

News Release

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ANZ comments on APRA capital discussion paper

ANZ today noted the release of the Australian Prudential Regulation Authority's (APRA) discussion paper on revisions to capital requirements and confirmed ANZ's APRA CET1 position of 10.8% as at December 2017 is already in compliance with APRA's existing Unquestionably Strong requirements.

The paper outlines proposed changes to the capital framework following the finalisation of the Basel III reforms in December 2017 and changes to its risk framework, with APRA's implementation timetable extending to 2021.

ANZ will continue to consult with APRA to fully understand the impact of the proposed changes. APRA has confirmed that if the proposed changes result in an overall increase in risk weighted assets, it will reduce the capital ratio benchmark of 10.5% flagged in July 2017.

ANZ's current capital ratio of 10.8% includes the proceeds of the sale of Shanghai Rural Commercial Bank and a small benefit of the sale of its Asian retail and wealth businesses. Further benefits will be achieved following completion of other asset sales, including the sale of the Australian wealth businesses.

APRA has also proposed a minimum leverage ratio requirement of 4% for Internal Ratings-Based (IRB) banks and changes to the leverage ratio exposure measure calculations for implementation by 1 July 2019. ANZ's leverage ratio at December 2017 is 5.5%.

ANZ's previously announced buy-back up to \$1.5 billion of shares on-market relating to the sale of ANZ's 20% stake in Shanghai Rural Commercial Bank remains ongoing.

ANZ Chief Financial Officer Michelle Jablko said: "The divestment of non-core businesses should continue to provide ANZ with the flexibility to consider further capital management initiatives in the future. Further initiatives will be considered once we receive the proceeds of our announced sales and will remain subject to business conditions and regulatory approval."

For media enquiries contact:

Stephen Ries, +61-409-655-551

For investor queries contact:

Cameron Davis, +61-421-613-819