

**Australia and New Zealand Banking Group Limited**

Australian Business Number 11 005 357 522
(Incorporated with limited liability in Australia)

Index Linked Notes**This Supplement**

This supplement (this **"Supplement"**) to the prospectus of Australia and New Zealand Banking Group Limited (**"ANZ"**), dated 19 November 2018 allowing for the issue of index linked notes by ANZ (the **"Prospectus"**), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000, as amended (the **"FSMA"**). It should be read alongside the prospectus relating to ANZ's Market Issuance Programme (the **"Programme Prospectus"**), which was published on 19 November 2018 and supplemented by the supplementary prospectuses dated 10 December 2018 and 18 December 2018 (the **"Programme Prospectus Supplements"**).

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.

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.

Purpose

The purpose of this Supplement is to update the Prospectus with information regarding an announcement by ANZ commenting on an RBNZ Capital Review Consultation Paper released on 14 December 2018.

Programme Prospectus Supplements

On the 10 December 2018 and the 18 December 2018, the Programme Prospectus Supplements were published and copies of the Programme Prospectus Supplements were filed with the National Storage Mechanism, and will be available for inspection at www.morningstar.co.uk/uk/nsm.

By virtue of this Supplement, the Programme Prospectus Supplements shall be deemed to be incorporated into, and form part of, the Prospectus.

ANZ comments on RBNZ Capital Review Consultation Paper

On 14 December 2018, ANZ commented on a consultation paper titled “Capital Review Paper 4” released by the Reserve Bank of New Zealand (“**RBNZ**”) on that day.

This consultation paper relates to possible additional RBNZ capital requirements in relation to ANZ's New Zealand assets. These are separate to the Group's capital measurement and minimum requirements set by APRA.

Responses are due on 29 March 2019.

The consultation paper refers to a proposed implementation period of five years and sets out:

- Potential increases in the risk weighting applied to the assets of banks in New Zealand; and
- Potential increases to the percentage of capital held against those risk weights in New Zealand.

ANZ has a number of questions and comments in relation to the consultation paper. ANZ will engage with RBNZ and APRA on these throughout the consultation period.

Based on the potential changes set out in the consultation paper, and ANZ Bank New Zealand Limited's (“**ANZ New Zealand**”) balance sheet as at 30 September 2018, the changes imply a potential capital increase in New Zealand of NZ\$6 billion to NZ\$8 billion (A\$5.7 billion to A\$7.7 billion¹). ANZ New Zealand currently has approximately NZ\$12 billion of Tier 1 capital (A\$11.3 billion¹).

The overall impact on the Group depends on a number of factors. These include the outcome of the consultation, ANZ New Zealand's balance sheet at the time of implementation, and the outcome of other reviews currently underway by APRA.

Therefore, it remains too early to determine the extent to which this could impact the capital levels held by the Group.

The Group's Common Equity Tier 1 Capital Ratio at 30 September 2018 was 11.4 per cent which is approximately A\$3.7 billion above the APRA stated unquestionably strong level of 10.5 per cent.

Footnote: 1. FX rate of 1.05 AUD/NZD

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 or in any document incorporated by reference into, and forming part of, 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.