



Australia and New Zealand Banking Group Limited

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

MARKETS ISSUANCE PROGRAMME Relating to Notes, Certificates and Warrants

This Supplement

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 and 8 February 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**").

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.

Purpose

The purpose of this Supplement is to:

- incorporate by reference into the Prospectus ANZ's 2018 Basel III Pillar 3 Disclosure as at 31 December 2018 and the related December 2018 Basel III Pillar 3 / First Quarter FY19 Chart Pack; and
- update the section headed "*Information about ANZ – Recent Developments*" on page 195 of the Prospectus with information regarding an announcement by ANZ commenting on the release of its December 2018 APS330 Report and providing an update on mortgage volumes.

ANZ Basel III Pillar 3 Disclosure – As at 31 December 2018

On 19 February 2019, ANZ released its 2018 Basel III Pillar 3 Disclosure as at 31 December 2018 and the related December 2018 Basel III Pillar 3 / First Quarter FY19 Chart Pack (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 Prospectus. A copy of the Basel III Disclosure is also available at <http://www.shareholder.anz.com/supplementary-disclosures/euro-medium-term-note-programme>.

Update of 'Information about ANZ – Recent Developments' – ANZ releases December 2018 APS330 Report and provides update on mortgage volumes

On 19 February 2019, ANZ released its scheduled APRA APS330 report covering the quarter to 31 December 2018. Credit Quality remains stable with a Provision Charge of A\$156 million tracking below the FY2018 quarterly average. The Group loss rate was 10 basis points (14 bps 1Q18). Group Common Equity Tier 1 (CET1) was 11.3% at the end of the quarter.

Consistent with usual practice, ANZ also released a chart pack to accompany the Pillar 3 disclosure. The chart pack once again includes an update on Australian housing mortgage flows and credit quality.

Australia home loan system growth was 4.2% in the 12 months to end December 2018. ANZ's Australian home loan portfolio grew 1.0% (A\$2.7 billion) in the same period with the Owner Occupier portfolio up 3.5% (A\$6.1 billion) and the Investor portfolio down 3.8% (A\$3.2 billion). In the 12 months to the end of January 2019, ANZ's home loan portfolio grew 0.4%.

ANZ's home lending growth trends are attributable to lower system growth, ANZ's preference for Owner Occupier/Principal and Interest lending which drives faster amortisation, together with policy and process changes implemented in the second half of calendar year 2018.

ANZ Chief Executive Officer Shayne Elliott said: "Consumer sentiment has remained generally subdued with uncertainty around regulation and house prices impacting confidence. While we are maintaining our focus on the Owner Occupier segment, we acknowledge we may have been overly conservative in our implementation of some policy and process changes. We are also taking steps to prudently increase volumes in the investor space".

Switching volumes for those moving from Interest Only to Principal and Interest during the quarter was A\$6 billion, of which A\$4 billion was contractual. The total amount of contractual switching scheduled for the remainder of FY19 is A\$12 billion. Customers choosing to convert ahead of schedule during the first quarter was in line with the quarterly average for FY18 (A\$2 billion). Total switching in FY18 was A\$24 billion.

For the purposes of the Prospectus Directive 2003/71/EC (as amended) 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 Prospectus is either not relevant for investors or is covered elsewhere in the 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 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.