy' and 'APS 111 – Capital Adequacy: Measurement of Capital' came into force. These standards will, among other things, require the intangible component of certain equity investments to be deducted from Tier 1 Capital for capital adequacy purposes. Prior to 1 July 2003, both the tangible and intangible components of the investment are a deduction from Total Capital for capital adequacy purposes. The revised prudential standard also introduced the concept of Level 3 capital adequacy requirements. At this stage APRA has advised that ANZ is not subject to Level 3 capital assessment. The changes resulting from adoption of the revised prudential standards are not included in the pro forma regulatory capital position at 31 March 2003. ANZ expects that the changes will reduce the Group's Tier 1 Capital Ratio by approximately 0.6%, with Total Capital and ACE being unaffected by these changes.

5.9 Credit ratings

ANZ and ANZ StEPS have been rated by Standard & Poor's and Moody's. As at the date of this Prospectus, key ratings are as follows:

Standard & Poor's	Rating	Moody's	Rating
Issue credit rating – ANZ STEPS	'A–'	Issue credit rating – ANZ STEPS	'A2'
Long-term counterparty credit rating (Outlook Stable)	'AA–'	Long-term senior issuer rating (Outlook Stable)	'Aa3'
Short-term counterparty credit rating	'A–1+	Short-term issuer rating	'P-1'

Section 5: About ANZ

5.9.1 ANZ STEPS issue credit rating

An issue credit rating is a current opinion of the creditworthiness of an obligor with respect to specific financial obligations, a specific class of financial obligations or a specific financial program.

Issues rated 'BBB–' or higher by Standard & Poor's are considered to be investment grade. **ANZ STEPS have been assigned an 'A–' rating by Standard & Poor's and are therefore investment grade.** An issue credit rating of 'A–' describes an issue that is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

Issues rated 'Baa3' or higher by Moody's are considered to be investment grade. **ANZ STEPS have been assigned an 'A2' rating by Moody's and are therefore investment grade.** An issue credit rating of 'A2' describes an issue that possesses many favourable investment attributes and may be considered as upper-medium-grade obligations. The factors that give security to principal and interest are considered adequate but elements may be present that suggest a susceptibility to impairment some time in the future.

5.9.2 Standard & Poor's counterparty credit ratings

A counterparty credit rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. The key Standard & Poor's counterparty credit ratings for ANZ are:

- long-term – 'AA–' (Outlook Stable) describes an obligor that has a very strong capacity to meet its financial commitments. It differs from the highest rated obligors only in small degree; and
- short-term – 'A-1+' describes an obligor that has a strong capacity to meet its financial commitments and is rated in the highest category by Standard & Poor's.

The ratings for 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (–) sign to show relative standing within the major rating categories. The rating outlook assesses the potential direction of an issuer's long-term debt rating over the intermediate to longer term. Rating outlooks fall into the following four categories: positive, negative, stable and developing. The outlook applied to ANZ's counterparty credit ratings above is 'Outlook Stable' which indicates that ratings are not expected to change.

5.9.3 Moody's credit ratings

A long-term rating is a current opinion of the future ability of an issuer to repay its long-term debt obligations and the level of legal protection afforded to the holder of a specific security based on the security's specific terms.

A short-term rating is an opinion of the ability of an issuer to honour senior financial obligations and contracts. Such obligations generally have an original maturity not exceeding one year.

The key Moody's credit ratings for ANZ are:

- long-term – 'Aa3' (Outlook Stable). Issuers rated 'Aa' offer excellent financial security. Together with the 'Aaa' group, they constitute what are generally known as high grade entities. They are rated lower than 'Aaa' rated entities because long-term risks appear somewhat larger; and
- short-term – 'P-1' describes issuers that have a superior ability for repayment of senior short-term debt obligations.

Moody's applies numerical modifiers of 1, 2 and 3 in each generic rating category from 'Aa' to 'Caa'. The modifier 1 indicates that the issuer is in the higher end of its letter rating category; the modifier 2 indicates a mid-range ranking; the modifier 3 indicates that the issuer is in the lower end of the letter ranking category. The rating outlook is an opinion regarding the likely direction of an issuer's rating over the medium term. Rating outlooks fall into the following four categories: positive, negative, stable and developing (contingent upon an event). The outlook applied to ANZ's long-term and short-term credit ratings above is 'Outlook Stable' which indicates that ratings are not likely to change.

Credit ratings are not market ratings, nor are they recommendations to buy, hold or sell securities (including ANZ STEPS). Credit ratings are subject to revision or withdrawal at any time. As at the date of this Prospectus, ANZ has not approached any other rating agency for an issue credit rating of ANZ STEPS.



Section 6: Investment risks

This Section describes the potential risks associated with an investment in ANZ StEPS.

Before applying for ANZ StEPS, you should consider whether ANZ StEPS are a suitable investment for you. You should be aware that there are risks associated with an investment in ANZ StEPS. Many of the risks are outside the control of ANZ, ANZ (NZ) and their directors. These risks include those in this Section and other matters referred to in this Prospectus.

Section 6: Investment risks

The investment risks can broadly be categorised as:

- risks associated with investing in ANZ StEPS; and
- risks attaching to ANZ, ANZ (NZ) and associated with the financial services sector generally.

6.1 Risks associated with investing in ANZ StEPS

Set out below are specific risks associated with an investment in ANZ StEPS.

6.1.1 Financial market conditions

The market price of ANZ StEPS will fluctuate due to various factors, including interest rates, general movements in the Australian and international equity markets, investor sentiment, worldwide or regional political, social and economic conditions, movements in the market price of Ordinary Shares, and factors which may affect the Group's financial position and performance.

6.1.2 Market price and liquidity of ANZ StEPS

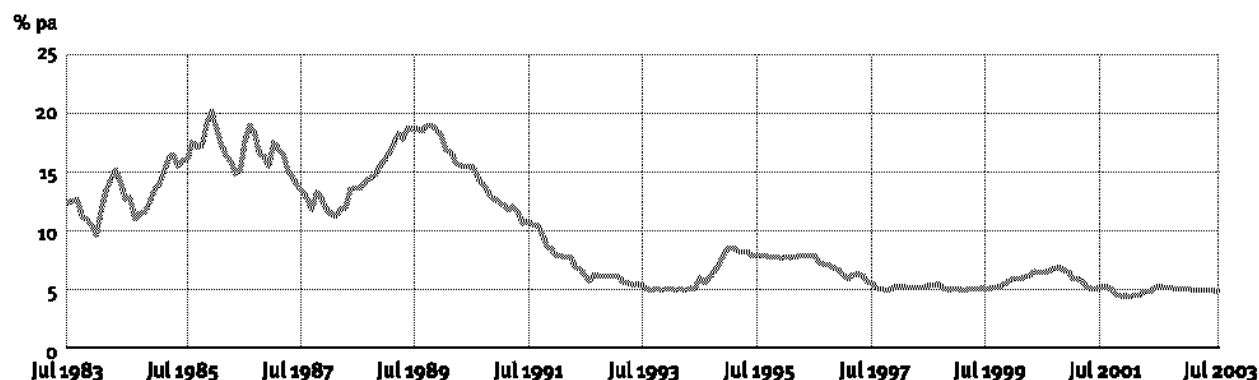
ANZ and ANZ (NZ) will apply for quotation of ANZ StEPS on ASX, but ANZ and ANZ (NZ) are unable to predict the market price and liquidity of the market for ANZ StEPS.

The market price of ANZ StEPS may fluctuate due to various factors, including financial market conditions (see Section 6.1.1). The market for ANZ StEPS may be less liquid than the market on ASX for Ordinary Shares. Holders who wish to sell their ANZ StEPS may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for ANZ StEPS.

6.1.3 Distribution Rate

The Distribution Rate until the first Reset Date is calculated each quarter by reference to the 90 Day Bank Bill Rate which is influenced by a number of factors and varies over time. The graph below shows movements in the 90 Day Bank Bill Rate since July 1983.

90 DAY BANK BILL RATE – JULY 1983 TO JULY 2003



The movement in the 90 Day Bank Bill Rate in the future may be greater or less than that shown in the graph. The graph should not be taken as an indication of future movements in the 90 Day Bank Bill Rate.

The Distribution Rate payable on ANZ StEPS will change over time with movements in the 90 Day Bank Bill Rate.

To reflect changes in market conditions on the first Reset Date, and on any subsequent Reset Date, the Market Rate can be changed by ANZ or ANZ (NZ) from the 90 Day Bank Bill Rate to another benchmark market rate.

In addition, there is a risk that the Margin may change. On 15 September 2008 and on any subsequent Reset Date, ANZ may change the Margin (subject to APRA approval) (see Section 2.5). ANZ may not increase the Margin until 15 September 2013 and any increase is subject to APRA's prior approval.

6.1.4 Ability to pay Distributions

There is a risk that Holders may not receive a Distribution as the payment of Distributions is subject to a number of Payment Tests including determinations by APRA regarding ANZ's compliance with capital adequacy guidelines (see Section 2.4.8). There is a risk that one or more of those Payment Tests may not be satisfied and that Distributions are not paid as a result. See Section 6.2 for an outline of the major risks affecting the Group's financial position and performance and the ability to make Distributions.

6.1.5 Exchange by Holder

A Holder may require Exchange of all or some of their ANZ StEPS on any Reset Date, the first of which occurs on 15 September 2008. If a Holder delivers a notice to ANZ requesting Exchange, ANZ has a number of methods to effect Exchange (see Section 2.6.4).

The method of Exchange chosen by ANZ may not coincide with a Holder's individual preference, and may be disadvantageous to the Holder in light of market conditions or individual circumstances at the time.

6.1.6 Exchange by ANZ

ANZ may require Exchange of some or all ANZ StEPS into Ordinary Shares on the first Reset Date or any other Reset Date. Holders may also be required to Exchange their ANZ StEPS for Ordinary Shares if a Regulatory Event or Tax Event occurs or the aggregate Issue Price of all ANZ StEPS on issue is less than \$100 million. The right to Exchange will continue to apply to Preference Shares if an Assignment Event occurs.

Ordinary Shares held by Holders following Exchange will have the same rights as other Ordinary Shares, which are different to the rights attached to ANZ StEPS.

The number of Ordinary Shares issued on Exchange will depend on a number of factors, including the price of Ordinary Shares during the relevant 20 Business Day period when the Conversion Ratio is calculated. Holders should note that Conversion may occur at a price which is greater than the price at which Ordinary Shares could be acquired on ASX.

ANZ may also require Exchange at dates not previously contemplated by Holders. Therefore, the period for which Holders will be entitled to the benefit of the rights attaching to ANZ StEPS is unknown. Also the method of Exchange chosen by ANZ may be disadvantageous to a Holder in light of market conditions or individual circumstances at the time.

6.1.7 Assignment Event

If an Assignment Event occurs, ANZ StEPS will be 'unstapled' and Notes will be automatically assigned to ANZ Capital Funding Pty Ltd. After that, Holders will continue to hold the Preference Share component of ANZ StEPS (see Section 2.7.2). This may have adverse consequences for a particular Holder, including potential taxation consequences. For a general outline of the Australian taxation consequences for investors, see Section 7.

6.1.8 Ranking

In the unlikely event of a winding-up of ANZ, a Holder's ranking will be determined effectively by the Preference Share component of ANZ StEPS. Holders will rank in priority of payment behind depositors and creditors of ANZ, but ahead of Ordinary Shareholders and holders of securities ranking lower than Preference Shares. If there is a shortfall of assets in a winding-up of ANZ, there is a risk that Holders will not receive a full return of share capital or any Distributions due and unpaid at that time.

6.1.9 Future issues of securities

A holding of ANZ StEPS does not give any right to participate in future securities issued by ANZ or any of its subsidiaries, whether equity, debt or other capital. ANZ may issue other preference shares which rank equally with ANZ StEPS, without the approval of Holders. In addition, the Group may also issue other securities on terms which are the same as or different to those of ANZ StEPS. Such issues may affect the Group's ability to make payments or the sufficiency of assets in a winding-up.

In addition, ANZ or ANZ (NZ) may issue further Notes or other notes as part of a different series. Such Notes or other notes may or may not be stapled to another security.

6.1.10 Taxation

A general outline of the Australian taxation consequences for investors is in Section 7. This summary is in general terms and is not intended to provide specific advice in relation to the circumstances of any particular Holder. Accordingly, investors should seek independent advice in relation to their own individual taxation position before deciding to invest in ANZ StEPS.

If there is a change to the taxation system that increases the costs for ANZ or ANZ (NZ) of having ANZ StEPS on issue, then ANZ may decide that a Tax Event has occurred (see Section 2.6.10). This would allow ANZ to require Exchange (see Section 6.1.6).

6.1.11 Credit ratings

As a result of changes in the Group's operating performance or capital structure, there is a risk that credit ratings of the Group or ANZ StEPS could be downgraded in the future. This could affect the market price and liquidity of ANZ StEPS and Ordinary Shares.

Section 6: Investment risks

6.1.12 Accounting classification

Changes to the accounting standards that apply to the Group may impact upon the accounting treatment of ANZ StEPS and consequently may impact the classification by APRA of ANZ StEPS as Tier 1 Capital.

In particular, in July 2002, the Financial Reporting Council announced its formal support for Australia to adopt International Financial Reporting Standards (IFRS) for financial years beginning on or after 1 January 2005. As a result, from 1 January 2005, the accounting standards that apply to reporting entities under the Corporations Act will be based on the IFRS issued by the International Accounting Standards Board. It is possible that the Australian Accounting Standards Board may allow adoption of accounting standards based on the IFRS before that date.

The accounting standards based on the IFRS (including proposed changes to the IFRS) may result in ANZ StEPS being classified as a liability rather than as equity of the Group, which may in turn cause APRA to cease to classify ANZ StEPS as Tier 1 Capital. If ANZ StEPS are reclassified as a liability, this will result in the Distributions being classified as interest expense in arriving at the net profit or loss after tax attributable to shareholders on a consolidated basis.

The possible reclassification of ANZ StEPS as debt instruments following the introduction of accounting standards based on the IFRS is an accounting classification only and is not expected to impact the Terms of Issue or the legal or taxation status of the instrument. Consequently, Holders will continue to be able to receive a Distribution after the introduction of accounting standards based on the IFRS, provided that the Payment Tests are satisfied, despite any reclassification of the Distributions from ANZ StEPS as interest expense in the consolidated statement of financial performance.

While there would be no change to the Terms of Issue if ANZ StEPS are no longer classified as Tier 1 Capital, this would constitute a Regulatory Event which would allow ANZ to require Exchange (see Section 6.1.6).

6.1.13 Regulatory classification

APRA has approved the classification of ANZ StEPS as Tier 1 Capital and has indicated that a change in accounting treatment would not in itself result in a change in regulatory classification. If APRA subsequently determines that ANZ StEPS do not constitute Tier 1 Capital, then ANZ may decide that a Regulatory Event has occurred which would allow ANZ to require Exchange (see Section 6.1.6).

6.2 Risks attaching to ANZ or ANZ (NZ) and associated with the financial services sector generally

Set out below are the key risks attaching to ANZ or ANZ (NZ) and associated with the financial services sector generally. Some of these risks can be mitigated using appropriate safeguards, controls and systems but others are outside the control of ANZ, ANZ (NZ) and their directors and cannot be mitigated.

These key risks are relevant to an investment in ANZ StEPS as they affect the financial performance and position of the Group and, therefore, the ability of ANZ and ANZ (NZ) to pay Distributions.

ANZ is a continuous disclosing entity and all material disclosure in relation to the Group is made available to ASX on an ongoing basis in accordance with the Listing Rules.

6.2.1 Dependence on the Australian and New Zealand economies

The Group conducts the majority of its business in Australia and New Zealand and its financial performance and position depend significantly on the condition of these economies, and on global economic factors that affect them. For instance, the level of ANZ's business activity is highly dependent on prevailing interest rates, business and consumer confidence and economic conditions generally in Australia and New Zealand. Accordingly, an adverse change to either economy may have a material adverse effect on the Group.

Australian and New Zealand economic conditions are also affected by geo-political instability, including, among other factors, actual or potential conflict and terrorism.

6.2.2 Credit risk

Wholesale and retail credit risk arises from the Group's lending activities and the potential for loss arising from the failure of a debtor or counterparty to meet its contractual obligations.

The Group holds provisions to cover bad and doubtful debts. If these provisions prove inadequate, this may have a material adverse effect on the Group. For instance, known risks relate to the Group's exposures to the international power and telecommunications sectors.

6.2.3 Market risk

The Group is exposed to the risk that it will incur losses arising from changes in interest rates, foreign exchange rates or prices of commodities, debt securities and other financial contracts including derivatives. Losses arising from these risks may have a material adverse effect on the Group.

The Group is also exposed to liquidity risk, which is the risk that it has insufficient funds and is unable to meet its payment obligations as they fall due including obligations to repay deposits and maturing wholesale debt.

To the extent that earnings are generated outside Australia, the Group is also exposed to exchange rate risk.

6.2.4 Operational risk

Operational risk relates to the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems, or from external events which impact on the Group's operating business. Operational risk includes the risks arising from process error, fraud, systems failure, failure of security and physical protection systems, customer services, staff skills and performance, and product development and maintenance. The Group is highly dependent on information systems and technology, and there is a risk that these might fail. From time to time, the Group undertakes major projects and there are operational risks in the design and implementation of these projects. The Group's exposure to potential systemic events or failings in the international financial services sector may also be a source of operational risk.

Operational risk has the potential to have a material adverse effect on the Group's financial performance and position, and on its reputation in the community and among its customers.

6.2.5 Changes in regulatory and legal environment

The Group's business is subject to substantial regulatory and legal oversight. Failure to comply with legal and regulatory requirements may have a material adverse effect on the Group, and its reputation among customers and regulators and in the market.

Future regulatory and legal developments affecting the financial services sector may also have a material adverse effect on the Group.

In addition to regulatory and taxation risks associated with an investment in ANZ StEPS (see Section 6.1), potential changes to the Australian and international regulatory and legal environment may have a material adverse effect on the Group. These risks include changes to:

- accounting standards;
- taxation laws – in Australia and the other countries in which the Group operates;
- prudential regulatory requirements, particularly those administered by APRA; and
- the regulatory and legal environment in other jurisdictions in which the Group operates or which may have an extra-jurisdictional impact.

For example, in August 2002 the Reserve Bank of Australia announced reforms to the Australian credit card market. These reforms include a new interchange standard which takes effect at the end of October 2003 and will reduce the interchange revenue received by the Group. The reduction in interchange revenue, combined with recent increases in the cost of loyalty programs, will be partly offset by measures to restructure some credit card programs. Based on current projections, ANZ does not expect the net adverse impact of the Reserve Bank of Australia's reforms to exceed \$40 million after tax for the Group in the year ending 30 September 2004.

6.2.6 Competition

The financial services sector in which the Group operates is becoming increasingly competitive, particularly those segments which are considered to provide higher growth prospects. Factors contributing to this include industry deregulation, mergers, changes in customers' needs and preferences, entry of new participants, development of distribution methods, and increased diversification of product mix by major competitors.

The effect of the competitive market conditions in which the Group operates may have a material adverse effect on the Group's financial performance and position.

Section 6: Investment risks

6.2.7 Litigation and contingent liabilities

There are outstanding court proceedings, claims and possible claims against the Group, the aggregate amount of which cannot readily be quantified. Appropriate legal advice has been obtained and, in the light of such advice, provisions as deemed necessary have been made and are disclosed in ANZ's consolidated financial statements. If these provisions prove inadequate, this may have a material adverse effect on the Group.

Known risks include the Group's exposures arising from the sale of the Grindlays' businesses and contingent tax liabilities:

- sale of Grindlays' businesses – as part of the sale of ANZ Grindlays Bank Limited and the private banking business of ANZ in the United Kingdom and Jersey, together with ANZ Grindlays (Jersey) Holdings Limited and its subsidiaries (Grindlays' businesses), to Standard Chartered Bank, ANZ provided a number of warranties and indemnities. Claims have been made by Standard Chartered Bank under certain of these warranties and indemnities. A number of these claims have been resolved. ANZ expects that resolution of the residual outstanding matters will occur within existing provisions; and
- contingent tax liabilities – ANZ in Australia is being audited by the Australian Taxation Office. The Australian Taxation Office is considering several issues including the tax treatment of certain lease assignments in 1991 and 1992 and, at ANZ's request, the sale of the Grindlays' businesses in 2000. Based on external advice, ANZ has assessed the likely progress of these issues and believes that it holds appropriate provisions.

6.2.8 Acquisition risk

The Group regularly examines a range of corporate opportunities with a view to determining whether those opportunities will enhance its financial performance and position.

Significant corporate opportunities currently being investigated are listed in Section 5.2. It is possible that there may be developments in relation to these and other potential corporate opportunities during the Offer Period and after the Allotment Date.

Any corporate opportunity that ANZ pursues could, for a variety of reasons, turn out to have a material adverse effect on the Group. The successful implementation of ANZ's corporate strategy will depend on a range of factors including potential funding strategies and challenges associated with integrating and adding value to a business which is acquired.

The Group's operating performance or capital structure may also be affected by these corporate opportunities and there is a risk that the Group's credit rating may be placed on credit watch or downgraded if these opportunities are pursued or developments occur.

6.2.9 ANZ (NZ) ability to pay interest

Interest will be paid by ANZ (NZ), which is the entity that holds the Group's New Zealand operations. The Group's New Zealand operations accounted for around 15% of net profit after tax (excluding Significant Transactions) for the half year ended 31 March 2003. There is a risk that ANZ (NZ) will be unable to pay interest and that an Assignment Event will occur (see Sections 2.4.9 and 6.1.7).

This Section on investment risks is not exhaustive. You should read this entire Prospectus carefully. If you are unclear in relation to any matter or uncertain if ANZ StEPS are a suitable investment for you, then you should consult your stockbroker, accountant or other professional adviser.



Section 7: Taxation consequences for investors

If you are considering applying for ANZ StEPS, it is important for you to understand the taxation consequences of investing in ANZ StEPS. You should read this Section before deciding whether to invest and discuss the taxation consequences with your tax adviser, accountant or other professional adviser.

Section 7: Taxation consequences for investors



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Melbourne Victoria 3000
Australia

The Directors
ANZ Holdings (New Zealand) Limited
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New Zealand

14 August 2003

Dear Directors

ANZ Stapled Exchangeable Preferred Securities (ANZ StEPS) – taxation consequences for investors

We have been asked to provide an overview of the likely Australian taxation consequences that may arise for certain Holders who are residents of Australia for Australian tax purposes, for inclusion in this Prospectus dated 14 August 2003.

7.1 Introduction

The purpose of this letter is to provide a guide as to the potential Australian taxation consequences to a Holder from acquiring, holding and selling ANZ StEPS.

The content of this letter:

- relates only to residents of Australia for taxation purposes who hold ANZ StEPS on capital account;
- does not apply to Holders who are not residents of Australia;
- does not apply to Holders who hold ANZ StEPS on revenue account (for example, Holders who are professional share traders, banks or insurance companies); and
- is based on the tax law of Australia as it stands as at the date of this letter.

Australia is in the process of major tax reform, and it is important that potential investors monitor developments, as changes to the tax legislation or administration of the law (or both) may have a material impact on the comments provided in this letter. Potential investors are advised to obtain advice on these tax reforms at the time they invest in ANZ StEPS.

Taxation is a complex area of law and taxation consequences for a Holder may differ from those detailed in this letter, depending on the Holder's particular circumstances. Accordingly, potential investors should not rely on this letter as a substitute for professional advice. All potential investors who are considering investing in ANZ StEPS should obtain their own independent professional advice, in light of their particular circumstances, before deciding whether to apply for ANZ StEPS.

This letter should be read with the remainder of this Prospectus. Capitalised terms in this letter have the same meaning as ascribed to them in this Prospectus, unless indicated otherwise.

In summary, this letter sets out the likely Australian taxation consequences of:

- Distributions;
- sale of ANZ StEPS;
- an Assignment Event;
- Exchange;
- sale of Preference Shares after an Assignment Event;
- stamp duty implications for Holders; and
- GST implications for Holders.

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Any legislative references below are to the Income Tax Assessment Act 1997 (Australia) or the Income Tax Assessment Act 1936 (Australia), as appropriate.

7.2 Distributions

7.2.1 Distributions paid as Interest on Notes

Distributions received by Holders will normally be Interest on Notes from ANZ (NZ). A Holder will be required to include in their assessable income the amount of any Distribution paid as Interest on Notes. Holders will be required to either include this amount in their tax return as income on a cash basis (when received) or accruals basis (when payable), depending on their particular circumstances. Generally speaking, Holders who are individuals would be expected to include this amount in their tax return on a cash basis.

The Distribution received on Notes will not be franked with Australian imputation credits. This is because they will be paid by a New Zealand resident entity.

New Zealand withholding tax

Interest paid on Notes will be paid by a New Zealand company, and as a result any Distribution paid on Notes is likely to be characterised as foreign source income for Australian taxation purposes. ANZ (NZ) has taken actions to register Notes as a 'Registered Security' under New Zealand taxation law (specifically the Approved Issuer Levy provisions in Part VIB of the Stamp and Cheque Duties Act 1971 (New Zealand)) and as a result of this registration and a levy paid by ANZ (NZ), there will be no New Zealand non-resident withholding tax deducted from Distributions paid on Notes.

A foreign tax credit will not be available to Holders in Australia for the Approved Issuer Levy, as they are not personally liable to pay this levy.

All potential investors should obtain their own independent professional advice as to how the foreign loss or foreign tax credit provisions might apply in their particular circumstances.

7.2.2 Distributions after an Assignment Event

If an Assignment Event occurs, any Distributions received by Holders will be Dividends on Preference Shares. A Holder will be required to include in their assessable income the amount of any Dividend paid on Preference Shares.

Dividends may be franked, partly franked or unfranked by ANZ. Further, to the extent that Dividends are franked, Holders will be required to include in their assessable Income the franking credit attached to that Dividend. This is subject to the comments in this letter regarding 'qualified persons'. A Holder may then be entitled to a tax offset equal to the franking credit attached to Dividends. If a Holder is any one of an individual resident in Australia, a certain type of superannuation fund, a complying approved deposit fund, a pooled superannuation trust, or a life insurance company, then the Holder may be entitled to a refund of any excess franking credits.

Qualified person

A Holder must be a 'qualified person' in relation to a Dividend before they will be entitled to the benefit of the tax offsets that flow from receiving a franked Dividend. In broad terms, a Holder will be a 'qualified person' in respect of their Preference Shares if they have held their Preference Shares at risk for at least 90 days. A Holder may also be a 'qualified person' if they have previously made an election to have a franking rebate ceiling applied to them. Given the complexity of these rules, Holders are strongly recommended to seek their own tax advice if they are uncertain as to how the 'qualified person' rules might apply to their particular circumstances.

7.2.3 TFN withholding tax

We understand that Holders will be provided with the opportunity to disclose their TFN to ANZ. Although disclosure of their TFN is not compulsory at law, Holders should be aware that, unless they are exempt from the TFN provisions, failure to disclose their TFN may result in tax being deducted from their Distributions at the top marginal tax rate (plus Medicare Levy).

Section 7: Taxation considerations for investors



7.3 Sale of ANZ StEPS

Even though Notes and Preference Shares will be 'stapled', they will be separate 'CGT assets'. Consequently, Holders will derive distinct capital gains or losses if they sell ANZ StEPS. A sale of ANZ StEPS while the two securities remain 'stapled' will give rise to the following taxation consequences.

7.3.1 Income or capital

Notes will be 'traditional securities' which section 26BB and 70B generally treat as taxable on revenue account (that is, when they are sold any gain is assessable income and any loss is an allowable deduction). To avoid double taxation, the CGT provisions should not give rise to a taxable capital gain or loss on sale to the extent that an amount is assessed under the traditional securities provisions. Accordingly, it is likely that only Preference Shares will be effectively taxed under the CGT regime.

7.3.2 Tax cost

The purchase price (plus incidental costs including brokerage) of ANZ StEPS will be allocated to Notes and Preference Shares respectively for the purposes of allocating a 'tax cost' to each asset. Based on the valuation work we have conducted, the purchase price (plus brokerage) of ANZ StEPS would be allocated as a tax cost of acquiring Notes and a negligible or nil amount would be allocated as the tax cost of acquiring Preference Shares while the two securities remain 'stapled'. Effectively, the tax cost of Notes in the hands of a Holder will be the Issue Price if they are issued ANZ StEPS through this Offer.

7.3.3 Allocation of sale proceeds

If a Holder sells ANZ StEPS prior to an Assignment Event, the sale proceeds should be allocated in a similar manner. Consequently, the excess of any sale proceeds over the tax cost of Notes will constitute assessable income under the traditional securities provisions. If the proceeds of a sale are less than that tax cost, the Holder should incur a deductible loss. Such a loss should not be subject to the foreign loss quarantining rules.

Any equivalent gain or loss, in relation to Notes, under CGT provisions should generally be disregarded to the extent that it does not exceed the gain or loss under the traditional securities provisions described in this letter.

For the reasons set out in this letter with regard to tax cost allocation, it is expected that, prior to an Assignment Event, any capital gain or loss on disposal of a Preference Share will be immaterial.

If Preference Shares are sold after an Assignment Event, an excess or shortfall of capital proceeds over the tax cost would result in a capital gain or loss. If a Holder is an individual and has held ANZ StEPS for at least 12 months prior to sale, the Holder may only be required to include one-half of their capital gain (after reduction by any available capital losses) in their assessable income. If the Holder is a complying superannuation fund and has held ANZ StEPS for at least 12 months, only two-thirds of their capital gain is included in assessable income. Any capital losses will only be available to reduce capital gains (that is, not to reduce ordinary income).

7.4 Assignment Event

After an Assignment Event, the Holder will dispose of all right, title and interest in Notes to ANZ Capital Funding Pty Ltd for no consideration. This should give a Holder a deductible loss (under the traditional securities provisions) equal to the amount of the purchase price for ANZ StEPS allocated to the Note. Such a loss should not be subject to the foreign loss quarantining rules.



7.5 Exchange

In broad terms, Exchange is a process through which a Holder receives a number of Ordinary Shares or \$100.00 for each ANZ STEPS Exchanged. Exchange may involve (at ANZ's discretion):

- Conversion of the Preference Share into Ordinary Shares – the taxation consequences are discussed in Section 7.5.1;
- a sale, arranged by ANZ, of the ANZ STEPS to a third party for \$100.00 each – the taxation consequences are discussed in Section 7.5.2; or
- Repurchase involving (at ANZ's discretion) – redemption, buy-back, cancellation or sale (to a subsidiary of ANZ) of the Preference Share component of ANZ STEPS for \$100.00 each, the taxation consequences of Repurchase are discussed in Section 7.5.3.

7.5.1 Conversion

Conversion of a Preference Share constitutes a variation of the status of, and rights attaching to, the Preference Share so that it becomes one Ordinary Share. Accordingly, Conversion should not result in a CGT event happening to the Holder.

If Conversion occurs, in addition to the Ordinary Share that the Preference Share Converts into, each Holder is allotted an additional number of Ordinary Shares. For CGT purposes, in determining the tax cost of the Holder's Ordinary Shares held after Conversion, the tax cost attributable to the original Preference Share will be spread across both the single Ordinary Share into which it is Converted and these additional Ordinary Shares received on Conversion.

Conversion also gives rise to an Assignment Event (see Section 7.4), and should give rise to a deductible loss under the traditional securities provisions.

7.5.2 Third party sale

If ANZ chooses to Exchange by arranging for a third party to acquire ANZ STEPS from the Holder, the taxation implications will broadly be similar to a sale of ANZ STEPS (see Section 7.3).

7.5.3 Repurchase

Redeem, buy-back or cancel

If ANZ chooses to Exchange by redeeming, buying back or cancelling Preference Shares, a CGT event will happen to the Holder. In this circumstance a Holder will receive the \$100.00 for each Preference Share. It is likely that a capital gain would arise under the CGT provisions. The CGT gain would be broadly equal to the \$100.00 per Preference Share consideration paid by ANZ. A CGT discount may be available to certain Holders (see Section 7.3). Repurchase will also give rise to an Assignment Event which should give rise to a deductible loss under the traditional securities provisions (see Section 7.4).

In some circumstances, part of the consideration paid by ANZ for Repurchase may constitute an assessable dividend to Holders – but, even so, the deductible loss under the traditional securities provisions should still be available.

Transfer to an ANZ subsidiary

If ANZ chooses to Exchange by transferring the Preference Share component of ANZ STEPS to an ANZ subsidiary, a CGT event will happen to the Holder. It is likely that a capital gain would arise under the CGT provisions broadly equal to the \$100.00 per Preference Share consideration paid by ANZ. A CGT discount may be available to certain Holders (see Section 7.3). The transfer will give rise to an Assignment Event which should give rise to a deductible loss under the traditional securities provisions (see Section 7.4).

Holdings should seek their own advice in the event of a Repurchase.

Section 7: Taxation considerations for investors



7.6 Sale of Preference Shares after an Assignment Event

If a Holder acquires ANZ StEPS before an Assignment Event and sells them after an Assignment Event when they are holding only the Preference Share component of ANZ StEPS, the sale proceeds would be referable entirely to Preference Shares. A capital gain would arise for the Holder equal to the excess of the sale proceeds received over the tax cost attributable to Preference Shares. However, the Assignment Event should have given rise to a deductible loss under the traditional securities provisions (see Section 7.4).

After an Assignment Event, Notes will be assigned to ANZ Capital Funding Pty Ltd and only Preference Shares will be able to be acquired or sold. The acquisition price and the sale proceeds will be attributable entirely to Preference Shares. Any resulting gain or loss will be taxed accordingly under the CGT provisions.

7.7 Stamp duty implications for Holders

We understand that ANZ and ANZ (NZ) will apply to ASX for official quotation of ANZ StEPS. While ANZ StEPS are quoted on ASX, stamp duty will not be payable on a transfer of ANZ StEPS.

7.8 GST implications for Holders

The acquisition of ANZ StEPS will not be subject to Australian GST. The disposal of the ANZ StEPS by a Holder who is registered for GST purposes is likely to be a 'financial acquisition supply' and therefore input taxed. Conversion should not constitute a taxable supply and no GST will be payable on this event.

* * *

It should be noted that although PricewaterhouseCoopers Securities Limited has given its consent to the inclusion of this letter in this Prospectus, we give no assurance or guarantee in respect of the successful operation or performance of the ANZ StEPS and that consent should not be taken as an endorsement or recommendation.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Collins'.

Peter Collins
Authorised Representative
PricewaterhouseCoopers Securities Limited



Section 8: Additional information

You should be aware of a number of other matters that have not been addressed in detail elsewhere in this Prospectus.

These include:

- a summary of other important documents;*
- the availability of certain relevant documents for inspection;*
- the consents of experts whose names and/or statements have been included in this Prospectus;*
- the disclosure of Directors' interests; and*
- the concessions that regulators have granted to ANZ in respect of the Offer.*

You should read this Section in detail before making a decision whether to invest in ANZ SIEPS.

Section 8: Additional information

8.1 Reporting and disclosure obligations

ANZ is required to prepare and lodge with ASIC both annual and half year financial statements accompanied by a Directors' statement and report, with an audit or review report. Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office and on the ANZ website at www.anz.com

ANZ is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

ANZ must ensure that ASX is continuously notified of information about specific events and matters as they arise for the purpose of ASX making the information available to the Australian stock market.

ANZ has an obligation under the Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning it of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its quoted securities.

8.2 Other documents

ANZ will provide a copy of any of the following documents free of charge to any person who requests a copy prior to the Closing Date. These documents are also available from the ANZ website at www.anz.com

- the consolidated financial statements of ANZ for the year ended 30 September 2002 (being the most recent audited annual financial statements lodged with ASIC before the date of this Prospectus);
- the consolidated financial statements of ANZ for the half year ended 31 March 2003 (being the most recent reviewed half year financial statements lodged with ASIC before the date of this Prospectus);
- any other document or financial statements lodged by ANZ with ASIC or ASX under the continuous disclosure reporting requirements in the period after the lodgement of the annual financial statements for the year ended 30 September 2002 and before lodgement of this Prospectus with ASIC; and
- the ANZ Constitution.

In accordance with the Listing Rules, a copy of the Trust Deed will be lodged with ASX.

8.3 Summary of rights attaching to Ordinary Shares

Ordinary Shares may be issued to Holders by ANZ on Exchange. These Ordinary Shares will be issued as fully paid and will rank equally with Ordinary Shares already on issue in all respects.

8.3.1 Dividend entitlement

The Directors may resolve to pay any dividends which appear to them to be appropriate.

Subject to the terms of issue of shares with special dividend rights (such as holders of Preference Shares), all Ordinary Shares on which any dividend is declared or paid are entitled to participate in the dividend equally, and partly paid ordinary shares are entitled to participate pro rata according to the amount paid on the shares.

8.3.2 Voting rights

On a show of hands, each Ordinary Shareholder present has one vote. On a poll, each Ordinary Shareholder has one vote for each Ordinary Share.

8.3.3 Transferability of Ordinary Shares

While the Ordinary Shares are quoted on ASX, Ordinary Shareholders will generally be able to sell or transfer Ordinary Shares without restriction.

Ownership of voting shares in ANZ is restricted by the Financial Sector (Shareholdings) Act 1998, which limits the ownership by persons (together with their associates) of companies that are subject to that Act to 15% of the total voting shares in the company. This limit may be increased upon application by a shareholder to the Commonwealth Treasurer if the Treasurer is satisfied that the increased holding is in the national interest.

The Directors may decline to register a transfer in certain limited circumstances.

8.3.4 Entitlement of Ordinary Shares on winding-up

If ANZ is wound up and its property is more than sufficient to pay all debts and preference share capital of ANZ and expenses of winding-up, the excess must be divided among the members in proportion to the amount of their paid up share capital.

However, with the sanction of a special resolution, the liquidator may deal with surplus property in other ways.

8.4 Trust Deed

ANZ (NZ) has entered into a Trust Deed constituted under Victorian law dated 13 August 2003 with the Trustee. The Terms of Issue and the assignment notice detailed in clause 4.2 of the Note Terms are set out as schedules to the Trust Deed. ANZ will provide a copy of the Trust Deed upon request free of charge.

8.4.1 Appointment of Trustee and declaration

The Trustee enters into the Trust Deed as trustee for holders of Notes and holds:

- the Trust Deed;
 - the right to enforce ANZ (NZ)'s duty to repay Notes;
 - the right to enforce other duties of ANZ (NZ) under the Note Terms and Chapter 2L of the Corporations Act; and
 - any other powers of the Trustee and any other property which the Trustee may receive or which may be vested in the Trustee,
- in trust for the holders of Notes subject to and in accordance with the Trust Deed and the Note Terms.

8.4.2 Undertakings

ANZ (NZ) undertakes to duly and punctually comply with its obligations with respect to Notes under:

- the Corporations Act (including Chapter 2L and Section 318) and the Listing Rules;
- the Companies Act 1993 (New Zealand); and
- any other legislation of a jurisdiction in which Notes are offered for subscription or sale under specified related documents.

8.4.3 Liability

The Trustee's liability is limited in certain circumstances to the extent permitted by the Corporations Act. The Trustee has no obligations or duties to Holders in their capacity as holders of Preference Shares and is not required to take action to enforce the rights of Holders under the Preference Share Terms.

Section 8: Additional information

8.4.4 Retirement and removal

The Trustee may retire by giving notice to ANZ (NZ), which will be effective no more than 60 days after the date of the notice provided the appointment of a new trustee is effective.

The Trustee may be removed by ANZ (NZ) if, amongst other things:

- the Trustee becomes subject to an insolvency event;
- the Trustee has acted negligently, fraudulently, in breach of trust, in breach of trust or the Trust Deed or in breach of the Note Terms;
- it is authorised or requested to do so by a meeting of holders of Notes; or
- all Notes have been assigned to ANZ Capital Funding Pty Ltd following an Assignment Event.

ANZ (NZ) may appoint a new trustee following the retirement or removal of the Trustee.

8.4.5 Meetings

A meeting of holders of Notes has the power to, amongst other things:

- approve an amendment to the Trust Deed or the Note Terms requiring a 75% majority vote on a show of hands or poll;
- approve any compromise or arrangement between ANZ (NZ) and holders of Notes;
- request or authorise ANZ (NZ) to remove the Trustee;
- give directions to the Trustee as to how to exercise any power of the Trustee;
- approve or authorise anything done or not done by the Trustee;
- release the Trustee from liability for any previous breach of its obligations to holders of Notes; and
- do anything else contemplated by the Trust Deed or the Note Terms.

Each holder of Notes is entitled to one vote on a show of hands. On a poll, each holder of Notes is entitled to one vote for each Note the person holds.

8.5 Offer Management Agreement

ANZ and ANZ (NZ) (Issuers), ANZ Capital Funding Pty Ltd, the Initial Holders, the Joint Arrangers and the Joint Lead Managers entered into the Offer Management Agreement on 13 August 2003. Under the Offer Management Agreement, the Issuers have appointed Deutsche Bank and UBS as Joint Arrangers for the Offer and ANZ Investment Bank, Deutsche Bank and UBS as the Joint Lead Managers for the Offer.

Under the Offer Management Agreement, the Joint Arrangers agree to conduct the Bookbuild principally on the basis of this Prospectus for the purpose, among other things, of setting the Initial Margin and determining the allocation of ANZ STEPS to institutional investors and Participating Brokers (see Section 4.2.1).

The Offer Management Agreement contains various representations and warranties and imposes various obligations on the Issuers, including representations, warranties and obligations to ensure that this Prospectus complies with the Corporations Act and any other applicable laws, and to conduct the Offer in accordance with the agreed timetable, the Listing Rules, this Prospectus and any applicable law in relevant jurisdictions.

The Offer Management Agreement imposes an obligation on the Issuers not to make, agree to make or announce any issues of Preference Shares, securities convertible or exchangeable for Preference Shares or preference shares or equity securities that rank ahead of or equally with ANZ STEPS or Preference Shares, for a period of 90 days after the Allotment Date without the Joint Arrangers' consent (other than in limited circumstances, including foreign currency denominated issues, and issues of securities in a foreign jurisdiction which are not listed on ASX).

Each Joint Arranger may terminate its obligations under the Offer Management Agreement on the occurrence of a number of customary termination events including market changes and material adverse events affecting the Issuers and the Group. If this occurs, that Joint Arranger will no longer be a Joint Lead Manager and the Initial Holder affiliated with it is not obliged to subscribe for Notes or Preference Shares.

The Issuers have agreed to indemnify the Joint Arrangers, the Initial Holders and parties affiliated with them against claims, demands, damages, losses, costs, expenses and liabilities in connection with the Offer, other than where these result primarily from any fraud, recklessness, wilful misconduct or negligence of the party.

8.5.1 Subscription and assignment arrangements

Under the Offer Management Agreement, the Initial Holders agree to subscribe for Notes and Preference Shares equal to the number of ANZ StEPS for which Applications have been lodged by successful Applicants.

By the Allotment Date, the Initial Holders are required by the Offer Management Agreement to submit applications and application payments to ANZ (NZ) for the Notes. Once this is done, ANZ (NZ) must issue the relevant number of Notes to the Initial Holders in equal proportions. ANZ Capital Funding Pty Ltd must make a payment of an equivalent amount to the Initial Holders, and the Initial Holders give notice to the Trustee under clause 4.3 of the Note Terms. Immediately after this, the Initial Holders must submit applications and application payments to ANZ for an equal number of Preference Shares. Once this is done, ANZ must issue the relevant number of Preference Shares to the Initial Holders in equal proportions. Should any of these steps not occur, the Offer Management Agreement provides for any steps that have occurred to be unwound.

Following the issue of Notes and Preference Shares to the Initial Holders, in accordance with the Terms of Issue they will be 'stapled'. At that time, the Initial Holders will immediately transfer ANZ StEPS to successful Applicants.

8.5.2 Settlement support

On and subject to successful completion of the Bookbuild, the Joint Arrangers have agreed to provide settlement support for the number of ANZ StEPS allocated to institutional investors and Participating Brokers through the Bookbuild. Under the Offer Management Agreement, as part of that settlement support, the Joint Arrangers will pay, or procure payment of, the aggregate proceeds raised from institutional investors and Participating Brokers through the Bookbuild.

8.5.3 Fees

Under the Offer Management Agreement, the Joint Lead Managers will receive in equal proportions a selling fee of 1.15% of the proceeds of the Offer allocated under the Bookbuild to parties other than Participating Brokers.

The Joint Arrangers will receive in equal proportions and subject to the terms of the Offer Management Agreement:

- a selling fee of 1.00% of the proceeds of the Offer allocated under the Bookbuild to Participating Brokers; and
- a bookrunner and arranger fee of 0.85% for the first \$750 million of the total proceeds of the Offer and 0.675% thereafter.

8.6 Foreign jurisdictions

8.6.1 New Zealand

This Prospectus has not been registered in New Zealand under or in accordance with the Securities Act 1978 (New Zealand). Under the Offer, no ANZ StEPS may be offered or sold to the public, within New Zealand or allotted with a view to being offered for sale to the public in New Zealand.

Section 8: Additional information

8.6.2 Hong Kong

ANZ StEPS have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong.

No advertisement, invitation or document relating to ANZ StEPS, whether in Hong Kong or elsewhere, has been or will be issued 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 with respect to ANZ StEPS which are or are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

8.6.3 Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of ANZ StEPS may not be circulated or distributed, nor may ANZ StEPS be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than:

- to an institutional investor or other person specified in section 274 of the Securities and Futures Act, Chapter 289 of Singapore (SFA);
- to a sophisticated investor, and in accordance with the conditions, specified in section 275 of the SFA; and
- otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

8.6.4 United States

ANZ StEPS have not been, and will not be, registered under the Securities Act, and may not be offered, sold or resold in, or to persons in, the United States, except in accordance with an available exemption from registration. Accordingly, the Offer is not being made in the United States or to persons in the United States, including any registered or beneficial holders of Ordinary Shares with addresses in or otherwise resident or located in the United States and none of this Prospectus, the Application Form(s) or any other document related to the Offer may be sent or distributed to persons in the United States.

Envelopes containing Application Forms should not be postmarked in or otherwise dispatched from the United States.

ANZ reserves the right to treat as invalid any Application Form that:

- was postmarked in or otherwise appears to have been dispatched from the United States;
- provides an address in the United States for delivery of ANZ StEPS holding statements; or
- does not, except as otherwise agreed with ANZ, make the representations and warranties set out in the Application Form that the person acquiring ANZ StEPS is not in the United States and is not a United States person (and not acting for the account or benefit of a United States person).

Any person who is unable to make the representations and warranties set out in the Application Form is not entitled to acquire ANZ StEPS pursuant to the Offer.

Any offer, sale or resale of ANZ StEPS in the United States may violate the registration requirements of the Securities Act if made within 40 days after the transfer of ANZ StEPS under the Offer or if such ANZ StEPS were purchased by a dealer in the Offer.

For the purposes of this Prospectus and the Application Forms, 'United States' means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

8.7 Consents

Each of the parties referred to as consenting parties who are named below:

- (a) has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified in paragraph (d);
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named;
- (c) has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named; and
- (d) in the case of PricewaterhouseCoopers Securities Ltd, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its consent for the inclusion of a statement or letter by it in the form and context in which it appears in this Prospectus.

Role	Consenting parties
Joint Arrangers	Deutsche Bank AG UBS Advisory and Capital Markets Australia Limited
Initial Holders	Deutsche New Zealand Limited UBS New Zealand Limited
Co-managers	ABN AMRO Morgans Limited ANZ Securities Limited Bell Potter Securities Limited Citigroup Global Markets Australia Pty Limited Deutsche Securities Australia Limited Macquarie Equities Limited Ord Minnett Limited UBS Private Clients Australia Limited
On-line Broker	E*TRADE Australia Securities Limited
Legal adviser	Freehills
Auditors	KPMG
Tax adviser	PricewaterhouseCoopers Securities Ltd
Trustee	Permanent Trustee Company Limited

APRA has consented to the inclusion of Sections 2.1.7 and 2.1.8 in the form and context in which they appear.

Standard & Poor's and Moody's have not consented to their ratings being included in this Prospectus in the form and context in which they appear (see Section 5.9), and accordingly they are not liable for their ratings under section 729 of the Corporations Act. However, ASIC has granted an exemption from section 716(2) of the Corporations Act to permit ANZ and ANZ (NZ) to name Standard & Poor's and Moody's in this Prospectus, and their public ratings of ANZ and ANZ STEPS to be included, without obtaining their written consent.

Section 8: Additional information

8.8 Interests of advisers

Deutsche Bank AG and UBS Advisory and Capital Markets Australia Limited are acting as the Joint Arrangers to the Offer, in respect of which they will receive fees (see Section 8.5.3). ANZ Investment Bank, Deutsche Bank AG and UBS Advisory and Capital Markets Australia Limited are acting as the Joint Lead Managers to the Offer, in respect of which they will receive fees (see Section 8.5.3).

ABN AMRO Morgans Limited, ANZ Securities Limited, Bell Potter Securities Limited, Citigroup Global Markets Australia Pty Limited, Deutsche Securities Australia Limited, Macquarie Equities Limited, Ord Minnett Limited and UBS Private Clients Australia Limited are acting as Co-managers to the Offer. The Joint Arrangers will be responsible for fees payable to each Co-manager, which will be 1.00% of the Issue Price of all ANZ StEPS allocated to that Co-manager through the Bookbuild.

E*TRADE Australia Securities Limited is acting as On-line Broker to the Offer. The Joint Arrangers will be responsible for fees payable to the On-line Broker, which will be 1.00% of the Issue Price of all ANZ StEPS allocated to the On-line Broker through the Bookbuild.

Freehills has acted as legal adviser to ANZ in relation to the Offer and has performed work in relation to preparing the due diligence and verification program, and performing due diligence required on legal matters. In respect of this work, ANZ will pay approximately \$550,000 (excluding disbursements and GST) to Freehills for work up to the date of this Prospectus. Further amounts may be paid to Freehills in accordance with time based charges.

KPMG has acted as the auditors for ANZ and its controlled entities and performed professional services to assist management in its due diligence enquiries on financial matters. In relation to the Offer, ANZ will pay approximately \$150,000 (excluding disbursements and GST) to KPMG. Further amounts may be paid to KPMG in accordance with time based charges.

PricewaterhouseCoopers Securities Ltd has acted as a tax adviser to ANZ and ANZ (NZ) in relation to the Offer and has prepared the taxation letter included in Section 7. In respect of this work, ANZ will pay approximately \$80,000 (excluding disbursements and GST) to PricewaterhouseCoopers Securities Ltd. Further amounts may be paid to PricewaterhouseCoopers Securities Ltd in accordance with time based charges.

8.9 Interests of Directors

8.9.1 Interests in formation or promotion of ANZ or ANZ (NZ)

No director or proposed director of ANZ or ANZ (NZ) holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of ANZ or ANZ (NZ);
- the Offer; or
- any property acquired or proposed to be acquired by ANZ or ANZ (NZ) in connection with the formation or promotion of ANZ or ANZ (NZ) or the Offer.

At the time of lodgement of this Prospectus with ASIC or in the two years before lodgement of this Prospectus with ASIC, except as set out below, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any director or proposed director of ANZ or ANZ (NZ):

- to induce that person to become, or qualify as, a director of ANZ or ANZ (NZ), respectively; or
- for services provided by that person in connection with the formation or promotion of ANZ or ANZ (NZ) or the Offer.

8.9.2 Interests in Ordinary Shares and options over Ordinary Shares

The ANZ Constitution requires each Director to hold at least 2,000 Ordinary Shares in the Director's own right and he or she must continue to hold those Ordinary Shares until the Director ceases to hold office. The Directors' holdings of Ordinary Shares and options over Ordinary Shares as at the date of this Prospectus are detailed in the following table:

ANZ Directors	Beneficial holdings		Non-beneficial holdings
	Ordinary Shares	Options over Ordinary Shares	Ordinary Shares
CB Goode	254,748	--	146,186
JC Dahlsen	83,400	--	8,500
RS Deane	75,000	--	--
JK Ellis	63,101	--	--
DM Gonski	2,099	--	--
MA Jackson	77,436	--	--
J McFarlane	1,252,839	2,750,000	--
BW Scott	71,117	--	--
Total	1,879,740	2,750,000	154,686

Section 8: Additional information

8.10 ASX relief

ASX has granted ANZ and ANZ (NZ) the following waivers:

- Listing Rule 7.1 has been waived to the extent necessary to enable Conversion without Ordinary Shareholder approval;
- Listing Rule 7.40 has been waived to the extent necessary to enable this Prospectus to be dispatched to Ordinary Shareholders two Business Days after the Opening Date, rather than 10 Business Days after lodgement of the Prospectus with ASIC as prescribed by Appendix 7A of the Listing Rules;
- Listing Rule 8.10 to the extent necessary to enable ANZ to refuse to register a transfer of Preference Shares where it is not accompanied by a transfer to the same transferee of the Note to which it is stapled; and
- Listing Rule 10.11 has been waived such that Directors and their related parties may participate in the Offer without Ordinary Shareholder approval, on condition that Directors (and their associates) are restricted to applying for in aggregate no more than 0.20% of ANZ StEPS issued or individually no more than 0.02% of ANZ StEPS issued.

ASX has confirmed that:

- Listing Rule 6.5 does not apply to the Terms of Issue, which do not require ANZ to pay a preferential dividend on Preference Shares at all times;
- Listing Rule 6.10 does not apply to the Terms of Issue, which provide for ANZ to change the date and rate of Dividends;
- Listing Rule 6.12 does not apply to the Terms of Issue, which provide for the conversion, exchange or redemption of Preference Shares; and
- the Terms of Issue are appropriate and equitable for the purpose of Listing Rule 6.1.

ASX has not required that ANZ (NZ) be admitted to the official list of ASX. Instead, ANZ (NZ) will enter into a quotation agreement with ASX, pursuant to which it will:

- apply to ASX for quotation of ANZ StEPS;
- agree to comply with certain Listing Rules as if it was listed on ASX; and
- agree to comply with other ASX requirements.

8.11 ASIC relief

ANZ and ANZ (NZ) have obtained ASIC relief in respect of the operation of the following sections of the Corporations Act:

- section 716(2) – to permit the inclusion in this Prospectus of credit ratings announced by credit rating agencies without their consent;
- sections 723(1), 727(2) and 728(3) – to permit the lodgement of this Prospectus with ASIC without the Initial Margin and the first Distribution Rate and for their inclusion in the Prospectus after the Bookbuild; and
- sections 728 and 729 – such that the Initial Holders will not be liable as sellers of ANZ StEPS.

8.12 Consents to lodgement

Each director of ANZ and ANZ (NZ) has given, and has not withdrawn, their consent to the lodgement of this Prospectus with ASIC.



Appendix A: Terms of Issue

The following are the Note Terms which will be applicable to all Notes and Preference Share Terms applicable to all Preference Shares.

Appendix A: Note Terms

The following are the Note Terms which will be applicable to all Notes.

Notes do not have the protection of Division 2 of the Banking Act 1959 of Australia – Protection of Depositors.

1 Form, Face Value and ranking

1.1 FORM

Notes are reset, unsecured notes constituted under and issued in accordance with the Trust Deed. Holders are entitled to the benefit of and are bound by the provisions of the Trust Deed.

1.2 ISSUE PRICE AND FACE VALUE

The issue price and face value of each Note is A\$100.00 (Face Value).

1.3 RANKING

Each Note ranks equally with all other unsecured and unsubordinated obligations of ANZ (NZ) except liabilities mandatorily preferred by law.

2 Stapling and transfer

2.1 STAPLING

Each Note will be stapled to a Preference Share. Each Note and Preference Share together will constitute an ANZ StEPS. ANZ (NZ) will maintain a joint register for ANZ StEPS and joint holding statements or certificates will be issued to holders. Subject to the Note Terms and the Preference Share Terms, ANZ (NZ) will not take any corporate action which prejudices the stapling of each Note to the corresponding Preference Share.

2.2 TRANSFER

A Holder may, subject to clauses 2.6, 2.7 and 2.8, transfer any Note:

- (a) by a Market Transfer;
- (b) under any other method of transfer which operates in relation to the trading of securities on any securities exchange outside Australia on which Notes are quoted and which is applicable to ANZ (NZ); or
- (c) by any sufficient instrument of transfer of marketable securities under applicable law.

ANZ (NZ) must not charge any fee on transfer of a Note.

2.3 MARKET OBLIGATIONS

ANZ (NZ) must comply with the ASX Listing Rules, SCH Business Rules, Corporations Act and any other relevant obligations imposed on it in relation to the transfer of a Note and the corresponding Preference Share which forms part of the same ANZ StEPS.

2.4 DELIVERY OF INSTRUMENT

If an instrument is used to transfer Notes as described in clause 2.2, it must be delivered to the Registrar, together with such evidence (if any) as the Registrar reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, the Notes and the corresponding Preference Shares which forms part of the same ANZ StEPS.

2.5 REFUSAL TO REGISTER

ANZ (NZ) may refuse to register a transfer of any Note if:

- (a) such registration would contravene the ASX Listing Rules, the SCH Business Rules or the Note Terms; or
- (b) the Corporations Act or any other law or regulation binding on it forbids registration.

If ANZ (NZ) refuses to register a transfer, ANZ (NZ) must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to it.

2.6 TRANSFEROR TO REMAIN HOLDER UNTIL REGISTRATION

A transferor of a Note is deemed to remain a Holder until the transfer is registered and the name of the transferee is entered in the Register.

2.7 FURTHER RESTRICTIONS ON TRANSFER

Except as stated in clause 4.3:

- (a) **(ANZ StEPS)** no transfer of a Note may be registered by the Registrar unless a transfer of the corresponding Preference Share which forms part of the same ANZ StEPS, is registered at the same time from the same transferor to the same transferee; and
- (b) **(minimum holding)** if a Holder's holding of ANZ StEPS is less than a Marketable Parcel at any time, subject to the law, the ASX Listing Rules and the Constitution, ANZ may sell all of those Notes which form part of ANZ StEPS if the Constitution permits ANZ to sell the corresponding Preference Shares which form part of those ANZ StEPS. The Notes will be sold in the same manner as the Preference Shares in accordance with the Constitution.

2.8 NO SEPARATE DEALINGS

Except as stated in clause 4.3, a Note, and any interest in a Note, is not capable of being transferred, assigned or made the subject of an Encumbrance or trust in whole or in part, separately from the corresponding Preference Share which forms part of the same ANZ StEPS. Any transferee, assignee or holder of an Encumbrance or trust takes ANZ StEPS subject to, and agrees to be bound by, the Note Terms.

3 Interest

3.1 HOLDER'S ENTITLEMENT TO INTEREST

Subject to clauses 3.2 and 4.3, the Holder on the relevant Record Date is entitled to receive on each relevant Interest Payment Date interest (Interest) calculated in accordance with the following formula:

$$\text{Interest} = \frac{\text{Interest Rate} \times \text{Face Value} \times \text{N}}{365}$$

where:

Interest Rate is for each Interest Period:

- (a) to the first Reset Date, the aggregate of the Bank Bill Rate for the Interest Period and the Initial Margin (expressed as a percentage per annum); and

- (b) between succeeding Reset Dates, the aggregate of the Market Rate for the Interest Period and the Margin (expressed as a percentage per annum);

Initial Margin is the margin determined under the Bookbuild; and

N is, in respect of:

- (a) the first Interest Payment Date, the number of days from (and including) the Allotment Date until (but excluding) the first Interest Payment Date; and
- (b) each subsequent Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date until (but excluding) the relevant Interest Payment Date.

3.2 INTEREST PAYMENT TESTS

Each Interest Payment (and any obligation to make it) is subject to:

- (a) unless APRA otherwise agrees:
 - (i) the Interest Payment not resulting in the Total Capital Adequacy Ratio or the Tier 1 Capital Ratio of ANZ (on a Level 1 basis) or relevant entities within the Group (on a Level 2 or Level 3 basis) not complying with APRA's then current capital adequacy guidelines as they are applied to ANZ or those entities within the Group (as the case may be) at the time; and
 - (ii) the Interest Payment not exceeding Distributable Profits as at the Record Date for the Interest Payment; and
- (b) APRA not otherwise objecting to the Interest Payment.

3.3 DEFERRAL OF INTEREST

- (a) If and to the extent that all or any part of an Interest Payment is not paid on an Interest Payment Date, payment of this amount is deferred until the next Interest Payment Date on which that Interest Payment (together with the Interest Payment then due on that Interest Payment Date) may be made in compliance with the provisions of clause 3.2.
- (b) Interest which is not paid on an Interest Payment Date for any reason does not accrue interest for the period during which it remains unpaid and a Holder has no claim in respect of interest on that Interest.

3.4 PRO RATA INTEREST PAYMENTS

If an Interest Payment is not able to be made in full on an Interest Payment Date as a result of a provision of clause 3.2, that Interest Payment will be made:

- (a) on the Interest Payment Date to the extent that those provisions can be satisfied; and
- (b) on a pro rata basis among the Holders.

3.5 CALCULATION OF INTEREST

All calculations of Interest will be rounded to four decimal places. For the purposes of making any payment of Interest in respect of a Holder's aggregate holding of Notes, any fraction of

a cent will be disregarded.

4 Assignment Event

4.1 ASSIGNMENT EVENT

An Assignment Event means the occurrence of any of the following events:

- (a) a Liquidation Event (as defined in the Preference Share Terms) occurring in relation to ANZ (NZ) or ANZ;
- (b) there is an amount of Interest which is not paid in full for any reason within 20 Business Days of the relevant Interest Payment Date;
- (c) the Total Capital Adequacy Ratio or the Tier 1 Capital Ratio of ANZ (on a Level 1 basis) or the relevant entities within the Group (on a Level 2 or Level 3 basis) not complying with APRA's then current capital adequacy guidelines as they are applied to ANZ or those entities within the Group (as the case may be) at the time and this non-compliance is not remedied by ANZ within 90 days of the earlier of ANZ reporting it to APRA or APRA notifying ANZ that APRA has determined that ANZ is not complying, or such other period specified by APRA;
- (d) ANZ (NZ) ceases to be, directly or indirectly, a subsidiary of ANZ;
- (e) APRA requires that an Assignment Event occur (to the extent required by APRA);
- (f) ANZ elects that an Assignment Event occur (to the extent elected by ANZ);
- (g) a Holder gives a notice to ANZ under clause 4.1 of the Preference Share Terms and ANZ elects to Exchange the Preference Shares under clauses 4.1(e)(i) or (iii) of the Preference Share Terms (to the extent of the Preference Shares the subject of that notice);
- (h) ANZ gives a notice to Holders under clause 4.2 of the Preference Share Terms (to the extent of the Preference Shares the subject of that notice); or
- (i) the day before the Maturity Date.

4.2 ASSIGNMENT EVENT NOTICE

If an Assignment Event (other than under clause 4.1(g)) occurs, ANZ (NZ) must notify Holders (other than ANZ) of the occurrence of that event by sending to the address of each Holder last entered in the Register a notice which specifies:

- (a) the particular Assignment Event;
- (b) if the Assignment Event does not apply to all of the Notes, the proportion of the Holder's Notes the subject of the Assignment Event (which proportion must be, as far as practicable, the same for all Holders); and
- (c) the Assignment Event Date,

as soon as practicable after becoming aware of the applicable Assignment Event. Any notice, once given, is irrevocable.

Appendix A: Note Terms

4.3 NOTES ASSIGNED TO ANZ CAPITAL FUNDING PTY LTD

If an Assignment Event occurs at any time after the Initial Holders have given notice to the Trustee (in the form of Schedule 4 to the Trust Deed):

- (a) all amounts payable in respect of Notes after the Assignment Event Date (together with any Defaulted Interest or any other amount accrued but unpaid as at the Assignment Event Date) will be paid to ANZ Capital Funding Pty Ltd; and
- (b) the Notes and all right, title and interest of the Holders in them are automatically assigned to ANZ Capital Funding Pty Ltd on the Assignment Event Date.

4.4 NOTES TRANSFERRED TO THIRD PARTY

If a Holder gives notice to ANZ under clause 4.1 of the Preference Share Terms and ANZ elects to procure the acquisition of the Preference Shares and the corresponding Notes forming part of those ANZ STEPS under clause 4.1(e)(ii) of the Preference Share Terms, the Notes forming part of those ANZ STEPS are automatically transferred to the relevant third party on the Exchange Date.

4.5 POWER OF ATTORNEY

Each Holder irrevocably:

- (a) appoints ANZ, each of its Authorised Officers and any liquidator, administrator or statutory manager of ANZ (each an Appointed Person) severally to be the attorney of the Holder and the agent of the Holder with power in the name and on behalf of the Holder to do all such acts and things including signing all documents or transfers as may in the opinion of the Appointed Person be necessary or desirable to be done in order to record or perfect the transfer of the Notes held by the Holder when required in accordance with clauses 2.7(b), 4.3 or 4.4; and
- (b) authorises and directs ANZ (NZ) to make such entries in the Register, including amendments and additions to the Register, which ANZ (NZ) considers necessary or desirable to record the transfer of the Note in accordance with clauses 2.7(b), 4.3 or 4.4, and to record that on that transfer the holder of ANZ STEPS ceases to be registered as the holder of ANZ STEPS or the Note and a new holder of that Note becomes registered in place of the Holder.

The power of attorney given in clause 4.5(a) is given to secure the performance by the Holder of the Holder's obligations under the Note Terms and is irrevocable.

5 Redemption and repurchase

5.1 REDEMPTION ON MATURITY DATE

Unless previously redeemed under the Note Terms, ANZ (NZ) will redeem each Note at its Face Value on the Maturity Date together with any Repurchase Interest. Any payment in respect of that redemption will be to ANZ Capital Funding Pty Ltd as Holder in accordance with clause 4.3.

5.2 REDEMPTION ON A WINDING-UP

Following an order made or effective resolution passed for the winding-up of ANZ (NZ), ANZ (NZ) will redeem each Note at its Face Value together with any Repurchase Interest. Any payment in respect of that redemption will be to ANZ Capital Funding Pty Ltd as Holder in accordance with clause 4.3.

5.3 REPURCHASE AFTER AN ASSIGNMENT EVENT

At any time after a Note has been assigned to ANZ Capital Funding Pty Ltd in accordance with clause 4.3, the Note may be repurchased at the option of ANZ (NZ) at its Face Value together with any Repurchase Interest. Any payment in respect of that repurchase will be to ANZ Capital Funding Pty Ltd as Holder in accordance with clause 4.3.

5.4 NO OTHER REDEMPTION

Notes are only redeemable or able to be repurchased in accordance with this clause 5.

6 Reset provisions

6.1 RESET OF DISTRIBUTION PROVISIONS

Subject to clauses 6.2 and 6.3, ANZ (NZ) may at a Reset Date change any or all of:

- (a) the next Reset Date;
- (b) the Market Rate for each succeeding Interest Period until the next Reset Date from a Bank Bill Rate to a Fixed Rate (or vice versa);
- (c) the Margin; and
- (d) the frequency and timing of Interest Payment Dates.

These new terms will apply from (and including) the relevant Reset Date until (but excluding) the next Reset Date. Any change made by ANZ (NZ) under this clause 6.1 must be notified in accordance with clause 6.3 (Reset Notice).

6.2 APRA RESTRICTIONS ON RESET PROVISIONS

Any change specified in a Reset Notice will be subject to APRA's prior approval (except to the extent waived by APRA) in accordance with APRA's then current capital adequacy guidelines as they are applied to ANZ or the relevant entities within the Group at the time and, unless APRA otherwise approves, is subject to these restrictions:

- (a) the next Reset Date must be five years from the immediately preceding Reset Date;
- (b) where a Reset Date occurs on a day prior to the last day of the Initial Period, ANZ (NZ) cannot, in respect of that Reset Date, increase the Margin from the Initial Margin;
- (c) any variation in the Interest Rate as specified in the Reset Notice will be calculated in accordance with the following formula:

$$\text{Interest Rate} = \text{Market Rate} + \text{Margin}$$

where:

Margin expressed as a percentage per annum, does not exceed the Initial Margin for the Initial Period and after the Initial Period is a rate determined by the directors of ANZ (NZ) provided that it does not exceed the least of:

- (i) the Initial Margin plus 1.00%;
- (ii) the Margin that applied on the previous Reset Date plus 1.00%; and
- (iii) the Initial Margin $\times \left(\frac{FR - FRG}{FP - FPG} \right)$

where:

FR is the fair market value yield on Bloomberg page FMCS for 'A' rated five-year corporate AUD securities (or any page which replaces that page) on the relevant Reset Notice Date;

FRG is the fair market value yield on Bloomberg page FMCS for Australian government five-year AUD securities (or any page which replaces that page) on the relevant Reset Notice Date;

FP is the fair market value yield on Bloomberg page FMCS for 'A' rated five-year corporate AUD securities (or any page which replaces that five-year) on the Allotment Date; and

FPG is the fair market value yield on Bloomberg page FMCS for Australian government five-year AUD securities (or any page which replaces that page) on the Allotment Date; and

- (d) the Margin applying until the next Reset Date shall remain the same as the Margin which applied prior to the immediately preceding Reset Date if ANZ's unsecured, unsubordinated long-term credit rating as assigned by two or more Rating Agencies at the relevant Reset Date is lower than their Initial Rating.

For the avoidance of doubt, APRA may waive any or all of the restrictions in this clause 6.2, in which event ANZ (NZ) may vary the terms as contemplated under clause 6.1.

6.3 NOTIFICATION

- (a) For a change made under clause 6.1 to be effective, the Reset Notice must be sent to all Holders (other than ANZ or ANZ Capital Funding Pty Ltd) no later than 50 Business Days immediately preceding the relevant Reset Date (Reset Notice Date).
- (b) If ANZ (NZ) does not send a Reset Notice, the terms applying at the relevant Reset Date will continue and the next Reset Date will be such that the period to the next Reset Date is the same as the period that has passed from the immediately preceding Reset Date until the relevant Reset Date.

7 Payments and other matters

7.1 RECORD DATES

Subject to clause 4.3, an amount payable in respect of the Notes is payable only to those persons registered as Holders on the Record Date for that payment.

7.2 DEDUCTIONS AND GROSS-UP

- (a) ANZ (NZ) may deduct from any Interest or other amount payable to a Holder, the amount of any withholding or other tax, duty or levy required by any law, treaty, regulation or official administrative pronouncement to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by ANZ (NZ) to the relevant revenue authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder is deemed to have been duly paid and satisfied by ANZ (NZ).
- (b) ANZ (NZ) must pay the full amount deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law or otherwise and must, if required by any Holder, deliver to that Holder a copy of the relevant receipt issued by the revenue authority without unreasonable delay after the original receipt is received by ANZ (NZ).
- (c) Subject to clause 3.2, if (and to the extent that):
 - (i) a law of the Relevant Jurisdiction requires ANZ (NZ) to deduct any withholding or other tax, duty or levy from any Interest which is payable to a Holder under clause 7.2(a), so that a Holder would not actually receive for its own benefit on the payment date the full amount which is so payable; and
 - (ii) the relevant deduction is required to be made on a basis other than:
 - (A) the Holder having some connection with the Relevant Jurisdiction other than the mere holding of the Note or receipt of a payment in respect of it;
 - (B) the Holder:
 - (aa) not having provided relevant information to ANZ (NZ);
 - (bb) not having made a declaration or similar claim; or
 - (cc) not having satisfied a reporting requirement, which, if provided, made or satisfied, would exempt the payment from the deduction; or
 - (C) on account of stamp duty, estate duty or similar transaction duty; or
 - (D) on account of New Zealand resident withholding tax,

the amount of the Interest that is payable will be increased so that, after making the relevant deduction, and deductions applicable to increases in the amount of the Interest payable pursuant to this clause, the Holder receives the amount that the Holder would have received if no such deduction had been required.

Appendix A: Note Terms

7.3 NO SET OFF

A Holder has no right to set off any amounts owing by it to ANZ (NZ) against any claims owing by ANZ (NZ), ANZ Capital Funding Pty Ltd or ANZ to the Holder.

7.4 TIME LIMIT FOR CLAIMS

A claim against ANZ (NZ) for payment under a Note is void unless made within five years of the due date for payment.

8 Quotation

ANZ (NZ), in co-operation with ANZ, must use all reasonable endeavours and furnish all documents, information and undertakings as may be reasonably necessary in order to procure and maintain, at their expense, quotation of the ANZ StEPS on ASX.

9 Amendments to the Note Terms

9.1 AMENDMENT WITHOUT CONSENT

Subject to complying with all applicable laws and with the prior approval of APRA and the Trustee, ANZ (NZ) may, without the authority, assent or approval of Holders, amend or add to the Note Terms or the Trust Deed where the amendment or addition is, in the opinion of ANZ (NZ):

- (a) made to correct a manifest error;
- (b) of a formal or technical nature;
- (c) made to comply with any law, the ASX Listing Rules or the listing or quotation requirements of any securities exchange on which ANZ (NZ) proposes from time to time to seek quotation of the Notes or ANZ STEPS;
- (d) convenient for the purpose of obtaining or maintaining the listing or quotation of the Notes or ANZ STEPS; or
- (e) is not, and is not likely to become, materially prejudicial to Holders generally.

9.2 AMENDMENT BY EXTRAORDINARY RESOLUTION

Without limiting clause 9.1, ANZ (NZ) may amend or add to the Note Terms or the Trust Deed if the amendment or addition has been approved by an Extraordinary Resolution.

10 Notices

10.1 NOTICES TO HOLDERS

All notices, certificates, consents, approvals, waivers and other communications to the Holders in connection with a Note must be in writing and must be sent by prepaid post (airmail if appropriate) or left at the address of the relevant Holder (as shown in the Register at the close of business on the day which is three Business Days before the date of the relevant communication).

10.2 WHEN EFFECTIVE

Notices take effect from the time they are taken to be received unless a later time is specified in them.

10.3 RECEIPT

Unless a later time is specified in it, a notice, if sent by post, is taken to be received on the fifth day after posting.

10.4 NON-RECEIPT OF NOTICE

The non-receipt of a notice by a Holder or an accidental omission to give notice to a Holder will not invalidate the giving of that notice either in respect of that Holder or generally.

11 Substitution of ANZ (NZ)

11.1 SUBSTITUTION OF ANZ (NZ)

ANZ (NZ) may without the consent of a Holder, substitute for itself any other subsidiary of ANZ (which may be incorporated in any country) as the debtor in respect of the Notes (Substituted Issuer) by giving notice to ASX, provided that:

- (a) ANZ (NZ) and the Substituted Issuer have entered into such documents as are necessary to give effect to the substitution and in which the Substituted Issuer has undertaken in favour of each Holder to be bound by the Note Terms and the Trust Deed, as the debtor in respect of the Notes in place of ANZ (NZ) (or of any previous substitute under this clause 11);
- (b) the Substituted Issuer and ANZ (NZ) have obtained all necessary authorisations, regulatory and governmental approvals and consents (including from APRA) for such substitution and for the performance by the Substituted Issuer of its obligations under the Notes, the Trust Deed and the documents effecting the substitution;
- (c) if applicable, the Substituted Issuer has appointed a process agent as its agent to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes; and
- (d) the Substituted Issuer has, in the reasonable opinion of the Trustee, the financial capacity to satisfy its obligations under clauses 10 and 11 of the Trust Deed.

11.2 SUBSTITUTED ISSUER'S RIGHTS AND OBLIGATIONS UNDER DOCUMENTS

Upon such substitution under clause 11.1, the Substituted Issuer shall succeed to, and be substituted for, ANZ (NZ) under the Notes with the same rights and obligations as if the Substituted Issuer had been named as ANZ (NZ) in the Notes Terms and the Trust Deed, and ANZ (NZ) shall be released from its obligations under the Notes and under the Note Terms and the Trust Deed.

11.3 FURTHER SUBSTITUTIONS

After a substitution under clause 11.1, the Substituted Issuer may, without the consent of any Holder, effect a further substitution (including to ANZ (NZ) or a previous Substituted Issuer). All the provisions specified in clauses 11.1 and 11.2 will apply (with necessary changes) and references in the Note Terms to ANZ (NZ) are taken, where the context so requires, to be or include references to any such further Substituted Issuer.

11.4 NOTICE TO HOLDERS

ANZ (NZ) must notify the Holders of the particulars of any substitution under this clause 11 by publishing a notice in *The Australian Financial Review* or any other daily financial newspaper in Australia of national circulation as soon as practicable after the substitution.

12 Governing law and jurisdiction

12.1 GOVERNING LAW

The Note Terms are governed by the law in force in the State of Victoria, Australia.

12.2 JURISDICTION

ANZ (NZ) submits to the non-exclusive jurisdiction of the courts of the State of Victoria, Australia for the purpose of any legal proceedings arising out of the Note Terms.

12.3 APPOINTMENT OF PROCESS AGENT

ANZ (NZ) irrevocably appoints ANZ as its process agent to receive any document in connection with any legal proceedings arising out of the Note Terms. ANZ accepts its appointment as process agent.

13 Interpretation and definitions

13.1 INTERPRETATION

- (a) Unless otherwise specified, a reference to a clause is a reference to a clause of the Note Terms.
- (b) Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of the Note Terms.
- (c) The singular includes the plural and vice versa.
- (d) If a calculation is required under the Note Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (e) Any provisions which refer to the requirements of APRA will apply to ANZ (NZ) or ANZ only if ANZ (NZ) or ANZ is an entity or the holding company or subsidiary of an entity subject to regulation and supervision by APRA at the relevant time.
- (f) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (g) If an event under the Note Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (h) Calculations, elections and determinations made by ANZ (NZ) or ANZ under the Note Terms are binding on Holders and the Trustee in the absence of manifest error.

13.2 DEFINITIONS

The following expressions have the following meanings:

Allotment Date means the date on which the Notes are issued.

ANZ means Australia and New Zealand Banking Group Limited (ABN 11 005 357 522).

ANZ Capital Funding Pty Ltd means ANZ Capital Funding Pty Ltd (ACN 105 870 915).

ANZ (NZ) means ANZ Holdings (New Zealand) Limited (ARBN 105 689 932) or a Substituted Issuer.

ANZ StEPS means the stapled security comprising a Note stapled to a Preference Share in accordance with clause 2.1.

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of ANZ or the Group.

Assignment Event has the meaning given in clause 4.1.

Assignment Event Date means:

- (a) in the case of an Assignment Event under clause 4.1(g) or (h), the relevant Exchange Date or Repurchase Date (as the case may be) for the Preference Share; and
- (b) in any other case, the date an Assignment Event occurs.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

ASX Listing Rules means the listing rules of ASX and any other rules of ASX which are applicable while ANZ is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any written waiver granted by ASX.

AUD, A\$, \$ and cent mean Australian currency.

Australian Generally Accepted Accounting Principles means the accounting standards under the Corporations Act, or, if not inconsistent with those standards, accounting principles and practices generally accepted in Australia.

Authorised Officer means each director and secretary of ANZ and any person delegated on the authority of the board of directors of ANZ to exercise the power of attorney conferred by clause 4.5.

Bank Bill Rate means:

- (a) in respect of the first Interest Period, 4.85 % per annum; and
- (b) for each subsequent Interest Period, the average mid-rate for bills of a term of 90 days (or, if Interest Payment Dates have been varied under clause 6.1, a term closest to the term of the relevant Interest Period) which average rate (expressed as a percentage per annum) is displayed on Reuters page BBSW (or any page which replaces that page) on the first Business Day of the Interest Period, or if there is a manifest error in the calculation of that average rate or that average rate is not displayed by 10:30am (Melbourne time) on that date, the rate specified in good faith by ANZ (NZ) at or around that time on that date having regard, to the extent possible, to:
 - (i) the rates otherwise bid and offered for bills of that term or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at that time on that date; and
 - (ii) if bid and offer rates for bills of that term are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date.

Bookbuild means the process conducted by ANZ or its agents prior to the opening of the Offer whereby certain investors lodge bids for ANZ StEPS and, on the basis of those bids, ANZ determines the Initial Margin and announces its determination prior to the opening of the Offer.

Appendix A: Note Terms

Business Day means a business day within the meaning of the ASX Listing Rules.

Constitution means the constitution of ANZ as amended.

Corporations Act means the Corporations Act 2001 of Australia.

Defaulted Interest means the unpaid amount of any Interest Payment the payment of which was not precluded by clause 3.2 on the relevant Interest Payment Date.

Distributable Profits means an amount calculated in accordance with the following formula:

$$\text{Distributable Profits} = A - B$$

where:

A is the consolidated net profit after income tax of ANZ for the immediately preceding financial year (or such other amount as determined by APRA in its discretion to be appropriate in ANZ's circumstances for the purposes of paying dividends or distributions on the Group's Tier 1 Capital); and

B is the aggregate amount of any dividends or distributions paid or payable by a member of the Group before the relevant Interest Payment Date on its Tier 1 Capital in relation to the current financial year to date, but not including any dividend or distribution paid or payable to a member of the Group by another member of the Group.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

Exchange has the meaning given in the Preference Share Terms.

Exchange Date has the meaning given in the Preference Share Terms.

Extraordinary Resolution means a resolution passed at a meeting of Holders, properly convened and held in accordance with the provisions of Schedule 3 to the Trust Deed and carried by a majority of not less than three quarters of the persons voting on a show of hands or three quarters of the votes cast on a poll.

Face Value has the meaning given in clause 1.2.

Fixed Rate means the rate calculated as the average of the mid-points of the quoted average swap reference rates for a term corresponding as closely as practicable to the period from the relevant Reset Date until the next Reset Date at three pre-determined times on Reuters page CMBE (or any page which replaces that page) on the relevant date.

Group means at any time ANZ and its controlled entities as defined in Australian Generally Accepted Accounting Principles.

Holder means a person whose name is for the time being registered in the Register as the holder of a Note.

Initial Holder means each of Deutsche New Zealand Limited (AK321028) and UBS New Zealand Limited (AK302856).

Initial Margin has the meaning given in clause 3.1.

Initial Period means the period from the Allotment Date until 15 September 2013.

Initial Rating means:

- (a) 'AA-' issued by Standard & Poor's (Australia) Pty Ltd;
- (b) 'Aa3' issued by Moody's Investors Service Pty Ltd; and
- (c) the equivalent of the above ratings, issued by another rating agency approved by APRA.

Interest has the meaning given in clause 3.1.

Interest Payment means each of:

- (a) a payment of Interest in the amount determined in accordance with clause 3.1 (disregarding clause 3.2); and
- (b) Repurchase Interest.

Interest Payment Date means each 15 March, 15 June, 15 September and 15 December following the Allotment Date until and including the Maturity Date (unless varied under clause 6.1) as adjusted in accordance with clause 13.1(g).

Interest Period means, in respect of a Note, the period from (and including) the Allotment Date (in the case of the first Interest Period) or each Interest Payment Date (in the case of each Interest Period after that) until (but not including) the day of the next Interest Payment Date.

Interest Rate has the meaning given in clause 3.1.

Level 1, Level 2 and Level 3 means, in respect of the Total Capital Adequacy Ratio, the Tier 1 Capital Ratio or Tier 1 Capital, those terms so described by APRA.

Margin means the Initial Margin and, following each Reset Date, such Margin as determined in accordance with clause 6 (expressed as a percentage per annum).

Market Rate means for Interest Periods between succeeding Reset Dates:

- (a) a Fixed Rate calculated on the relevant Reset Date (expressed as a percentage per annum); or
- (b) the Bank Bill Rate for each Interest Period during the period from the relevant Reset Date until the next Reset Date (expressed as a percentage per annum),

as set by ANZ (NZ) under clause 6.

Market Transfer means a transfer (within the meaning of the Corporations Act) that:

- (a) according to the SCH Business Rules, is a proper SCH transfer; or
- (b) is a valid transfer under a computerised or electronic system established or recognised by the Corporations Act, ASX Listing Rules or SCH Business Rules for the purpose of facilitating dealings in securities.

Marketable Parcel means a parcel of ANZ StEPS containing the number of Preference Shares that constitutes a marketable parcel in accordance with the Preference Share Terms.

Maturity Date means 15 September 2053.

Note Repurchase Date means the date on which any Notes are to be redeemed or repurchased under clause 5.2 or 5.3.

Note Terms means these terms of issue of Notes.

Notes means the notes described in clause 1.1.

Offer means the invitation made pursuant to the prospectus issued by ANZ and ANZ (NZ) dated 14 August 2003 for investors to subscribe for ANZ STEPS.

Preference Share means a fully paid preference share in the share capital of ANZ issued on the Preference Share Terms.

Preference Share Terms means the terms of issue of the Preference Shares, which are in Schedule 2 to the Trust Deed.

Ratings Agencies means any of the following ratings agencies:

- (a) Standard & Poor's (Australia) Pty Ltd;
- (b) Moody's Investors Service Pty Ltd;
- (c) Fitch Ratings Australia Pty Ltd; or
- (d) another rating agency approved by APRA.

Record Date means, unless otherwise specified in the Note Terms, in respect of a payment to be made on the Notes, a date fixed by ANZ (NZ) by notice to ASX (if required) which is at least 11 Business Days before the Interest Payment Date or such other date as may be required by ASX.

Register means the register of Notes maintained by the Registrar and includes any CHESS sub-register (as defined in the ASX Listing Rules).

Registrar means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other registrar that maintains the Register.

Relevant Jurisdiction means any country, or political sub-division of one or more countries, or any federation or association of countries:

- (a) in which ANZ (NZ) or a Substituted Issuer is incorporated, resident or domiciled for any tax purpose or carries on business; or
- (b) from which, or through which, any Interest Payment is made.

Repurchase Date has the meaning given in the Preference Share Terms.

Repurchase Interest means, for a Note on a Note Repurchase Date, the amount which is calculated in accordance with the following formula:

$$\text{Repurchase Interest} = \left(\frac{\text{Interest Rate} \times \text{Face Value} \times N}{365} \right) + AI$$

where:

N is in respect of a Note Repurchase Date occurring at any time:

- (a) before the first Interest Payment Date, the number of days from (and including) the Allotment Date until (but excluding) the Note Repurchase Date; and
- (b) after the first Interest Payment Date, the number of days from (and including) the preceding Interest Payment Date until (but excluding) the Note Repurchase Date; and

AI is any Interest due and payable but unpaid as at the Note Repurchase Date.

Reset Date means 15 September 2008 for the first Reset Date and each subsequent Reset Date will occur on the fifth anniversary of the previous Reset Date unless changed in accordance with clause 6.

Reset Notice has the meaning given in clause 6.1.

Reset Notice Date has the meaning given in clause 6.3(a).

SCH means ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532).

SCH Business Rules means the business rules of SCH from time to time.

Substituted Issuer has the meaning given in clause 11.1.

Tier 1 Capital means at any time any equity, debt or other capital so described by APRA.

Tier 1 Capital Ratio means at any time the ratio so described by APRA.

Total Capital Adequacy Ratio means at any time the ratio so described by APRA.

Trust Deed means the trust deed dated 13 August 2003 between ANZ (NZ) and the Trustee.

Trustee means Permanent Trustee Company Limited (ABN 21 000 000 993) or any other trustee as may replace Permanent Trustee Company Limited as trustee in accordance with the terms of the Trust Deed.

Appendix A: Preference Share Terms

1 Issue price and Face Value

The issue price and face value of each Preference Share is \$100.00 (Face Value).

2 Stapling and transfer

2.1 STAPLING

Each Preference Share will be stapled to a Note. Each stapled Preference Share and Note together will constitute an ANZ StEPS. ANZ will maintain a joint register for ANZ StEPS and joint holding statements or certificates will be issued to holders. Subject to the Note Terms and the Preference Share Terms, ANZ will not take any corporate action which prejudices the stapling of each Note to the corresponding Preference Share.

2.2 TRANSFER RESTRICTIONS

- (a) **(ANZ StEPS)** Until the Assignment Date, no transfer of a Preference Share may be registered by the Registrar unless a transfer of the corresponding Note which forms part of the same ANZ StEPS, is registered at the same time, from the same transferor to the same transferee.
- (b) **(minimum holding)** If a Holder's holding of ANZ StEPS or Preference Shares is less than a Marketable Parcel at any time, subject to the law, the ASX Listing Rules and the Constitution, ANZ may sell all of those Preference Shares (including any Preference Shares which form part of ANZ StEPS) as permitted by the Constitution.

2.3 NO SEPARATE DEALINGS

Until the Assignment Date, a Preference Share, and any interest in a Preference Share, is not capable of being transferred, assigned or made the subject of an Encumbrance or trust in whole or in part, separately from the corresponding Note which forms part of the same ANZ StEPS. Any transferee, assignee or holder of an Encumbrance or trust takes ANZ StEPS subject to, and agrees to be bound by, the Preference Share Terms.

2.4 UNSTAPLING

Upon assignment of a Note to ANZ Capital Funding Pty Ltd in accordance with the Note Terms, the corresponding Preference Share ceases to be stapled to the Note. For the avoidance of doubt, the Preference Share does not cease to be stapled to the corresponding Note which forms part of the same ANZ StEPS in any other circumstances.

3 Dividends

3.1 DIVIDENDS

Until the Assignment Date, the Holder is not entitled to receive any dividend on the Preference Shares. Subject to these Preference Share Terms, the Holder of each Preference Share on the relevant Record Date is entitled to receive on each relevant Dividend Payment Date, a dividend (Dividend) calculated in accordance with the following formula:

$$\text{Dividend} = \frac{\text{Dividend Rate} \times \text{Face Value} \times N}{365}$$

where:

Dividend Rate is for each Dividend Period:

- (a) to the first Reset Date, the aggregate of the Bank Bill Rate for the Dividend Period and the Initial Margin (expressed as a percentage per annum); and
- (b) between succeeding Reset Dates, the aggregate of the Market Rate and the Margin for the Dividend Period (expressed as a percentage per annum);

Initial Margin is the margin determined under the Bookbuild; and

N is, in respect of:

- (a) the first Dividend Payment Date, the number of days from (and including) the last Interest Payment Date on or before the Assignment Date (or the Allotment Date if no Interest Payment Date has yet occurred) until (but excluding) the relevant Dividend Payment Date; and
- (b) each subsequent Dividend Payment Date, the number of days from (and including) the preceding Dividend Payment Date until (but excluding) the relevant Dividend Payment Date.

3.2 DIVIDEND PAYMENT TESTS

The payment of a Dividend is subject to:

- (a) the Directors in their sole discretion resolving to pay that Dividend;
- (b) unless APRA otherwise agrees:
 - (i) the Dividend not resulting in the Total Capital Adequacy Ratio or the Tier 1 Capital Ratio of ANZ (on a Level 1 basis) or of the relevant entities within the Group (on a Level 2 or Level 3 basis) not complying with APRA's then current capital adequacy guidelines as they are applied to ANZ or those entities within the Group (as the case may be) at the time; and
 - (ii) the Dividend not exceeding Distributable Profits as at the Record Date for the Dividend; and
- (c) APRA not otherwise objecting to the payment of the Dividend.

Notwithstanding the above, the Directors, in their sole discretion and with the consent of APRA, may pay Optional Dividends.

3.3 NON-CUMULATIVE DIVIDENDS

The dividend rights attached to the Preference Shares are non-cumulative. Therefore, if and to the extent that all or any part of a Dividend is not paid because of any provision of clause 3.2 or because of any applicable law, ANZ has no liability to pay that Dividend and, notwithstanding the ability for an Optional Dividend to be paid, the Holder has no claim or entitlement in respect of the non-payment of that Dividend. No interest accrues on any unpaid Dividends or Optional Dividends, and the Holder has no claim or entitlement in respect of interest on any unpaid Dividends or Optional Dividends.

3.4 CALCULATION OF DIVIDENDS

All calculations of Dividends will be rounded to four decimal places. For the purposes of making any payment of a Dividend in respect of a Holder's aggregate holding of Preference Shares, any fraction of a cent will be disregarded.

3.5 DIVIDEND PAYMENT DATES

Subject to this clause 3, Dividends will be payable in arrears, following the Assignment Date:

- (a) quarterly, on each 15 March, 15 June, 15 September and 15 December (or in the case of a change in the Preference Share Terms pursuant to clause 7.1(d) in accordance with such change) as adjusted in accordance with clause 14.1(f), until the Preference Shares are Converted or Repurchased;
- (b) on each Exchange Date, in relation to the Preference Shares being Converted on that date; and
- (c) on each Repurchase Date, in relation to the Preference Shares being Repurchased on that date.

3.6 RECORD DATES

A Dividend is only payable to those persons registered as Holders on the Record Date for that Dividend. An Optional Dividend is only payable to those persons registered as Holders on the Record Date in respect of the Optional Dividend.

3.7 DEDUCTIONS AND GROSS-UP

- (a) ANZ may deduct from any Dividend or Optional Dividend or other amounts payable to a Holder, the amount of any withholding or other tax, duty or levy required by any law, treaty, regulation or official administrative pronouncement to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by ANZ to the relevant revenue authority and the balance of the amount payable has been paid to the Holder concerned, then the full amount payable to such Holder is deemed to have been duly paid and satisfied by ANZ.
- (b) ANZ must pay the full amount deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law or otherwise and must, if required by any Holder, deliver to that Holder a copy of the relevant receipt issued by the revenue authority without unreasonable delay after the original receipt is received by ANZ.
- (c) Subject to clause 3.2, if (and to the extent that):
 - (i) a law of the Commonwealth of Australia or any State or Territory of Australia requires ANZ to deduct any withholding or other tax, duty or levy from any Dividend or Optional Dividend which is payable to a Holder under clause 3.7(a), so that a Holder would not actually receive for its own benefit on the Dividend Payment Date the full amount which is so payable; and
 - (ii) the relevant deduction is required to be made on a basis other than:

- (A) the Holder having some connection with the Commonwealth of Australia or any State or Territory of Australia other than the mere holding of a Preference Share or receipt of a payment in respect of it; or
- (B) the Holder:
 - (aa) not having provided relevant information to ANZ;
 - (bb) not having made a declaration or similar claim; or
 - (cc) not having satisfied a reporting requirement, which, if provided, made or satisfied, would exempt the payment from the deduction; or
- (C) on account of stamp duty, estate duty or other similar transaction duty,

the amount of the Dividend or Optional Dividend that is payable will be increased so that, after making the relevant deduction, and deductions applicable to increases in the amount of the Dividend or Optional Dividend payable pursuant to this clause, the Holder receives the amount that the Holder would have received if no such deduction had been required.

3.8 DIVIDEND STOPPER

If, for any reason:

- (a) a Dividend has not been paid in full within 20 Business Days after the relevant Dividend Payment Date; or
- (b) an Assignment Event has occurred and any amount of Interest scheduled to be paid on the Notes has not been paid in full prior to the Assignment Date,

ANZ must not:

- (c) declare or pay a dividend or make any distribution on any of its outstanding share capital (other than the Preference Shares or share capital that ranks equally with or in priority to the Preference Shares for participation in profits); or
- (d) redeem, reduce, cancel or acquire for any consideration any of its outstanding share capital (other than the Preference Shares or share capital that ranks equally with or in priority to Preference Shares for a return of capital),

unless:

- (e) four consecutive Dividends scheduled to be payable on the Preference Shares thereafter have been paid in full (or the number of Dividends for an equivalent period if the frequency of Dividend Payment Dates is other than quarterly); or
- (f) an optional dividend (Optional Dividend) has been paid to the Holders equal to the unpaid amount (if any) of the four immediately preceding quarterly Scheduled Distributions prior to the date of payment of the Optional Dividend (or the number of Scheduled Distributions for an equivalent period if the frequency of payment is other than quarterly); or

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- (g) all Preference Shares have been Converted or Repurchased; or
 - (h) a Special Resolution of the Holders has been passed approving such action,
- and APRA does not otherwise object.

3.9 ADJUSTMENT TO FIRST DIVIDEND

If there is any Defaulted Interest in respect of a Note, the Dividend payable on the first Dividend Payment Date will be increased by an amount equal to any Defaulted Interest (except to the extent that the amount of that Defaulted Interest has been paid by way of an Optional Dividend before the first Dividend Payment Date).

4 Exchange

4.1 EXCHANGE BY HOLDER

- (a) Subject to the option in clause 4.1(e), a Holder may require ANZ to Exchange all or some of its Preference Shares in the circumstances set out in clauses 4.1(b) and (c) by giving a notice to ANZ in compliance with clause 4.3.
- (b) A Holder may require ANZ to Exchange its Preference Shares by notice given at least 35 Business Days (but no more than three months) before a Reset Date.
- (c) If a Trigger Event occurs, a Holder may require ANZ to Exchange its Preference Shares by notice given at any time after the Trigger Event occurs, but no later than 20 Business Days after the publication of notice of the occurrence of the Trigger Event under clause 4.1(g).
- (d) To be valid, a notice under this clause 4.1 must indicate under which paragraph of this clause 4.1 the Holder is giving notice.
- (e) If a Holder gives notice under clause 4.1(b) or (c) and subject to compliance with the Corporations Act, ANZ must, at its option, do one or more of the following in respect of the Preference Shares the subject of the notice:
 - (i) Convert the Preference Shares into Ordinary Shares on the Exchange Date in accordance with (and subject to) clause 5;
 - (ii) procure the acquisition of the Preference Shares (and any corresponding Notes forming part of ANZ StEPS) by a third party for the Face Value of the Preference Shares and send the proceeds to the Holder within five Business Days after the relevant Exchange Date; or
 - (iii) Repurchase the Preference Shares on the Repurchase Date in accordance with (and subject to) clause 6.
- (f) No later than 21 Business Days (or where clause 4.1(j)(ii)(B) applies, three Business Days) prior to the relevant Exchange Date, ANZ must notify the Holder which method or methods of Exchange referred to in clause 4.1(e) it has chosen. If ANZ does not notify the relevant Holder in accordance with this clause 4.1(f), then clause 4.1(e)(i) will apply.

- (g) ANZ must notify Holders of the occurrence of a Trigger Event by publishing a notice in The Australian Financial Review or any other daily financial newspaper in Australia of national circulation which specifies the particular Trigger Event, as soon as practicable after becoming aware of the applicable event.

- (h) Once a Holder has given a notice under clause 4.1(b) or (c), that Holder must not deal with, transfer, dispose of or otherwise encumber the Preference Shares the subject of the notice (and any corresponding Notes forming part of the ANZ StEPS).

- (i) If a Holder wishes to Exchange some (but not all) of the Preference Shares held by it, the Holder may only do so in respect of Preference Shares having:

- (i) a minimum aggregate Face Value of \$1,000; and
- (ii) a maximum aggregate Face Value equal to that Holder's entire holding less \$1,000.

- (j) If a Holder delivers a notice in accordance with clause 4.1(b) or (c), the Exchange Date is:

- (i) if the notice is given under clause 4.1(b), the Reset Date immediately following the delivery of the notice; and
- (ii) if the notice is given under clause 4.1(c):
 - (A) the last Business Day of the second month following the month in which the Holder's notice is actually received by ANZ; or
 - (B) in the case of an Acquisition Event, the last Business Day of the second week following the week in which the Holder's notice is actually received by ANZ.

4.2 EXCHANGE BY ANZ

- (a) ANZ may Exchange Preference Shares by giving notice to Holders:
 - (i) at least 30 Business Days (but not more than six months) before a Reset Date, in respect of some or all of the Preference Shares;
 - (ii) at any time, if a Regulatory Event or a Tax Event occurs, in respect of some or all of the Preference Shares;
 - (iii) sent not later than five Business Days after ANZ has published a notice under clause 4.1(g) in relation to an Acquisition Event, in respect of all (but not some) of the Preference Shares; or
 - (iv) at any time, if the aggregate Face Value of all Preference Shares on issue is less than \$100 million in respect of all (but not some) of the Preference Shares.
- (b) If ANZ gives a notice under clause 4.2(a), ANZ must indicate in that notice which of the following it intends to do in respect of each Preference Share the subject of the notice:

- (i) Convert the Preference Share into Ordinary Shares on the Exchange Date in accordance with (and subject to) clause 5; or
- (ii) Repurchase the Preference Share on the Repurchase Date in accordance with (and subject to) clause 6.
- (c) If the notice given by ANZ under clause 4.2(a) indicates that the Preference Shares will be Converted, the Exchange Date will be the date specified in the notice, but the Exchange Date:
 - (i) in the case of clause 4.2(a)(i), must be the Reset Date;
 - (ii) in the case of clauses 4.2(a)(ii) and (iv), must be at least 30 Business Days after the date of the notice; and
 - (iii) in the case of clause 4.2(a)(iii), must be no earlier than the last Business Day of the week following the date of the notice.
- (d) ANZ cannot issue a notice under clause 4.2(a) to Exchange only some Preference Shares if, as at the date of the notice, that Exchange would result in there being Preference Shares on issue with an aggregate Face Value of less than \$100 million. If ANZ issues a notice under clause 4.2(a) to Exchange only some Preference Shares, ANZ must endeavour to treat Holders on an approximately proportionate basis, but may discriminate to take account of the effect on holdings which would be less than Marketable Parcels and other considerations.

4.3 EXCHANGE NOTICES

- (a) Any notice given by ANZ or Holder under this clause 4 is irrevocable.
- (b) A notice given by a Holder must be accompanied by evidence of title reasonably acceptable to ANZ for the Preference Shares the subject of the notice and is not taken to be a valid notice unless and until such evidence is actually received by ANZ.
- (c) A form of notice which may be used by Holders must be made available by ANZ upon request.
- (d) ANZ is not restricted from giving a notice under clause 4.2 merely because a Holder has given a notice under clause 4.1, and ANZ's notice will prevail if there is any inconsistency between these notices.

5 Conversion

5.1 ORDINARY SHARES TO BE ISSUED

- (a) The following clauses apply to any Conversion under clause 4.
- (b) Notwithstanding any other provision of the Preference Share Terms, a Holder will not receive Ordinary Shares on Conversion before ANZ Capital Funding Pty Ltd holds all right, title and interest in the Note which forms part of the same ANZ STEPS.
- (c) Each Preference Share will on the relevant Exchange Date convert into one Ordinary Share.
- (d) In addition, upon Conversion, each Preference Share will entitle the Holder to be allotted an additional number of

Ordinary Shares equal to one less than the Conversion Ratio, where the Conversion Ratio is an amount calculated in accordance with the following formula:

$$\text{Conversion Ratio} = \frac{\text{Face Value}}{\text{VWAP} - (\text{CD} \times \text{VWAP})}$$

where:

VWAP means the VWAP during the relevant Reference Period; and

CD means a conversion discount of 2.5%.

- (e) Where the total number of additional Ordinary Shares to be allotted on Conversion to a Holder (in respect of the aggregate holding of that Holder being Converted) includes a fraction, that number will be rounded down to the next whole number.

5.2 CONVERSION MECHANICS

A Preference Share confers all of the rights attaching to one Ordinary Share but these rights do not take effect until 5:00pm (Melbourne time) on the date of Conversion. At that time:

- (a) all other rights or restrictions conferred on that Preference Share under the Preference Share Terms will no longer have effect (except for rights relating to a Dividend which has been declared but has not been paid on or before the date of Conversion which will continue); and
- (b) the Ordinary Share resulting from Conversion will rank equally with all other Ordinary Shares then on issue and ANZ will issue a statement that the holder of those shares holds a share so ranking.

Conversion does not constitute a buy-back, cancellation, redemption or termination of a Preference Share or an issue, allotment or creation of a new share (other than the additional Ordinary Shares allotted under clause 5.1).

5.3 ADJUSTMENT TO VWAP

For the purposes of calculating the VWAP in the formula in clause 5.1:

- (a) where, on some or all of the Business Days in the Reference Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and the Preference Shares will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that dividend, distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend, cum other distribution or cum entitlement shall be reduced by an amount (Cum Value) equal to:
 - (i) (in case of a dividend or other distribution), the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act;

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- (ii) (in the case of any other entitlement which is traded on ASX on any of those Business Days), the volume weighted average price of all such entitlements sold on ASX during the Reference Period on the Business Days on which those entitlements were traded; or
- (iii) (in the case of any other entitlement not traded on ASX during the Reference Period), the value of the entitlement as reasonably determined by the Directors; and
- (b) where, on some or all of the Business Days in the Reference Period, Ordinary Shares have been quoted ex dividend, ex other distribution or ex entitlement, and the Preference Shares will Convert into Ordinary Shares which would be entitled to receive the relevant dividend, other distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend, ex other distribution or ex entitlement shall be increased by the Cum Value.

6 Repurchase and acquisition

6.1 REPURCHASE GENERALLY

- (a) Subject to APRA's consent, where ANZ has elected to Repurchase Preference Shares pursuant to clause 4.1 or 4.2, ANZ may Repurchase all or some of the outstanding Preference Shares for their Face Value.
- (b) The Repurchase Date will be the date specified in the notice, but must be at least 12 Business Days after the date of the relevant notice given by ANZ pursuant to clause 4.1 or 4.2.
- (c) Subject to APRA's consent, on the Repurchase Date:
 - (i) the Preference Shares to which the notice relates will be Repurchased by ANZ for the consideration specified above paid to the Holder; and
 - (ii) except where a Preference Share is transferred to a Group entity, all other rights conferred or restrictions imposed on that Preference Share under the Preference Share Terms will no longer have effect (except for rights relating to a Dividend which has been declared, but has not been paid, on or before the Repurchase Date which will continue).

6.2 PREFERENCE SHARE AUTOMATICALLY TRANSFERRED

Each Holder is taken irrevocably to offer to sell some or all of its Preference Shares:

- (a) to ANZ or a Group entity nominated by ANZ on the Repurchase Date for the Face Value of each Preference Share, if ANZ elects to Repurchase the Preference Shares under clause 4.1(e)(iii) or 4.2(b)(ii); and
- (b) to the relevant third party on the Exchange Date for the Face Value of the Preference Share if ANZ elects to procure the acquisition of a Preference Share (and any corresponding Note forming part of an ANZ StEPS) by a third party under clause 4.1(e)(ii).

6.3 POWER OF ATTORNEY

Each Holder irrevocably appoints ANZ, each of its Authorised Officers and any liquidator, administrator or statutory manager of ANZ (each an Appointed Person) severally to be the attorney of the Holder and the agent of the Holder with power in the name and on behalf of the Holder to do all such acts and things including signing all documents or transfers as may in the opinion of the Appointed Person be necessary or desirable to be done in order to record or perfect the transfer of the Preference Shares held by the Holder when required in accordance with clause 6.2.

7 Reset provisions

7.1 RESET OF DISTRIBUTION PROVISIONS

Subject to clauses 7.2, 7.3 and 7.4, at a Reset Date, ANZ may change any or all of:

- (a) the next Reset Date;
- (b) the Market Rate for each succeeding Dividend Period until the next Reset Date from a Bank Bill Rate to a Fixed Rate (or vice versa);
- (c) the Margin; and
- (d) the frequency and timing of the Dividend Payment Dates.

These new terms will apply from (and including) the relevant Reset Date until (but excluding) the next Reset Date. Any change made by ANZ under this clause 7.1 must be notified in accordance with clause 7.4 (Reset Notice).

7.2 RESET OF NOTE TERMS

So long as any Preference Share remains stapled to a Note, ANZ must ensure that the terms of the Preference Shares referred to in clause 7.1 are reset only in accordance with any reset of the equivalent terms of the Notes pursuant to the Note Terms.

7.3 APRA RESTRICTIONS ON RESET PROVISIONS

Any change specified in the Reset Notice will be subject to APRA's prior approval (except to the extent waived by APRA) in accordance with APRA's then current capital adequacy guidelines as they are applied to ANZ or the Group at the time and, unless APRA otherwise approves, is subject to these restrictions:

- (a) the next Reset Date must be five years from the immediately preceding Reset Date;
- (b) where a Reset Date occurs on a day prior to the last day of the Initial Period, ANZ cannot, in respect of that Reset Date, increase the Margin from the Initial Margin;
- (c) any variation in the Dividend Rate as specified in the Reset Notice will be calculated in accordance with the following formula:

Dividend Rate = Market Rate + Margin

where:

Margin expressed as a percentage per annum, does not exceed the Initial Margin for the Initial Period and after the Initial Period is a rate determined by ANZ provided that it does not exceed the least of:

- (i) the Initial Margin plus 1.00%;
- (ii) the Margin that applied on the previous Reset Date plus 1.00%; and
- (iii) the Initial Margin $\times \left(\frac{FR - FRG}{FP - FPG} \right)$

where:

FR is the fair market value yield on Bloomberg page FMCS for 'A' rated five-year corporate AUD securities (or any page which replaces that page) on the relevant Reset Notice Date;

FRG is the fair market value yield on Bloomberg page FMCS for Australian government five-year AUD securities (or any page which replaces that page) on the relevant Reset Notice Date;

FP is the fair market value yield on Bloomberg Page FMCS for 'A' rated five-year corporate AUD securities (or any page which replaces that page) on the Allotment Date; and

FPG is the fair market value yield on Bloomberg page FMCS for Australian government five-year AUD securities (or any page which replaces that page) on the Allotment Date; and

- (d) the Margin applying until the next Reset Date shall remain the same as the Margin which applied prior to the immediately preceding Reset Date if ANZ's unsecured, unsubordinated long-term credit rating as assigned by two or more Ratings Agencies at the relevant Reset Date is lower than their Initial Rating.

For the avoidance of doubt, APRA may waive any or all of the restrictions in this clause 7.3, in which event ANZ may vary the terms as contemplated under clause 7.1.

7.4 NOTIFICATION

- (a) For a change made under clause 7.1 to be effective, the Reset Notice must be sent to all Holders no later than 50 Business Days immediately preceding the relevant Reset Date (Reset Notice Date). The non-receipt of a Reset Notice by any Holder or an accidental omission to send notice to a Holder will not invalidate any variation under clause 7.1, either in respect of that Holder or generally.
- (b) If ANZ does not send a Reset Notice, the terms applying as at the relevant Reset Date will continue and the next Reset Date will be such that the period to the next Reset Date is the same as the period that has passed from the immediately preceding Reset Date until the relevant Reset Date.

8 Preference Share general rights

8.1 RANKING

- (a) Preference Shares rank equally amongst themselves in all respects and Holders are subordinated to all depositors and creditors of ANZ in respect of payment of dividends or return of share capital on a winding-up of ANZ or otherwise.

- (b) Preference Shares rank equally with the preference shares issued in connection with TrUEPrS in all respects.
- (c) Subject to clause 8.1(d), the issue of any other preference shares in the capital of ANZ which rank in priority to the Preference Shares in respect of payment of dividends or return of share capital on a winding-up constitutes an alteration of the rights attached to the Preference Shares.
- (d) ANZ may issue further preference shares in the share capital of ANZ which rank equally with or behind existing Preference Shares, whether in respect of payment of dividends, return of share capital on a winding-up of ANZ or otherwise. For the avoidance of doubt, ANZ may issue preference shares in the share capital of ANZ which rank in priority to existing Preference Shares in respect of payment of dividends only to the extent that dividends are payable on the preference shares with effect from their issue date (or some other date), and which otherwise rank equally with or behind existing Preference Shares.

Such an issue does not constitute a variation or cancellation of the rights attached to the then existing Preference Shares and does not require the approval of Holders.

8.2 PREFERENTIAL DIVIDEND

Until Conversion, the Preference Shares rank in priority to Ordinary Shares for the payment of dividends.

8.3 NO SET OFF

Any amount due to a Holder in respect of the Preference Shares may not be set off against any claims by ANZ to the Holder.

8.4 RETURN OF SHARE CAPITAL

Until Conversion, if there is a return of share capital on a winding-up of ANZ, Holders will be entitled to receive out of the assets of ANZ available for distribution to holders of shares, in respect of each Preference Share held, a cash payment (Liquidation Sum) equal to the sum of:

- (a) the amount of any Dividend due but unpaid; and
- (b) the Face Value,

before any return of share capital is made to holders of Ordinary Shares or any other class of shares ranking behind the Preference Shares.

8.5 SHORTFALL ON WINDING-UP OF ANZ

If, upon a return of share capital on a winding-up of ANZ, there are insufficient funds to pay in full the amounts referred to in clause 8.4 and the amounts payable in respect of any other shares in ANZ ranking as to such distribution equally with the Preference Shares on a winding-up of ANZ, Holders and the holders of any such other shares will share in any distribution of assets of ANZ in proportion to the amounts to which they respectively are entitled.

8.6 NO PARTICIPATION IN SURPLUS ASSETS

The Preference Shares do not confer on the Holders any further right to participate in the surplus assets of ANZ on a winding-up of ANZ beyond payment of the Liquidation Sum.

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8.7 RESTRICTIONS ON OTHER ISSUES

Until the date on which all Preference Shares have been Converted or Repurchased, ANZ must not, without approval of a Special Resolution of Holders, issue shares in the share capital of ANZ ranking in priority to the Preference Shares or permit the conversion of any existing shares in the share capital of ANZ to shares ranking in priority to the Preference Shares.

8.8 TAKEOVER BIDS AND SCHEMES OF ARRANGEMENT

If a takeover bid is made for Ordinary Shares, acceptance of which is recommended by the Directors, or the Directors recommend a member's scheme of arrangement, ANZ will use reasonable endeavours to procure that equivalent takeover bids are made to Holders or that they participate in the scheme of arrangement.

8.9 PARTICIPATION IN NEW ISSUES

Until the Preference Shares are Converted, they will confer no rights to subscribe for new securities of ANZ or to participate in any bonus issues of securities of ANZ.

8.10 NO OTHER RIGHTS

Preference Shares do not confer on the Holders any right to participate in profits or property except as set out in the Preference Share Terms.

9 Notices and reports

At any time prior to Conversion, Holders will be entitled to receive notices of general meeting of ANZ and, if requested, copies of other documents (including reports and accounts) provided by ANZ to holders of Ordinary Shares.

10 Voting rights

Holders may attend and speak at general meetings of ANZ.

A Preference Share does not entitle its Holder to vote at any general meeting of ANZ except in the following circumstances:

- (a) on a proposal:
 - (i) to reduce the share capital of ANZ;
 - (ii) that affects rights attached to the Preference Shares;
 - (iii) to wind up ANZ; or
 - (iv) for the disposal of the whole of the property, business and undertaking of ANZ;
- (b) on a resolution to approve the terms of a buy-back agreement;
- (c) during a period in which a Dividend which has been declared as payable on a Dividend Payment Date has not been paid in full; or
- (d) during the winding-up of ANZ.

If a poll is conducted on a resolution on which a Holder is entitled to vote under this clause 10, the Holder has one vote for each Preference Share held.

11 Listing

ANZ must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation on each Exchange Date of all Converted Preference Shares and additional Ordinary Shares issued under clause 5 on the

securities exchanges on which the other Ordinary Shares are quoted on that Exchange Date.

12 Amendments to the Preference Share Terms

Subject to complying with all applicable laws and with the prior approval of APRA, ANZ may, without the authority, assent or approval of Holders, amend or add to the Preference Share Terms where the amendment or addition is, in the opinion of ANZ:

- (a) made to correct a manifest error;
- (b) of a formal, minor or technical nature;
- (c) made to comply with any law, the ASX Listing Rules or the listing or quotation requirements of any securities exchange on which ANZ proposes from time to time to seek quotation of the Preference Shares or ANZ StEPS;
- (d) convenient for the purpose of obtaining or maintaining the listing or quotation of the Preference Shares or ANZ StEPS; or
- (e) is not, and is not likely to become, materially prejudicial to Holders generally.

13 Governing law

The Preference Share Terms are governed by the law in force in the State of Victoria, Australia.

14 Interpretation and definitions

14.1 INTERPRETATION

- (a) Unless otherwise specified in the Preference Share Terms, notices may be given by ANZ to a Holder in the manner prescribed by the Constitution for the giving of notices and the relevant provisions of the Constitution apply with all necessary modification to notices to Holders.
- (b) Definitions and interpretation under the Constitution will also apply to the Preference Share Terms unless the contrary intention is expressed.
- (c) The right of a Holder or ANZ to Convert or Repurchase is subject to all applicable laws.
- (d) Unless otherwise specified, a reference to a clause or a paragraph is a reference to a clause or a paragraph of the Preference Share Terms.
- (e) Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of the Preference Share Terms.
- (f) The singular includes the plural and vice versa.
- (g) If a calculation is required under the Preference Share Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (h) Any provisions which refer to the requirements of APRA will apply to ANZ only if ANZ is an entity or the holding company or subsidiary of an entity subject to regulation and supervision by APRA at the relevant time.
- (i) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

- (j) If an event under the Preference Share Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (k) Calculations, elections and determinations made by ANZ under the Preference Share Terms are binding on Holders in the absence of manifest error.

14.2 DEFINITIONS

The following expressions shall have the following meanings:

Acquisition Event means:

- (a) a takeover bid (as defined in the Corporations Act) is made to acquire all or some of the Ordinary Shares and the offer is, or becomes, unconditional and:
 - (i) the bidder has at any time during the offer period, a relevant interest in more than 50% of the Ordinary Shares on issue; or
 - (ii) the Directors issue a statement recommending acceptance of the offer; or
- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and either:
 - (i) the members of ANZ pass a resolution approving the scheme; or
 - (ii) an independent expert issues a report indicating that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares.

Allotment Date means the date on which the Preference Shares are issued.

ANZ means Australia and New Zealand Banking Group Limited (ABN 11 005 357 522).

ANZ Capital Funding Pty Ltd means ANZ Capital Funding Pty Ltd (ACN 105 870 915).

ANZ (NZ) means ANZ Holdings (New Zealand) Limited (ARBN 105 689 932) or a Substituted Issuer.

ANZ STEPS means the stapled security comprising a Preference Share stapled to a Note in accordance with clause 2.1.

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of ANZ or the Group.

Assignment Date means, in respect of a Preference Share, the date on which all of the Holder's remaining right, title and interest in the corresponding Note (that, prior to the relevant Assignment Event, had formed part of the same ANZ STEPS) is assigned to ANZ Capital Funding Pty Ltd, following an Assignment Event.

Assignment Event has the meaning given in the Note Terms.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

ASX Business Rules means the business rules of ASX and any other rules of ASX which are applicable while ANZ is admitted to the official list of ASX, each as amended or replaced, except to

the extent of any written waiver granted by ASX.

ASX Listing Rules means the listing rules of ASX and any other rules of ASX which are applicable while ANZ is admitted to the official list of ASX, each as amended or replaced, except to the extent of any written waiver granted by ASX.

AUD, AS, \$ and cents mean Australian currency.

Australian Generally Accepted Accounting Principles means the accounting standards under the Corporations Act or, if not inconsistent with those standards, accounting principles and practices generally accepted in Australia.

Authorised Officer means each director and secretary of ANZ and any person delegated on the authority of the Directors to exercise the power of attorney conferred by clause 6.3.

Bank Bill Rate means:

- (a) if an Assignment Event occurs before the first Interest Payment Date, the Bank Bill Rate in respect of the first Dividend Period is 4.85% per annum; and
- (b) for each Dividend Period other than a Dividend Period to which paragraph (a) of this definition applies, the average mid-rate for bills of a term of 90 days (or, if Dividend Payment Dates have been varied under clause 7.1 a term closest to the term of the relevant Dividend Period) which average rate (expressed as a percentage per annum) is displayed on the Reuters page designated BBSW (or any page which replaces that page) on the first Business Day of the Dividend Period, or if there is a manifest error in the calculation of that average rate or that average rate is not displayed by 10.30 am (Melbourne time) on that date, the rate specified in good faith by ANZ at or around that time on that date having regard, to the extent possible, to:
 - (i) the rates otherwise bid and offered for bills of that term or for funds of that tenor displayed on that page BBSW (or any page which replaces that page) at that time on that date; and
 - (ii) if bid and offer rates for bills of that term are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time.

Bookbuild means the process conducted by ANZ or its agents prior to the opening of the Offer, whereby certain investors lodge bids for ANZ STEPS and, on the basis of those bids, ANZ determines the Initial Margin and announces its determination prior to the opening of the Offer.

Business Day means a business day within the meaning of the ASX Listing Rules.

Constitution means the constitution of ANZ as amended.

Conversion means the taking effect of the rights of a Preference Share under clause 5 (including, without limitation the allotment of additional Ordinary Shares under clause 5.1) and **Convert** and **Converted** have the corresponding meaning.

Conversion Ratio means the ratio determined pursuant to clause 5.1, as adjusted by clause 5.3.

Corporations Act means the Corporations Act 2001 of Australia.

Defaulted Interest has the meaning given in the Note Terms.

Appendix A: Preference Share Terms

Directors means some or all of the directors of ANZ acting as a board.

Distributable Profits means an amount calculated in accordance with the following formula:

$$\text{Distributable Profits} = A - B$$

where:

A is the consolidated net profit after income tax of ANZ for the immediately preceding financial year (or such other amount as determined by APRA in its discretion to be appropriate in ANZ's circumstances for the purposes of paying dividends or distributions on the Group's Tier 1 Capital); and

B is the aggregate amount of any dividends or distributions paid or payable by a member of the Group before the relevant Dividend Payment Date on its Tier 1 Capital in relation to the current financial year to date, but not including any dividend or distribution paid or payable to a member of the Group by another member of the Group.

Dividend has the meaning given in clause 3.1.

Dividend Payment Date means each date on which a Dividend is payable in accordance with clause 3.5, whether or not a Dividend is paid on that date.

Dividend Period means, in respect of a Preference Share:

- (a) the period from (and including) the Interest Payment Date immediately prior to the occurrence of the Assignment Event (or the Allotment Date, if no Interest Payment Date has yet occurred) until (but not including) the first Dividend Payment Date following the Assignment Date; and
- (b) thereafter, the period from (and including) each Dividend Payment Date until (but not including) the day of the first to occur of:
 - (i) the next Dividend Payment Date; or
 - (ii) the Exchange Date; or
 - (iii) the Repurchase Date.

Dividend Rate has the meaning given in clause 3.1.

Encumbrance means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

Exchange means:

- (a) in the case of the Holder giving notice to ANZ under clause 4.1, Conversion in accordance with (and subject to) clause 5, ANZ's procuring of the acquisition of the Preference Shares (and the corresponding Notes forming part of the ANZ StEPS) by a third party for the Face Value of the Preference Shares, or the Repurchase as determined by ANZ in accordance with (and subject to) clause 6; and

- (b) in the case of ANZ giving notice to the Holder under clause 4.2, Conversion in accordance with (and subject to) clause 5, or Repurchase as determined by ANZ in accordance with (and subject to) clause 6.

and **Exchanged** has the corresponding meaning.

Exchange Date means, in respect of a Preference Share, such date determined in accordance with clause 4.1 or 4.2.

Face Value has the meaning given in clause 1.

Fixed Rate means the rate calculated as the average of the mid-points of the quoted average swap reference rates for a term corresponding as closely as practicable to the period from the relevant Reset Date until the next Reset Date at three pre-determined times on Reuters page CMBE (or any page which replaces that page) on the relevant date.

Group means at any time ANZ and its controlled entities as defined in Australian Generally Accepted Accounting Principles.

Holder means a person whose name is for the time being registered in the Register as the holder of a Preference Share.

Initial Margin has the meaning given in clause 3.1.

Initial Period means the period from the Allotment Date until 15 September 2013.

Initial Rating means:

- (a) 'AA-' issued by Standard & Poor's (Australia) Pty Ltd;
- (b) 'Aa3' issued by Moody's Investors Service Pty Ltd; and
- (c) the equivalent of the above ratings, issued by another rating agency approved by APRA.

Interest means interest payable on the Notes, in accordance with the Note Terms.

Interest Payment Date has the meaning given in the Note Terms.

Interest Period has the meaning given in the Note Terms.

Level 1, Level 2 and Level 3 means, in respect of the Total Capital Adequacy Ratio, the Tier 1 Capital Ratio or Tier 1 Capital, those terms so described by APRA.

Liquidation Event means:

- (a) a proceeding is commenced by ANZ or ANZ (NZ) or a person that controls ANZ or ANZ (NZ) for an order that ANZ or ANZ (NZ) be dissolved, wound up or liquidated or for the appointment of a provisional liquidator, liquidator, administrator, controller or similar official in respect of ANZ or ANZ (NZ) or all or substantially all of its property;
- (b) the shareholders of ANZ or ANZ (NZ) resolve to wind up ANZ or ANZ (NZ) respectively;
- (c) a proceeding is commenced by another person for an order that ANZ or ANZ (NZ) be dissolved, wound up or liquidated and is not dismissed within 21 days of filing;

- (d) a provisional liquidator, liquidator, administrator, controller or similar official is appointed in respect of ANZ or ANZ (NZ) or all or substantially all of its property (including in the case of ANZ an ADI statutory manager under the Banking Act 1959 of Australia) and such appointment is not revoked or set aside within 21 days of such appointment; or
- (e) one or both of ANZ and ANZ (NZ) execute(s) a deed of company arrangement or enter(s) into an arrangement with its (or their) creditors.

Margin means the Initial Margin and following each Reset Date, such Margin as determined in accordance with clause 7 (expressed as a percentage per annum).

Market Rate means for Dividend Periods between succeeding Reset Dates:

- (a) a Fixed Rate calculated on the relevant Reset Date (expressed as a percentage per annum); or
- (b) the Bank Bill Rate for each Dividend Period during the period from the relevant Reset Date until the next Reset Date (expressed as a percentage per annum),

as set by ANZ under clause 7.

Marketable Parcel means a parcel of Preference Shares (whether comprised in ANZ StEPS or otherwise) registered in the same name or the same joint names which is the same as:

- (a) the number that constitutes a marketable parcel of shares of that class under the ASX Business Rules; or
- (b) subject to the Corporations Act, the ASX Listing Rules and the ASX Business Rules, any other number determined by the Directors from time to time.

Note means a reset, unsecured note issued by ANZ (NZ) which (until the Assignment Date) is stapled to a Preference Share.

Note Terms means the terms of issue of Notes which are in Schedule 1 to the Trust Deed.

Offer means the invitation made pursuant to the prospectus issued by ANZ and ANZ (NZ) dated 14 August 2003 for investors to subscribe for ANZ StEPS.

Optional Dividend has the meaning given in clause 3.8(f).

Ordinary Share means a fully paid ordinary share in the share capital of ANZ.

Preference Share means a fully paid preference share in the share capital of ANZ issued on the Preference Share Terms.

Preference Share Terms means these terms of issue of Preference Shares.

Ratings Agencies means any of the following ratings agencies:

- (a) Standard & Poor's (Australia) Pty Ltd;
- (b) Moody's Investors Service Pty Ltd;
- (c) Fitch Ratings Australia Pty Ltd; or
- (d) another rating agency approved by APRA.

Record Date means, for a payment of:

- (a) a Dividend on:
 - (i) the scheduled Dividend Payment Dates determined in accordance with clause 3.5(a); or
 - (ii) the Exchange Date following notice under clause 4.2(a)(i), (ii) or (iv); or
 - (iii) the Repurchase Date, the date which is 11 Business Days before the Dividend Payment Date for that Dividend;
- (b) a Dividend on the Exchange Date following notice under clause 4.1(b) or (c) or 4.2(a)(ii), the date on which notice is given; and
- (c) an Optional Dividend, the date prior to its date of payment that is determined by ANZ,

or such other date as may be required by ASX.

For the avoidance of doubt, where an Exchange Date or Repurchase Date falls after a record date on the Notes but before the relevant Interest Payment Date on the Notes, the Record Date for the purposes of the Dividend on such Exchange Date or Repurchase Date is determined in accordance with paragraph (a) above.

Reference Period means the period of 20 Business Days on which trading in the Ordinary Shares took place immediately preceding:

- (a) if ANZ receives an Exchange notice following a suspension of trading of Ordinary Shares, the first day the Ordinary Shares are suspended;
- (b) for the purposes of clause 6, the Repurchase Date;
- (c) in the case of an Acquisition Event, the day of announcement of the takeover bid or scheme of arrangement; or
- (d) in all other cases, the relevant Exchange Date.

Register means the register of Preference Shares maintained by the Registrar and includes any CHES sub-register (as defined in the ASX Listing Rules).

Registrar means Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other registrar that maintains the Register.

Regulatory Event means:

- (a) the receipt by ANZ of advice from a reputable legal counsel that, as a result of any amendment to, clarification of, or change (including any announcement of a prospective change) in, any law or regulation thereunder affecting securities laws of Australia or New Zealand, or the ASX Listing Rules, or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations, which amendment, clarification or change is effective or pronouncement, action or decision is announced on or after the Allotment Date, additional costs or requirements would be imposed on ANZ or ANZ (NZ), which ANZ determines, at its sole discretion, to be unacceptable; or

Appendix A: Preference Share Terms

- (b) the determination by ANZ that there is a risk that ANZ is not or will not be entitled to treat ANZ StEPS or the Preference Shares as Tier 1 Capital (on any of a Level 1, Level 2 or Level 3 basis).

Repurchase means redeem, buy back, transfer to a Group entity or cancel Preference Shares, at ANZ's discretion and **Repurchased** has the corresponding meaning.

Repurchase Date has the meaning given in clause 6.1.

Reset Date means 15 September 2008 for the first Reset Date and each subsequent Reset Date will occur on the fifth anniversary of the previous Reset Date unless changed in accordance with clause 7.

Reset Notice has the meaning given in clause 7.1.

Reset Notice Date has the meaning given in clause 7.4(a).

Scheduled Distribution means an Interest Payment scheduled to be payable on the Notes and a Dividend scheduled to be payable under the Preference Share Terms, as the case may be.

Special Resolution has the same meaning as in the Corporations Act.

Substituted Issuer has the meaning given in the Note Terms.

Tax Act means the Income Tax Assessment Act 1936 of Australia or the Income Tax Assessment Act 1997 of Australia, as the case may be.

Tax Event means the receipt by ANZ of an opinion from a reputable legal counsel or other tax adviser, experienced in such matters to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of any jurisdiction or any political sub-division or taxing authority thereof or therein affecting taxation;
- (b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (Administrative Action); or
- (c) any amendment to, clarification of, or change (including any announced prospective change) in, the pronouncement that provides for a position with respect to an Administrative Action that differs from the theretofore generally accepted position,

(in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change (including any announced prospective change) or Administrative Action is made known), which amendment, clarification, change (including any announced prospective change) or Administrative Action is effective or such pronouncement or decision is announced on or after the Allotment Date, there is more than an insubstantial risk that:

- (d) ANZ or ANZ (NZ) would be exposed to more than a de minimis increase in its costs (including grossing-up for

withholding tax) in relation to Preference Shares or ANZ StEPS, or any Holder would be similarly exposed to such an increase;

- (e) there would be more than a de minimis increase in the taxes, duties or government charges imposed on ANZ or ANZ (NZ) in respect of ANZ StEPS or the Preference Shares, or imposed on any Holders; or
- (f) any Interest under the Notes will not be deductible for ANZ (NZ).

Tier 1 Capital means at any time any equity, debt or other capital so described by APRA.

Tier 1 Capital Ratio means at any time the ratio so described by APRA.

Total Capital Adequacy Ratio means at any time the ratio so described by APRA.

Trigger Event means the occurrence of any of the following events:

- (a) on or after the Assignment Date, a Dividend in respect of a Dividend Period is not paid in full by the Business Day which is 20 Business Days after the relevant Dividend Payment Date (other than where non-payment is due to one or more conditions in clause 3.2 not being satisfied);
- (b) prior to the Assignment Date, Interest in respect of an Interest Period is not paid in full by the Business Day which is 20 Business Days after the relevant Interest Payment Date (other than where non-payment is due to one or more conditions in clause 3.2 of the Note Terms not being satisfied);
- (c) a Liquidation Event;
- (d) an Acquisition Event;
- (e) ANZ StEPS, Ordinary Shares or Preference Shares are suspended from trading on ASX for more than 20 consecutive Business Days; or
- (f) ANZ announces to ASX an intention to sell all or substantially all of its business undertaking or assets (other than to effect a solvent reconstruction or where, after the sale, ANZ will retain a beneficial or economic interest in at least 50% of the business undertaking or assets sold).

TruePrs means the existing trust units (in the ANZ Exchangeable Preferred Trust) exchangeable for preference shares in ANZ issued in the United States under registration statements dated 8 July 1998 and 16 October 1998.

VWAP is, subject to any adjustments under clause 5.3, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any transaction defined in the ASX Business Rules as "special", crossings prior to the commencement of normal trading, crossings during the after hours adjust phase, crossings during the closing phase, overnight crossings, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.



Appendix B: Glossary

This Appendix is a glossary of the terms used in this Prospectus. There is also a list of defined terms in clause 13.2 of the Note Terms and clause 14.2 of the Preference Share Terms. Defined terms in this Glossary and in the Note Terms and Preference Share Terms are used throughout this Prospectus.

Appendix B: Glossary

Term	Definition
90 Day Bank Bill Rate	4.85% per annum for the period from the Allotment Date to 15 December 2003 and for Distribution Payment Dates after that, the average mid-rate for 90 day bank bills (expressed as a percentage per annum) which average rate is displayed on Reuters page BBSW (or any page that replaces that page) as fully defined as 'Bank Bill Rate' in the Terms of Issue
ABN	Australian Business Number
ACE	adjusted common equity determined by ANZ as Tier 1 Capital less the face value of preference shares (calculated at exchange rates as at the balance date) less Total Capital deductions (as defined by APRA)
Acquisition Event	as fully defined in clause 14.2 of the Preference Share Terms
Allotment Date	the date Notes and Preference Shares are issued to the Initial Holders, and ANZ StEPS are transferred to Holders, expected to be 24 September 2003 ¹
ANZ	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)
ANZ Capital Funding Pty Ltd	ANZ Capital Funding Pty Ltd (ACN 105 870 915)
ANZ Constitution	the constitution of ANZ as amended
ANZ Investment Bank	a division of ANZ operating under the trading name 'ANZ Investment Bank'
ANZ (NZ)	ANZ Holdings (New Zealand) Limited (ARBN 105 689 932) or a Substituted Issuer
ANZ NZ Bank	ANZ Banking Group (New Zealand) Limited (WNo35976)
ANZ Share Registry	ANZ Share Registry, Level 12, 565 Bourke Street, Melbourne Victoria 3000, Australia
ANZ StEPS	ANZ Stapled Exchangeable Preferred Securities comprising a Note stapled to a Preference Share issued pursuant to this Prospectus
Applicant	a person who submits an Application on the conditions set out in this Prospectus
Application	a valid application made pursuant to this Prospectus by using an Application Form to apply for a specified number of ANZ StEPS, and includes an application by the Initial Holders for subscription for Notes and Preference Shares
Application Form(s)	the application form(s) accompanying this Prospectus upon which an Application must be made, including electronic form(s) made available by ANZ, the Joint Arrangers, Co-managers or other Participating Brokers, yellow personalised Shareholder Application Form(s) and application forms made available to the Initial Holders
APRA	Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of ANZ or the Group
ASIC	Australian Securities and Investments Commission
Assignment Event	as fully defined in clause 4 of the Note Terms
ASX	Australian Stock Exchange Limited (ABN 98 008 624 691)
Bookbuild	the process conducted by ANZ and the Joint Arrangers prior to the Opening Date where institutional investors and Participating Brokers lodge bids for ANZ StEPS. On the basis of those bids, ANZ and the Joint Arrangers will determine the Initial Margin and firm allocations of ANZ StEPS to institutional investors and Participating Brokers
Broker Firm Applicant	an Applicant who applies through a Participating Broker for a broker firm allocation
Business Day	a business day within the meaning of the Listing Rules
CGT	capital gains tax
CHESS	the Clearing House Electronic Sub-register System operated by an associate of ASX

Closing Date	the last day on which Application Forms will be accepted, expected to be 17 September 2003 ¹
Co-managers	ABN AMRO Morgans Limited (ABN 49 010 669 726), ANZ Securities Limited (ABN 16 004 997 111), Bell Potter Securities Limited (ABN 25 006 390 772), Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832), Deutsche Securities Australia Limited (ABN 65 003 204 368), Macquarie Equities Limited (ABN 41 002 574 923), Ord Minnett Limited (ABN 86 002 733 048) and UBS Private Clients Australia Limited (ABN 50 005 311 937)
Conversion, Convert or Converted	the conversion of Preference Shares into Ordinary Shares as described in clause 5 of the Preference Share Terms
Conversion Discount	2.5%
Conversion Ratio	the formula used to determine the number of Ordinary Shares issued on Conversion as described in clause 5 of the Preference Share Terms
Corporations Act	the Corporations Act 2001 (Australia)
Deutsche Bank	Deutsche Bank AG (ABN 13 064 165 162)
Directors	some or all of the directors of ANZ acting as a board unless otherwise stated
Distributable Profits	as defined in the Terms of Issue
Distribution	Interest as described in clause 3 of the Note Terms or, following an Assignment Event, a Dividend as described in clause 3 of the Preference Share Terms
Distribution Payment Date	the date that a Distribution is paid, which until the first Reset Date will be 15 March, 15 June, 15 September and 15 December or the first Business Day following these dates if they do not fall on a Business Day. After the first Reset Date the Distribution Payment Dates as determined by ANZ in accordance with the Terms of Issue
Distribution Rate	the interest rate as described in clause 3 of the Note Terms or, following an Assignment Event, the dividend rate as described in clause 3 of the Preference Share Terms
Dividends	dividends on Preference Shares as described in clause 3 of the Preference Share Terms
EPS	earnings per Ordinary Share
Exchange or Exchanged	the process of exchanging an ANZ StEPS for Ordinary Shares or cash as described in clauses 4, 5 and 6 of the Preference Share Terms
Exchange Date	the date on which Exchange occurs as described in clause 4 of the Preference Share Terms
Exposure Period	the period from the date this Prospectus was lodged with ASIC to the Opening Date
Group	ANZ and its controlled entities as defined in Australian generally accepted accounting principles
GST	goods and services tax
HIN	Holder Identification Number
Holder	a holder of ANZ STEPS (or following an Assignment Event, a holder of only the Preference Share component of ANZ STEPS)
IFRS	International Financial Reporting Standards
Initial Holders	Deutsche New Zealand Limited (AK321028) and UBS New Zealand Limited (AK302856)
Initial Margin	the initial margin determined through the Bookbuild
Interest	Interest on Notes as described in clause 3 of the Note Terms
Issue Price	the issue price for each ANZ STEPS, being \$100.00
Issuers	ANZ and ANZ (NZ)

Appendix B: Glossary

Joint Arrangers or Joint Arrangers & Bookrunners	Deutsche Bank and UBS
Joint Lead Managers	ANZ Investment Bank, Deutsche Bank and UBS
Liquidation Event	as fully defined in clause 14.2 of the Preference Share Terms
Listing Rules	the official listing rules of ASX and any other rules of ASX which are applicable while ANZ is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any written waiver granted by ASX
Margin	the Initial Margin, and following the first Reset Date the Margin determined by ANZ in accordance with the Terms of Issue
Market Rate	until the first Reset Date the 90 Day Bank Bill Rate, and following that the Market Rate as determined by ANZ in accordance with the Terms of Issue
Moody's	Moody's Investors Service Pty Limited (ABN 61 003 399 657)
Note	a reset, unsecured note issued by ANZ (NZ) on the Note Terms which, until an Assignment Event, is stapled to a Preference Share
Note Terms	the full terms of issue of Notes in Appendix A
NPAT	net profit after tax attributable to Ordinary Shareholders
Offer	the invitation made by ANZ and ANZ (NZ) pursuant to this Prospectus for investors to apply for ANZ StEPS
Offer Management Agreement	the offer management and subscription agreement between ANZ, ANZ (NZ), ANZ Capital Funding Pty Ltd, the Initial Holders, the Joint Arrangers and the Joint Lead Managers as summarised in Section 8.5
Offer Period	the time between the Opening Date and the Closing Date, which is expected to be 22 August 2003 to 17 September 2003 ¹
On-line Broker	E*TRADE Australia Securities Limited (ABN 93 078 174 973)
Opening Date	the first day on which Application Forms will be accepted, which is expected to be 22 August 2003
Optional Dividend	as fully described in clause 3.8 of the Preference Share Terms
Ordinary Share	a fully paid ordinary share in the share capital of ANZ
Ordinary Shareholder	a holder of Ordinary Shares
Participating Broker	Joint Arrangers, Co-managers and any participating organisation of ASX selected by the Joint Arrangers
Payment Tests	the conditions relating to the ability to pay Interest as described in clause 3.2 of the Note Terms and Dividends as described in clause 3.2 of the Preference Share Terms
Preference Share	a fully paid preference share in the share capital of ANZ issued on the Preference Share Terms
Preference Share Terms	the full terms of issue of Preference Shares in Appendix A
Prospectus	this prospectus dated 14 August 2003
Regulatory Event	as fully defined in clause 14.2 of the Preference Share Terms
Repurchase or Repurchased	as fully defined in clauses 4 and 6 of the Preference Share Terms
Reset Date	15 September 2008, and as subsequently determined by ANZ in accordance with the Terms of Issue
Reset Notice	a notice to Holders to change certain terms as described in clause 6 of the Note Terms and clause 7 of the Preference Share Terms

RWA	risk weighted assets as described by APRA
SCH	the securities clearing house approved under the Corporations Act to operate CHES – ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532)
Securities Act	United States Securities Act of 1933, as amended
Series 1 TrUEPrS	64,016,000 preference shares issued by ANZ in September 1998 at US\$6.25 per share for an aggregate subscription amount of US\$400.1 million
Series 2 TrUEPrS	60,016,000 preference shares issued by ANZ in November 1998 at US\$6.25 per share for an aggregate subscription amount of US\$375.1 million
SFA	Securities and Futures Act, Chapter 289 of Singapore
Shareholder Application Form	an Application Form for Ordinary Shareholders
Significant Transactions	as defined in the notes in Section 5.4
SME	small-to-medium enterprise
SRN	Securityholder Reference Number
Standard & Poor's	Standard & Poor's (Australia) Pty Ltd (ABN 62 007 324 852)
Substituted Issuer	as fully defined in clause 11.1 of the Note Terms
Tax Event	as fully defined in clause 14.2 of the Preference Share Terms
Terms of Issue	the Note Terms and the Preference Share Terms in Appendix A
TFN	Tax File Number
Tier 1 Capital	Tier 1 Capital as described by APRA
Tier 1 Capital Ratio	Tier 1 Capital divided by RWA
Tier 2 Capital	Tier 2 Capital as described by APRA
Tier 2 Capital Ratio	Tier 2 Capital divided by RWA
Total Capital	Total Capital as described by APRA
Total Capital Adequacy Ratio	Total Capital divided by RWA
Trigger Event	as fully defined in clause 14.2 of the Preference Share Terms
TrUEPrS	'Trust Units (In ANZ Exchangeable Preferred Trust) Exchangeable for Preference Shares in ANZ' issued in the United States under registration statements in 1998
Trust Deed	the trust deed between ANZ (NZ) and the Trustee as summarised in Section 8.4
Trustee	Permanent Trustee Company Limited (ABN 21 000 000 993)
UBS	UBS Advisory and Capital Markets Australia Limited (ABN 40 008 582 705)
United States	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
VWAP	the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX during the relevant period as fully defined in clauses 5.3 and 14.2 of the Preference Shares Terms

Note:

¹ ANZ and ANZ (NZ) have the right, subject to agreement with the Joint Arrangers, to close the Offer early, to extend the Closing Date for the Offer or to withdraw the Offer without notice.

Corporate directory

Registered and Head Office

Australia and New Zealand
Banking Group Limited
Level 6, 100 Queen Street
Melbourne VIC 3000

ANZ Holdings (New Zealand)
Limited
Level 15, ANZ Tower
215-229 Lambton Quay
Wellington
New Zealand

Legal Adviser to ANZ

Freehills
101 Collins Street
Melbourne VIC 3000

Auditors

KPMG
101 Collins Street
Melbourne VIC 3000

Tax Adviser to ANZ

PricewaterhouseCoopers
Securities Ltd
225 Spring Street
Melbourne VIC 3000

ANZ Share Registry

Level 12
405 Bourke Street
Melbourne VIC 3000

Trustee

Permanent Trustee Company
Limited
151 Rathdowne Street
Carlton South VIC 3053

Joint Arrangers

Deutsche Bank AG
Level 18, Grosvenor Place
225 George Street
Sydney NSW 2000

UBS Advisory and Capital
Markets Australia Limited
Level 25, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Joint Lead Managers

ANZ Investment Bank
Level 6, 100 Queen Street
Melbourne VIC 3000

Deutsche Bank AG
Level 18, Grosvenor Place
225 George Street
Sydney NSW 2000

UBS Advisory and Capital
Markets Australia Limited
Level 25, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

On-line Broker

ETRADE Australia Securities
Limited
Level 1, 10 Bridge Street
Sydney NSW 2000
www.etrade.com.au

Co-managers

ABN AMRO Morgans Limited
Level 29, Riverside Centre
121 Eagle Street
Brisbane QLD 4000

ANZ Securities Limited
Level 12, 530 Collins Street
Melbourne VIC 3000

Bell Potter Securities Limited
Level 15, Grosvenor Place
225 George Street
Sydney NSW 2000

Citigroup Global Markets
Australia Pty Limited
Level 40, Citigroup Centre
2 Park Street
Sydney NSW 2000

Deutsche Securities Australia
Limited
Level 18, Grosvenor Place
225 George Street
Sydney NSW 2000

Macquarie Equities Limited
No. 1 Martin Place
Sydney NSW 2000

QIB Minnett Limited
Level 8, NAB House
215 George Street
Sydney NSW 2000

UBS Private Clients
Australia Limited
Level 8, 530 Collins Street
Melbourne VIC 3000

ANZ StEPS InfoLine 1800 022 060

Monday to Friday 8:30am – 5:00pm (Melbourne time)

