

News Release

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

ANZ today 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 portfolios¹.

The impact is equivalent to a 20 basis point reduction in ANZ's Level 2 Common Equity Tier 1 (CET1) capital ratio². 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 the ADI excluding subsidiaries; Level 2 is the Group including banking subsidiaries.

As of the 30th June 2019, ANZ'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 and the implementation of the revised Counterparty Credit Risk (SA-CCR) prudential standard, ANZ's Level 2 CET1 ratio is 11.3%.

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¹ As noted in ANZ Bank New Zealand Limited Registered Bank Disclosure Statement released in May 2019.

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