



U.S. Investor Website Update

ANZ comments on APRA capital changes for banks using internal ratings-based approach

On July 20, 2015 ANZ commented on the changes announced by the Australian Prudential Regulation Authority (APRA) to capital requirements for banks (including ANZ) using the internal ratings-based approach to credit risk.

As part of the APRA changes, from July 1, 2016 the average credit risk weight applied to Australian residential mortgage lending for ANZ will increase from approximately 15% to approximately 25%.

Based on ANZ's March 31, 2015 Financial Report, the APRA change in average credit risk weights to 25% will require ANZ to allocate approximately AU\$2.3 billion of additional capital to the bank's Australian mortgage lending book.

The impact to ANZ's capital position of approximately 55 basis points is largely as expected following the Financial System Inquiry and is expected to be manageable during the APRA transition timetable to July 1, 2016.