



Supplementary Prospectus Dated 20 August 2019

Australia and New Zealand Banking Group Limited

Australian Business Number 11 005 357 522
(Incorporated with limited liability in Australia and registered in the State of Victoria)

MARKETS ISSUANCE PROGRAMME Relating to Notes, Certificates and Warrants

This supplement (this "**Supplement**") to the prospectus of Australia and New Zealand Banking Group Limited (the "**Issuer**" or "**ANZ**") dated 19 November 2018 for the Markets Issuance Programme relating to Notes, Certificates and Warrants, as supplemented by the supplementary prospectuses dated 10 December 2018, 18 December 2018, 8 February 2019, 20 February 2019, 2 May 2019, 15 July 2019, 19 July 2019 and 2 August 2019 (the "**Prospectus**"), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000, as amended (the "**FSMA**").

The purpose of this Supplement is to:

- (1) incorporate by reference into the Prospectus ANZ's 2019 Basel III Pillar 3 Disclosure as at 30 June 2019 and the related June 2019 Basel III Pillar 3 / Third Quarter FY19 Chart Pack; and
- (2) update the section entitled "*Information about ANZ – Recent Developments*" on page 195 of the Prospectus following announcements by ANZ in relation to: (i) the release of its Pillar 3 disclosure statement (and associated chart pack) for the quarter ending 30 June 2019; and (ii) the Australian Prudential Regulation Authority ("**APRA**") confirming a reduction in limits on ADIs' related entities exposures.

Terms defined in the Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read and construed together with, the Prospectus.

ANZ accepts responsibility for the information contained in this Supplement and to the best of the knowledge of ANZ (which has taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Investors should be aware of their rights under section 87Q(4) to (6) of the FSMA.

(1) ANZ Basel III Pillar 3 Disclosure - As at 30 June 2019

On 16 August 2019, ANZ released its 2018 Basel III Pillar 3 Disclosure as at 30 June 2019 and the related June 2019 Basel III Pillar 3 / Third Quarter FY19 Chart Pack (except the News Release on the front page) (the "**Basel III Disclosure**"). A copy of the Basel III Disclosure has been filed with the National Storage Mechanism and will be available for inspection at www.morningstar.co.uk/uk/nsm and, by virtue of this Supplement, the Basel III Disclosure shall be deemed to be incorporated into, and form part of, the Base Prospectus. A copy of the Basel III Disclosure is also available at <http://www.shareholder.anz.com/supplementary-disclosures-euro-medium-term-note-programme>.

(2) Update of Recent Developments section

(i) ANZ releases Pillar 3 for June quarter and provides update on credit quality, capital and Australian housing mortgage flows

On 16 August 2019, ANZ provided an update on credit quality, capital and Australian housing mortgage flows as part of the scheduled release of its Pillar 3 disclosure statement for quarter ending 30 June 2019 and associated chart pack, as follows:

"Total provision charge of A\$209m for the June quarter remained broadly flat compared with the 1H19 quarterly average, while the individual provision increased A\$68m to A\$258m. Total loss rate was 13bp (consistent with the 1H19 loss rate of 13bp).

Group Common Equity Tier 1 ratio (APRA Level 2) was 11.8% at the end of June 2019, a ~30bp increase for the June quarter. On a pro-forma basis, inclusive of announced divestments and the recently announced capital changes, ANZ's Level 2 CET1 ratio is 11.5%.¹

As indicated at ANZ's first half result presentation, expectation was for home loan volumes in Australia to decline during the June quarter, with Owner Occupied down 0.2% and Investor down 1.8% (June 2019 compared with March 2019).

Home loan applications improved in July 2019 with actions taken in recent months to clarify credit policy and reduce approval turnaround times having a positive impact."

(ii) APRA confirms reduction in limits on ADIs' related entities exposures

On 20 August 2019, APRA confirmed it will implement its previously announced proposal² to reduce limits for Australian ADIs' exposures to related entities, reducing limits from 50% of Level 1 Total capital to 25% of Level 1 Tier 1 capital.

ANZ's only exposure to a related entity large enough to be impacted by this change is ANZ New Zealand.

APRA's announcement today means, all else being equal, ANZ could have limited capacity to inject capital into ANZ New Zealand. As a result, ANZ New Zealand may be required to retain a higher proportion of its earnings to meet any potential increased capital requirements and any future capital required in New Zealand may also need to be held at a Group level.

However, the final impact on the Group remains dependent on a number of factors, including the outcome of APRA's and the Reserve Bank of New Zealand's ("RBNZ") consultations on required capital as well as the size and composition of ANZ's balance sheet at the time of implementation. ANZ also has a strong capital position and notes its

1. Taking into consideration RWA impacts from APRA RWA floor on New Zealand mortgage and farm lending portfolio (~20bp), APRA Counterparty Credit Risk (SA-CCR) changes (~15bp), APRA operational risk capital changes (-18bp) and announced divestments (OnePath P&I, Cambodia JV and PNG Retail, Commercial and SME business) (~20bp).

² APRA's Discussion Paper entitled "Revisions to the related entities framework for ADIs" issued in July 2018 together with a draft Prudential Standard APS222 (Associations with related entities).

ongoing capital generation capacity as well as the RBNZ's proposed transition period in relation to meeting its capital needs.

While the changes announced on 20 August 2019 are effective January 2021, ANZ notes APRA's statement that they are open to providing entity-specific transitional arrangements or flexibility on a case by case basis. ANZ expects this flexibility could include the timeframe available and the circumstances under which an exemption may be available such as periods of funding market disruption.

For the purposes of the Prospectus Directive 2003/71/EC (as amended or superseded) and this Supplement, any document or information incorporated by reference, either expressly or implicitly, into the Basel III Disclosure does not form part of this Supplement. Information in Basel III Disclosure which is not incorporated by reference into the Base Prospectus is either not relevant for investors or is covered elsewhere in the Base Prospectus.

A copy of this Supplement has been filed with the National Storage Mechanism and will be available for inspection at www.morningstar.co.uk/uk/nsm.

To the extent that there is any inconsistency between any statement contained in this Supplement or in any information or document incorporated by reference into, and forming part of, this Supplement and any other statement contained in the Prospectus or in any information or document incorporated by reference into, and forming part of, the Prospectus, the statements contained in this Supplement or in any information or document incorporated by reference into, and forming part of, this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.