

News Release

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ANZ release Pillar 3 for June quarter

ANZ today provided an update on credit quality, capital and Australian housing mortgage flows as part of the scheduled release of its Pillar 3 disclosure statement for quarter ending 30 June 2019 and associated chart pack.

Total provision charge of \$209m for the June quarter remained broadly flat compared with the 1H19 quarterly average, while the individual provision increased \$68m to \$258m. Total loss rate was 13bp (consistent with the 1H19 loss rate of 13bp).

Group Common Equity Tier 1 ratio (APRA Level 2) was 11.8% at the end of June 2019, a ~30bp increase for the June quarter. On a pro-forma basis, inclusive of announced divestments and the recently announced capital changes, ANZ's Level 2 CET1 ratio is 11.5%¹.

As indicated at ANZ's first half result presentation, expectation was for home loan volumes in Australia to decline during the June quarter, with Owner Occupied down 0.2% and Investor down 1.8% (June 2019 compared with March 2019).

Home loan applications improved in July 2019 with actions taken in recent months to clarify credit policy and reduce approval turnaround times having a positive impact.

Commenting on home loan application volumes, ANZ Group Executive Australia Retail & Commercial Mark Hand said: "We have taken action to give our customers greater certainty by improving turnaround times and providing greater clarity to our bankers, mobile lenders and mortgage brokers about our lending policies.

"We are seeing an increase in application volumes following the policy and process changes, the next stage is to maintain that and see it translate into settlements over the coming months," Mr Hand said.

For media enquiries contact:

Stephen Ries, +61 409 655 551

¹ Taking into consideration RWA impacts from APRA RWA floor on New Zealand mortgage and farm lending portfolio (~-20bp), APRA Counterparty Credit Risk (SA-CCR) changes (~-15bp), APRA operational risk capital changes (-18bp) and announced divestments (OnePath P&I, Cambodia JV and PNG Retail, Commercial and SME business) (~20bp)