



Media Release

For Release: 6 September 2011

ANZ will give CPS3 investors the benefit of APRA's new requirements for Additional Tier 1 Capital

The Australian Prudential Regulation Authority (APRA) today released a discussion paper entitled "Implementing Basel III capital reforms in Australia" (Discussion Paper). The Discussion Paper proposes new minimum requirements for securities to qualify as Additional Tier 1 capital which will apply to securities issued on or after 1 January 2013.

Some of the proposed new minimum requirements are favourable to CPS3 investors. In particular, should a Common Equity Capital Trigger Event ever occur, the maximum number of ordinary shares which may be issued on conversion is proposed to be increased (which reduces the risk of loss for investors on conversion in these circumstances).

When the proposed new minimum requirements are implemented, ANZ will amend the CPS3 terms to align them with the new minimum requirements as they relate to conversion following a Common Equity Capital Trigger Event. APRA has confirmed it has no objection to this amendment.

Under the proposal, the maximum conversion number will be calculated by dividing the face value of the converting instrument (\$100) by 20% of the Issue Price VWAP rather than the 50% used under the current rules. Using the example contained in paragraph 1.3.3 of the CPS3 Replacement Prospectus, the assumed Issue Date VWAP (\$20.21) multiplied by 0.2 would be \$4.0420 and the indicative Maximum Conversion Number for CPS3 would increase from 9.8961 to 24.7402. This change to the Maximum Conversion Number will only apply where Conversion occurs as a result of a Common Equity Capital Trigger Event.

The Discussion Paper is a substantial document and covers a range of other regulatory capital issues. ANZ expects to take some time to thoroughly work through the detail of the Discussion Paper to determine the full implications for future capital management.

Defined terms have the meaning in the CPS3 Replacement Prospectus dated 31 August 2011.

For investor enquiries, please contact the ANZ Information Line on 1800 113 399 (Australia) or +61 3 9415 4010 (international).

For media inquiries only contact:

Paul Edwards
Group GM Corporate Communications
Tel: +61-3-8654 9999 or +61-434-070101
Email: paul.edwards@anz.com

For analyst inquiries only contact:

Jill Craig
Group GM Investor Relations
Tel: +61-3-8654 7749 or +61-412-047448
Email: jill.craig@anz.com