Media Release

For release: 6 August 2015

ANZ announces Institutional Placement (fully underwritten) and Share Purchase Plan to raise a total of $3 billion

ANZ today announced a fully underwritten institutional share placement to raise $2.5 billion. The Placement will be followed by an offer to ANZ's eligible Australian and New Zealand shareholders who will have the opportunity to participate in a Share Purchase Plan (SPP) to raise around $500 million. The SPP is not underwritten.

The Institutional Placement and SPP will allow ANZ to more quickly and efficiently accommodate additional capital requirements recently announced by the Australian Prudential Regulation Authority (APRA), in particular the increase in average credit risk weights for major bank Australian mortgage portfolios to 25% taking effect from 1 July 2016.

Details of the Institutional Placement[1] include:

- The Placement size is fixed at $2.5 billion and will not be increased.
- The final issue price will be determined through an accelerated book-build to be completed today in a price range up from $30.95 (underwritten floor price).
- The Placement has been fully underwritten by Citigroup Global Markets Australia Pty Limited, Deutsche Bank AG, Sydney Branch and J.P. Morgan Australia Limited.

ANZ's shares have been placed in a trading halt with trading expected to resume at 10.00am on 7 August 2015.

ANZ Chief Financial Officer Shayne Elliott said "ANZ is currently well capitalised with a range of options available to increase capital in response to future regulatory changes.

"Recent announcements by APRA have provided greater certainty around the timing and quantum of capital changes, particularly in relation to Australian mortgages. Given current market conditions, APRA's compressed implementation timetable for the mortgage risk weight changes and the amount of capital to be raised, we believe a Placement on these terms provides more certainty for shareholders than other methods available such as consecutive underwritten Dividend Reinvestment Plans.

"This capital raising will supplement our organic capital generation since June 2015 and allow ANZ to achieve a Common Equity Tier One (CET1) Capital Ratio above 9% following the introduction of APRA's revised risk weightings next year. We expect that this will position our CET1 Capital Ratio in the top quartile of international banks on an internationally harmonised basis," Mr Elliott said.

On a 30 June 2015 pro-forma basis, the placement would add approximately 65 basis points (bps) to ANZ's CET1 Capital Ratio increasing it to 9.2%. If $500 million is raised under the SPP, on the same pro-forma basis this would add a further 13 bps increasing the CET1 Capital Ratio to 9.3%.

FINANCIAL PERFORMANCE FOR PERIOD NINE MONTHS TO 30 JUNE FY15[2]

ANZ will release a scheduled Trading Update on 18 August. Ahead of that and to accompany today's capital raising announcement ANZ advises the following financial results on an unaudited basis:

1 In all instances in this release "the placement" refers to the Institutional Placement offer.
2 All comparisons are on a cash basis comparing 9 months to 30 June 2015 to 9 months to 30 June 2014 unless otherwise indicated.

- For the nine month period to 30 June 2015, Cash Profit was $5.4 billion, an increase of 4.3% on the same period in 2014 ($5.18 billion). Profit before Provisions over the same period grew 5.1% (+3.4% on a constant Foreign Exchange (FX) basis).

- On a constant FX basis for the nine month period to 30 June 2015, revenue expense jaws were broadly neutral. Revenue for the three months to 30 June 2015 grew at a slightly faster rate than in the first half, while expense growth for the three month period slowed[3].

- The total provision charge for the nine month period to 30 June 2015 was 13% higher at $877 million. While the Individual Provision charge reduced 12.5%, the Collective Provision charge increased due to balance sheet growth coupled with some risk grade migration related to the resources and agriculture sectors. For the Full Year 2015, while loss rates[4] are expected to remain well under the long term average, ANZ estimates that the total loss rate will be around 21 bps equating to a total provision charge of circa $1.2 billion given increased collective provisioning.

- Customer Deposits for the nine month period to 30 June 2015 grew 9.5% (+5% FX adjusted) with net loans and advances increasing 7.7% (+5.4% FX adjusted).

- During the third quarter (period 1 April to 30 June 2015) the Group Net Interest margin remained broadly stable[5] assisted somewhat by slower growth in lower margin liquid asset holdings.

- The CET1 Capital Ratio was 8.6% at 30 June 2015.

SHARE PURCHASE PLAN

The SPP will provide eligible holders of ANZ ordinary shares at 7.00pm (AEST) on 5th August 2015 with the opportunity to subscribe for up to $15,000 worth of ANZ ordinary shares without incurring brokerage or other transaction costs. An SPP Offer Booklet containing further details of the SPP offer will be sent to all eligible shareholders.

It is expected that the offer price[6] per share under the SPP will be the lesser of:

- the offer price under the Placement; and
- the volume weighted average price of fully paid ordinary ANZ shares traded on the ASX over the five trading days up to, and including, the last day of the SPP offer less a 2% discount.

ANZ reserves the right to accept oversubscriptions and may also scale back applications under the SPP. The SPP is not underwritten.

	Quarterly results					9 month results	
	3Q14	**4Q14**	**1Q15**	**2Q15**	**3Q15**	**Period to 30 June 2014**	**Period to 30 June 2015**
Unaudited Cash Profit	$1.67 b	$1.93 b	$1.79b	$1.89b	$1.73b	$5.18b	$5.40b
Unaudited Statutory Profit	$1.65 b	$2.23 b	$1.65b	$1.86b	$2.07b	$5.04b	$5.58b
Provision Charge	$246m	$215m	$232m	$278m	$366m	$775m	$877m

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3 PCP comparison of revenue and costs on a constant FX basis - 1H15 revenue growth of 3.2% and cost growth of 4.4%.
4 Loss Rate refers to the total credit impairment charge as a percentage of average gross loans and advances. Note that for the half year ended 31 March 2015 the loss rate was 19 bps.
5 Compares to the Group Net Interest Margin for 1H15 of 2.04%
6 The offer price is subject to obtaining necessary relief from the Australian Securities Exchange.

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