



## Supplementary Prospectus Dated 2 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)

#### Index Linked Notes

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, 18 December 2018, 8 February 2019, 20 February 2019, 2 May 2019, 15 July 2019, 19 July 2019 and 2 August 2019 (the "**Programme Prospectus Supplements**").

The purpose of this Supplement is to update the Prospectus following: announcements by ANZ in relation to (1) civil proceedings on periodical payment fees by the Australian Securities and Investments Commission ("**ASIC**"); and (2) new risk weight floors to be applied to New Zealand mortgage and farm lending portfolios for Level 2 reporting.

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](http://www.morningstar.co.uk/uk/nsm).

#### **Programme Prospectus Supplements**

On 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 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](http://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

#### **(1) ASIC civil proceedings on periodical payment fees**

On 25 July 2019, ANZ announced that ASIC has advised ANZ it intends to commence civil penalty proceedings against the bank in relation to the charging of fees for periodical payments in certain circumstances prior to February 2016.

These fees were the subject of a class action which was settled in December 2018 for A\$1.5 million, pending court approval.

Separately, ANZ has already provided for approximately A\$50 million in customer remediation payments for this matter of which more than A\$28 million has already been paid to customers impacted since 2008.

In this matter, we understand ASIC will seek pecuniary penalties in respect of 1.3 million instances where the fees were applied.

While ANZ is still considering the matters raised by ASIC, ANZ categorically denies any deliberate wrongdoing and intends to vigorously defend any such allegation.

Subsequently, on 25 July 2019, the Australian Government Solicitor filed documents in the Federal Court relating to this matter.

## ***(2) Risk Weight Floors for New Zealand Mortgage and Farm Lending Portfolios (Level 2)***

On 29 July 2019, ANZ announced new risk weight floors will be applied to the New Zealand mortgage and farm lending portfolios for Level 2 reporting, following notification by the Australian Prudential Regulation Authority ("**APRA**").

This was in response to an increase in risk weights applied by the Reserve Bank of New Zealand ("**RBNZ**") for these portfolios<sup>1</sup>.

The impact is equivalent to a 20 basis point reduction in the Group's Level 2 Common Equity Tier 1 ("**CET1**") capital ratio<sup>2</sup>. The changes are effective 30 September 2019.

There is no impact on ANZ's Level 1 capital ratio, and the higher risk weights for New Zealand were effectively incorporated into the Level 1 ratio as at 31 March 2019.

Level 1 is ANZ on a stand-alone ADI basis excluding subsidiaries; Level 2 is the Group including ANZ and its banking subsidiaries.

As of the 30 June 2019, the Group's Level 2 CET1 capital ratio was 11.8%, well in excess of APRA's Unquestionably Strong Requirement of 10.5%.

On a pro-forma basis, inclusive of the above changes as well as the recently announced increase in operational risk capital requirements and the implementation of the revised counterparty credit risk (SA-CCR) prudential standard, the Group's Level 2 CET1 ratio is 11.3%.

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.

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<sup>1</sup> As noted in ANZ New Zealand's Registered Bank Disclosure Statement released in May 2019.

<sup>2</sup> The new floors result in risk weights for New Zealand mortgages being broadly consistent with Australian mortgages.