

# U.S. Investor Website Update

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## **APRA to apply additional operational risk capital requirement**

On July 11, 2019, ANZ announced that the Australian Prudential Regulation Authority (“APRA”) has advised ANZ that it will require an additional capital overlay of A\$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 the Group’s Common Equity Tier 1 (“CET1”) capital ratio<sup>2</sup>. The increased capital requirement is effective from September 30, 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 July 1, 2019. ANZ estimates that these changes will result in an increase in risk weighted assets for the Group, equivalent to approximately 15 basis points of CET1 capital<sup>2</sup>.

1. The impact on risk weighted assets is A\$500 million multiplied by 12.5 as per APRA’s prudential standards. Consequently, the actual impact on capital will vary depending on the Group’s capital ratio at the time.
2. Based on the Group’s capital position as at 31 March 2019.