



U.S. Investor Website Update

December 21, 2018

ANZ comments on RBNZ Capital Review Consultation Paper

On December 14, 2018, ANZ commented on a consultation paper titled "Capital Review Paper 4" released by the Reserve Bank of New Zealand ("**RBNZ**") on that day. This consultation paper relates to possible additional RBNZ capital requirements in relation to ANZ's New Zealand assets. These are separate to the Group's capital measurement and minimum requirements set by APRA. Responses are due on March, 29 2019.

The consultation paper refers to a proposed implementation period of five years and sets out:

- Potential increases in the risk weighting applied to the assets of banks in New Zealand; and
- Potential increases to the percentage of capital held against those risk weights in New Zealand.

ANZ has a number of questions and comments in relation to the consultation paper. ANZ will engage with RBNZ and APRA on these throughout the consultation period.

Based on the potential changes set out in the consultation paper, and ANZ Bank New Zealand Limited's ("**ANZ New Zealand**") balance sheet as at September 30, 2018, the changes imply a potential capital increase in New Zealand of NZ\$6 billion to NZ\$8 billion (A\$5.7 billion to A\$7.7 billion¹). ANZ New Zealand currently has approximately NZ\$12 billion of Tier 1 capital (A\$11.3 billion¹).

The overall impact on the Group depends on a number of factors. These include the outcome of the consultation, ANZ New Zealand's balance sheet at the time of implementation, and the outcome of other reviews currently underway by APRA.

Therefore, it remains too early to determine the extent to which this could impact the capital levels held by the Group. The Group's Common Equity Tier 1 Capital Ratio at September 30, 2018 was 11.4 per cent which is approximately A\$3.7 billion above the APRA stated unquestionably strong level of 10.5 per cent.

Footnote: 1. FX rate of 1.05 AUD/NZD