

Issuer Name

Australia and New Zealand Banking Group Limited

Security Name

ANZ Capital Notes 8

Security Recommendation

Hold

Security Risk

Upper Medium

Issuer Outlook

Improving

Stable

Deteriorating

Key Characteristics

Currency	AUD	Last Price	A\$100.32
Outstanding Amount	A\$1,500,000,000.00	Accrued	A\$0.94
Par Value	A\$100.00	Capital Price	A\$99.38
Fixed/Floating	Floating	Running Yield	5.01%
Payment Frequency	Quarterly	Yield to Maturity	6.96%
Current Distribution	6.18%	Trading Margin	2.90%
Issue Margin / Coupon	2.75%	Optional Call Date	20 March 2030
Franking Credits Incl.	Yes	Legal Final Maturity	
ASX Listed	Yes (ASX Code: AN3PK)	Next Ex-Date	7 March 2024
Convertible	Yes	Next Payment Date	20 March 2024
GICS Sector	Banks	Next Cash Distribution	A\$1.43

Summary

On 15 February 2023, Australia and New Zealand Banking Group (ASX: AN3), a wholly owned subsidiary of ANZ Group Holdings (ASX: ANZ), launched an offer for ANZ Capital Notes 8 (ASX: AN3PK) raising \$1.5 billion. The securities are structured as convertible, perpetual, unsecured, subordinated notes. Distributions are discretionary, non-cumulative, floating rate, franked at the same rate as ANZ ordinary shares, and paid on a quarterly basis in arrears until converted or redeemed. The margin was set at 2.75-3.00% p.a. above 90-day BBSW. The distribution rate has a floor of 0.00%, noting therefore the floor for 90-day BBSW is effectively -2.75%.

This security has no fixed maturity date but is scheduled for mandatory conversion into ANZ ordinary shares on 20 September 2032, or later, when conversion conditions have been satisfied. ANZ can choose to redeem or resell the Notes for cash at face value (\$100), or covert the Notes into ANZ ordinary shares on 20 March 2030, 20 June 2030, or 20 September 2030, or following a Tax or Regulatory Event, subject to conditions including APRA approval. The Notes will convert into ANZ ordinary shares following a Change of Control Event, subject to conversion conditions.

To qualify as Additional Tier 1 regulatory capital, this security contains the loss absorbing terms and conditions known as Common Equity Capital Trigger and Non-Viability Trigger Events. Upon the occurrence of either of these events this security will be automatically converted into ANZ ordinary shares without the protection of conversion conditions. If conversion cannot occur for any reason within five business days after the Trigger Event Conversion Date, the Notes will be written off and all Holders' rights terminated.

Figure 1: Capital Structure

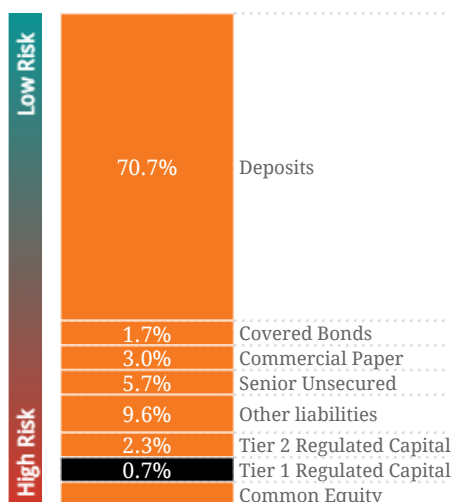
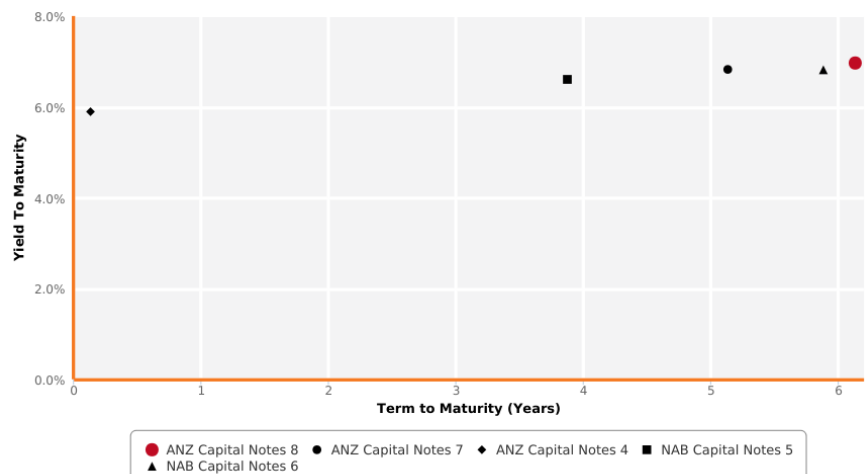


Figure 2: Relative Value



Research Methodology

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The guide below may help you understand our research opinions. For further information on our research approach, you can refer to our RG79 statement by [clicking here](#).

Research Opinions key

- **Buy** - Over the next 12 months, the analyst expects the security to outperform the current yield due to credit spread tightening or favourable movements in the underlying yield curve.
- **Hold** - Over the next 12 months, the analyst expects the security to provide stable returns broadly in line with the current yield but with little credit spread tightening.
- **Sell** - Over the next 12 months, the analyst expects the security to underperform the current yield due to credit spread widening or adverse movements in the underlying yield curve.
- **Suspended** - The recommendation has been suspended temporarily due to the disclosure of new information or market events that may have a significant impact on our recommendation. This also includes situations where we have been given non-public information and we need to temporarily suspend our coverage in order to comply with applicable regulations and/or internal policies.
- **Not Rated** - A security that has not been assigned a formal recommendation.
- **Ceased Coverage** - The recommendation has ceased due to issuers failure to disclosure necessary information or coverage is subjectively removed in accordance with our Research Governance Statement.

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