Media Release

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ANZ announces $2.5 billion fully underwritten share placement

ANZ today announced the launch of a fully underwritten institutional share placement to raise $2.5 billion of capital to create greater financial flexibility to pursue strategic and organic growth opportunities and to further strengthen the Group's capital position.

The institutional share placement will be made at an offer price of $14.40 per ordinary share. On a 31 March 2009 pro-forma basis, this would initially add approximately 90 basis points to ANZ's capital ratios. The placement size is fixed at $2.5 billion and will not be increased.

ANZ will also offer retail shareholders the opportunity to participate in a Share Purchase Plan (SPP). The SPP will provide eligible holders of ANZ ordinary shares with the opportunity to subscribe for up to $15,000* worth of ANZ ordinary shares without incurring brokerage or other transaction costs. The SPP is not underwritten. ANZ reserves the right to scale back applications under the SPP if total demand exceeds $350 million. Further details of the SPP will be provided to eligible shareholders in due course.

ANZ reported its 2009 Interim financial results for the half year to 31 March on 29 April 2009 and has provided the following update on key issues.

- The banking outlook remains uncertain and difficult to predict especially with respect to credit provisions, revenue and the market value of securities and derivatives.

- ANZ's expectation remains that the credit provision charge in the second half of financial year 2009 will be somewhat higher (~20%) than that of the first half (1H09 underlying provision charge $1.435 billion).

  At its Interim results, ANZ advised that consistent with the broader banking sector in Australia and New Zealand, additional stress had been noted in the commercial (middle market) segment during March. While this did not continue into April, ANZ believes the commercial segment will experience further difficulties in the second half of the calendar year.

- The credit risk expense on credit intermediation trades (structured credit derivatives) has reduced by approximately $400 million after tax since 31 March 2009 reflecting lower credit spreads globally and a stronger Australian Dollar. ANZ has previously advised that it expects this charge to continue to be volatile.

  This improvement since March has been largely offset by a reduction in the economic hedging fair value gains recognised in 1H09 as these are also driven by credit spreads or factors typically correlated with credit spreads.

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* Subject to obtaining necessary relief from the Australian Securities and Investments Commission and the Australian Securities Exchange.

- Market volatility saw strong growth in Global Markets income during first half 2009 (up $406 million HOH). As previously disclosed, Global Markets income is expected to revert to more normal levels in the second half.

- Market conditions in New Zealand remain challenging and the Group anticipates some further margin decline in the second half.

ANZ's long term aspiration is to become a super regional bank focused on Australia, New Zealand and Asia Pacific. This involves pursuing growth opportunities in Asia Pacific, growing its presence in Australia and maintaining its leading position in New Zealand.

Consistent with that strategy, ANZ is one of a number of parties participating in a competitive sale process being conducted by Royal Bank of Scotland Group plc (RBS Group) in relation to certain businesses in Asia. As part of that process, ANZ has recently submitted a non-binding proposal to RBS Group for selected businesses. The scope, terms (including regulatory approvals), timetable and risk profile of any transaction - and whether a transaction will occur - remain unknown.

This institutional placement and SPP raising would allow ANZ to fund an acquisition of the selected RBS Asia assets. If such an acquisition were to proceed, ANZ's Tier 1 capital ratio immediately afterwards would be above its target range of 7.5% to 8.0%.

ANZ applies a disciplined approach to assessing new investment opportunities. An acquisition of the selected RBS Asia assets would initially have a modest negative impact on reported earnings per share but over the medium term the impact would be expected to be positive.

Consistent with ANZ's super regional strategy, the aim for the acquisition would be to provide a base for substantial value creation. Actual future outcomes would be dependent on (amongst other things) ANZ successfully integrating the acquired businesses with its existing business and implementing its plans for the acquired businesses.

ANZ's shares have been placed in a trading halt with trading expected to resume at 10.00am on 28 May 2009.

The placement has been fully underwritten by Deutsche Bank AG Sydney Branch, J.P. Morgan Australia Limited and UBS AG Australia Branch.

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