

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

News Release

For release: 18 July 2022

ANZ accelerates Australia Retail and Commercial

ANZ today announced an agreement to acquire Suncorp Bank from Suncorp Group Limited, accelerating the growth of its retail and commercial businesses while also improving the geographic balance of its business in Australia.

Highlights:

- Acquisition of Suncorp Bank from Suncorp Group Limited for a purchase price of \$4.9 billion.^{1,2}
- Suncorp Bank will continue to be led by CEO Clive van Horen who will report to ANZ's Chief Executive Officer and join ANZ's Executive Committee post completion.
- Suncorp Bank to initially operate under its existing Authorised Deposit-taking Institution licence with no changes to the total number of Suncorp Bank branches in Queensland for at least three years from completion.
- Acquisition includes \$47 billion of home loans with strong risk profile, \$45 billion in high-quality deposits and \$11 billion in commercial loans³.
- Allocating \$15 billion of new lending as part of ANZ's existing renewable lending commitments to support Queensland renewable projects and green Olympic Games infrastructure as well as \$10 billion of new lending for energy projects particularly those targeting bioenergy and hydrogen over the next decade.
- Acquisition to be funded by a fully-underwritten 1 for 15 pro rata accelerated renounceable entitlement offer to raise ~\$3.5 billion of ordinary equity and by existing capital.
- ANZ has also lodged a trading update for the nine months to 30 June 2022 with the Australian Securities Exchange.

ANZ Chief Executive Officer Shayne Elliott said: "The acquisition of Suncorp Bank will be a cornerstone investment for ANZ and a vote of confidence in the future of Queensland.

"With much of the work to simplify and strengthen the bank completed, and our digital transformation well-progressed, we are now in a position to invest in and reshape our Australian business. This will result in a stronger more balanced bank for customers and shareholders.

"We have admired the transformation that has occurred under the leadership of Steve Johnston and Clive van Horen and believe Suncorp Bank is a natural fit with ANZ given its culture, risk appetite and customer focus.

"ANZ has licenced the Suncorp Bank brand for five to seven years and we are committed to maintaining its current branch footprint in Queensland for at least three years post completion.

¹ ANZ has agreed to purchase 100% of the shares in SBGH Limited, the immediate non-operating holding company of Suncorp Bank. The acquisition is subject to a minimum completion period of 12 months and to certain conditions, being Federal Treasurer approval, Australian Competition and Consumer Commission authorisation or approval and certain amendments to the State Financial Institutions and Metway Merger Act 1996 (Qld). Unless the parties agree otherwise, the last date for satisfaction of these conditions is 24 months after signing (after which either party may terminate the agreement). The final purchase price is subject to completion adjustments and may be more or less than \$4.9b. In addition, ANZ will also acquire Suncorp Bank's ATI capital notes at face value (\$0.6b as at June 2022)

² ANZ expects to incur transaction costs directly relating to the acquisition of approximately \$20m. The estimated transaction costs associated with the equity raise are approximately \$50m.

³ As at December 2021

"This is a growth strategy for ANZ and we will continue to invest in Suncorp Bank and in Queensland for the benefit of all stakeholders," said Mr Elliott.

Suncorp Bank will continue to be led by current CEO Clive van Horen. For team members, it is business as usual with no planned changes to employment conditions and the acquisition will not result in any net job losses in Queensland for Suncorp Bank for at least three years post completion.

"Importantly, the same great staff that serve customers today will serve customers tomorrow as members of the Suncorp Bank team and we are committed to building on the great service customers have already been experiencing," Mr Elliott said.

Commitment to Queensland

- Allocating \$15 billion of new lending as part of ANZ's existing renewable lending commitments to support Queensland renewable projects and green Olympic Games infrastructure over the next decade.
- \$10 billion of new lending for energy projects particularly those targeting bioenergy and hydrogen over the next decade.
- \$10 billion of lending made available to support Queensland businesses over the next three years.

Mr Elliott said: "ANZ is committed to making a meaningful contribution to the economic and social prosperity of Queensland and today's announcement will see ANZ increase its presence, and we believe improve competition, in one of Australia's most important regions.

"Since March 2020, Queensland has recorded better economic growth, better workforce participation and more interstate migration than any other state or territory in Australia. It contributes 18% to Australia's GDP and we believe we can use the resources at our disposal to further contribute to its continued success.

"We opened our first branch in Brisbane in 1851 and since then we've built a great business in Queensland, particularly in Institutional banking.

"While we have an outstanding team already supporting our customers, we recognise in order to provide better services and improve competition for all Queenslanders we need to build on our existing retail banking presence.

"We know there will rightly be questions from Government and regulators about the competition aspects of this transaction. As the smallest of the major banks, we believe a stronger ANZ will be able to compete more effectively in Queensland offering better outcomes for customers," he said.

ANZ will also look to use its experience in sustainable finance to support Queensland's ambition to reduce carbon emissions, as well as providing funding for Brisbane 2032 Olympics green infrastructure.

"While we already play a key role in supporting Queensland customers, particularly those exporting goods overseas, we recognise our role in assisting the State as it transitions to a lower carbon future. This is a key reason why we have set aside \$15 billion of new lending to support the Government's ambition of 50% renewable energy by 2030 and green infrastructure for the 2032 Olympic Games," Mr Elliott said.

Transaction details

- Agreed to acquire Suncorp Bank at a purchase price of \$4.9 billion, representing a P/E of 13.8x⁴ pre synergies or 9.3x⁵ post full run-rate synergies and 1.3x P/NTA.⁶
- Expected to be EPS neutral pre synergies on a pro forma FY23 basis, and low single digit EPS accretive including full run-rate synergies on a pro-forma FY23 basis.^{5,7,8}
- Expected to be ROE neutral pre synergies on a pro forma FY23 basis, and marginally ROE accretive when including full run rate synergies on a pro-forma FY23 basis.^{5,7}
- The expected net impact on Level 1 and Level 2 CET1 is approximately 28bps and -34bps respectively on a pro-forma basis as at June 2022⁹.
- Expected annual cost synergies of ~\$260m pre-tax (~35% of Suncorp Bank FY22 reported cost base).¹⁰
- The ANZBGL Board anticipates a FY22 final dividend of 72 cents per share, subject to prevailing conditions.¹¹

The acquisition is subject to a minimum completion period of 12 months and to certain conditions. These include Federal Treasurer approval, Australian Competition and Consumer Commission authorisation or approval and certain amendments to the State Financial Institutions and Metway Merger Act 1996 (Qld). Completion is expected in the second half of calendar year 2023.

Equity Raising

To help fund the acquisition, ANZ has today announced a fully underwritten pro rata accelerated renounceable entitlement offer (Entitlement Offer) to raise ~\$3.5 billion of ANZ shares.

Under the Entitlement Offer, eligible institutional and retail shareholders will be entitled to subscribe for 1 new ANZ share (New Share) for every 15 ANZ shares held on the record date of 7.00pm (Melbourne time) on 21 July 2022 (Record Date).

The Entitlement Offer will be conducted at \$18.90 per New Share (Offer Price) which represents:

- a 12.0% discount to the theoretical ex-rights price (TERP)¹² of \$21.47; and
- a 12.7% discount to ANZ's last closing share price of A\$21.64 on 15 July 2022.

⁴ Based on Suncorp Bank's unaudited FY22 NPAT disclosed on 18 July 2022 of ~\$355m (12 months to 30 June 2022). NPAT for Suncorp Bank represents earnings to ordinary shareholders adjusted for distributions on ATI capital notes for Suncorp Bank. The adjustment reduces NPAT by \$13m

⁵ Includes expected annual cost synergies of ~\$260m pre-tax (assuming the preservation of an alternate brand post the expiry of the Suncorp Bank brand licence) and is net of a \$10m annual brand licence fee for the period of the brand licence. It is expected that synergies will be phased in over years 4 to 6 post completion with full run rate synergies expected to be achieved by the end of year 6

⁶ Based on Suncorp Bank's reported NTA attributable to ordinary shareholders as at 31 December 2021

⁷ Based on forecast annual ANZ & Suncorp Bank earnings to 30 September 2023, and including the impact of capital raising. Excludes transaction and integration costs and amortization of any purchase price adjustments recognized on acquisition. It is expected that synergies will be phased in over years 4 to 6 post completion with full run rate synergies expected to be achieved by the end of year 6

⁸ Calculated in accordance with Australian Accounting Standard AASB133 'Earnings per Share', with adjustments to reflect the bonus element of the Entitlement Offer

⁹ CET1 impact assumes equity raise of ~\$3.5b and completion in the fourth quarter of ANZ's 2023 financial year

¹⁰ It is expected that synergies will be phased in over years 4-6 post completion with full run-rate synergies expected to be achieved by end of year 6. Assumes preservation of an alternate brand post the expiry of the Suncorp Bank brand licence

¹¹ The anticipated dividend is based on certain assumptions about ANZ's future performance and expenditure and macro-economic conditions. There is no guarantee those assumptions will materialise, including if any of the principal risks and uncertainties associated with the business outlined in the investor presentation ANZ lodged with the ASX today occur

¹² TERP is the theoretical price at which ANZ shares should trade immediately after the ex-date for the Entitlement. TERP is calculated by reference to ANZ's closing share price of \$21.64 on 15 July 2022 Offer and assumes a 100% take-up of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which ANZ shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not be equal to TERP.

Approximately 187 million New Shares will be issued under the Entitlement Offer which represents around 6.7% of ANZ's existing shares on issue. The New Shares issued under the Entitlement Offer will rank equally with existing ANZ shares.

ANZ Director's (and their respective associates) may acquire New Shares under the Retail Entitlement Offer to the extent they are Eligible Retail Shareholders.

ANZ's shares have been placed in trading halt on the ASX and NZX to enable completion of the institutional component of the Entitlement Offer. Trading is expected to recommence on 21 July 2022.

Institutional Entitlement Offer

The institutional component of the Entitlement Offer opens today and closes on 19 July 2022. Eligible institutional shareholders can choose to take-up all, part or none of their entitlement under the Entitlement Offer.

Institutional entitlements not taken-up, together with the entitlements of ineligible institutional shareholders, will be sold under the institutional shortfall bookbuild which opens on 19 July 2022 and closes on 20 July 2022, with any premium above the Offer Price (net of any applicable withholding tax) paid to the relevant shareholders.

Retail Entitlement Offer

Eligible retail shareholders in Australia and New Zealand on the Record Date will be able to participate in the retail component of the Entitlement Offer (Retail Entitlement Offer) at the Offer Price. The Retail Entitlement Offer opens at 9.00am (Melbourne time) on 29 July 2022 and closes at 5.00pm (Melbourne time) on 15 August 2022.

Eligible retail shareholders under the Entitlement Offer may:

- elect to take-up all or part of their entitlement before the Retail Entitlement Offer closes at 5.00pm (Melbourne time) on 15 August 2022 and receive New Shares; or
- sell or transfer all or part of their entitlements. Retail entitlements may be traded on the ASX from 21 July 2022 (on a deferred settlement basis) and 29 July 2022 (on a normal settlement basis) to 8 August 2022.

Retail entitlements not taken up, along with the entitlements of ineligible retail shareholders, will be sold under the retail shortfall bookbuild to be conducted on or about 18 August 2022, with any premium above the Offer Price (net of any withholding tax) paid to the relevant shareholders.

Every eligible retail shareholder will receive by email (if they have elected to receive electronic communications) or post a detailed information booklet (Retail Information Booklet) and a personalised entitlement and acceptance form.

ANZ shareholders outside of Australia or New Zealand and retail shareholders who do not satisfy the other eligibility criteria are ineligible to participate in the Retail Entitlement Offer.

In particular, ANZ shareholders in the United States are not eligible to participate in the Retail Entitlement Offer, and those who are acting for the account or benefit of persons in the United States (including custodians and nominees) are not eligible to participate on behalf of those persons.

Further details on the eligibility criteria for the Retail Entitlement Offer will be set out in the Retail Information Booklet.

Eligible shareholders can call 1800 113 399 or +61 3 9415 4010 between 8.30am to 5.30pm (Melbourne time) weekdays for more information.

For media enquiries

Stephen Ries
Head of Corporate Communications
Tel: +61 409 655 551

For analyst enquiries

Jill Campbell
GGM Investor Relations
Tel: +61 3 86547749

KEY DATES FOR THE OFFER

Activity	Date
Announcement of Entitlement Offer Institutional Entitlement Offer opens Trading halt comments	18 July 2022
Announcement of completion of Institutional Entitlement Offer Trading halt lifted Retail entitlements commence trading on ASX on a deferred settlement basis	21 July 2022
Record Date for the Entitlement Offer	7.00pm on 21 July 2022
Retail Entitlement Offer opens	26 July 2022
Despatch of Retail Information Booklets and personalised Entitlement and Acceptance Forms complete Last day of deferred settlement trading for the retail entitlements	28 July 2022
Retail entitlements commence trading on ASX on a normal settlement basis	29 July 2022
Settlement of the Institutional Entitlement Offer	29 July 2022
New Shares under the Institutional Entitlement Offer commence trading on ASX	1 August 2022
Last day of retail entitlements trading on ASX	8 August 2022
Retail Entitlement Offer closes	5.00pm on 15 August 2022
Retail Shortfall Bookbuild (for Retail Entitlements not taken up and Retail Entitlements of Ineligible Retail Shareholders)	18 August 2022
Settlement of New Shares under the Retail Entitlement Offer	23 August 2022
Allotment of New Shares under the Retail Entitlement Offer	24 August 2022
New Shares issued under the Retail Entitlement Offer commence trading on ASX on a normal settlement basis	25 August 2022

These dates (except where historical) are indicative only and are subject to change without notice. All times and dates refer to the time and date in Melbourne, Australia (Melbourne time). Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, ANZ has the right to amend the timetable with the consent of the underwriters.

IMPORTANT INFORMATION

This Announcement is not intended to be and should not be relied upon as advice or as a recommendation to ANZ shareholders or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding whether to participate in the Entitlement Offer. This Announcement does not constitute financial product advice. Cooling off rights do not apply to an investment in New Shares.

This Announcement may contain forward-looking statements or opinions including statements regarding ANZ's intent, belief or current expectations with respect to ANZ's business operations, market conditions, results of operations and financial condition, capital adequacy, specific provisions and risk management practices. When used in this Announcement, the words 'forecast', 'estimate', 'project', 'intend', 'anticipate', 'believe', 'expect', 'may', 'probability', 'risk', 'will', 'seek', 'would', 'could', 'should' and similar expressions, as they relate to ANZ and its management, are intended to identify forward-looking statements or opinions.

Those statements: are usually predictive in character; or may be affected by inaccurate assumptions or unknown risks and uncertainties; or may differ materially from results ultimately achieved. As such, these statements should not be relied upon when making investment decisions. These statements only speak as at the date of this Announcement and no representation is made by ANZ, the underwriters and their respective advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents as to their correctness on or after this date. Forward-looking statements constitute "forward-looking statements" for the purposes of the United States Private Securities Litigation Reform Act of 1995.

To the maximum extent permitted by law, ANZ, the underwriters and each of their respective advisors, affiliates, related bodies corporate, and each of their respective directors, officers, partners, employees and agents ("Extended Parties") disclaim any responsibility for the accuracy or completeness of any statement in this announcement, including forward-looking statements, whether as a result of new information, future events or results or otherwise. To the maximum extent permitted by law, each of ANZ and the underwriters and their Extended Parties disclaim any responsibility to update or revise any forward-looking statement to reflect any change in ANZ's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by Australian law.

This Announcement is not a prospectus or offering document under Australian law or under any other law. No action has been or will be taken to register, qualify or otherwise permit a public offering of the New Shares in any jurisdiction outside Australia and New Zealand. This Announcement is for information purposes only and does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any New Shares in ANZ.

In particular, this Announcement does not constitute an offer to sell, or a solicitation of any offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States. None of the ANZ securities to be issued in the capital raising have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the ANZ securities to be issued in the Entitlement Offer may not be offered or sold, directly or indirectly, to any person in the United States or any person that is acting for the account or benefit of a person in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States. In the Retail Entitlement Offer, the entitlements may only be purchased, traded, taken up or exercised, and the New Shares may only be offered or sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act. The release, publication or distribution of this Announcement (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Announcement, you should observe such restrictions and should seek your own advice on such restrictions. In particular, this Announcement may not be released or distributed in the United States.