

News Release

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APRA to apply additional operational risk capital requirement

APRA has advised ANZ that it will require an additional capital overlay of \$500 million¹ for operational risk following APRA's recent report on Australian banks' self-assessments into governance, culture and accountability.

This represents an 18 basis point impact on ANZ's Common Equity Tier 1 (CET1) capital ratio². The increased capital requirement is effective from 30 September 2019.

APRA notes that the overlay will apply until ANZ has effectively completed the planned uplift in non-financial risk management as outlined in ANZ's Self-Assessment Roadmap.

Separately, as previously announced by APRA, the revisions to the measurement of counterparty credit risk (SA-CCR) commenced on 1 July 2019. ANZ estimates that these changes will result in an increase in risk weighted assets, equivalent to approximately 15 basis points of CET1 capital.

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1 The impact on risk weighted assets is \$500 million multiplied by 12.5 as per APRA's prudential standards. Consequently, the actual impact on capital will vary depending on ANZ's capital ratio at the time.

2 Based on ANZ's capital position as at 31 March 2019.