

U.S. Investor Website Update

For release: August 13, 2019

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

On July 29, 2019, ANZ 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 portfolios.

The impact is equivalent to a 20 basis point reduction in the Group's Level 2 Common Equity Tier 1 ("CET1") capital ratio as at June 30, 2019¹. The changes are effective September 30, 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 March 31, 2019.

Level 1 is ANZ on a stand-alone ADI basis excluding subsidiaries; Level 2 is the Group including ANZ and its banking subsidiaries.

As of June 30, 2019, the Group'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 requirements and the implementation of the revised counterparty credit risk (SA-CCR) prudential standard, the Group's Level 2 CET1 ratio is 11.3% as at June 30, 2019.

¹ The new floors result in risk weights for New Zealand mortgages being broadly consistent with Australian mortgages.