

## **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 million<sup>1</sup> 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 ratio<sup>2</sup>. 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.

## For media enquiries contact:

Stephen Ries Tel: +61 409 655 551

## For analyst enquiries contact:

Cameron Davis Tel: +61 421 613 819

<sup>1</sup> 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.

<sup>2</sup> Based on ANZ's capital position as at 31 March 2019.