



## Exchange announcement

5 December 2019

### BNZ notes RBNZ capital framework

The Reserve Bank of New Zealand (**RBNZ**) today released its final policy decisions, which aim to strengthen the New Zealand banking system and further protect depositors by reducing the likelihood of bank failures.

Bank of New Zealand (**BNZ**) notes the following statements made by BNZ's ultimate parent, National Australia Bank, on ASX:

“The final capital requirements include:

- An increase to risk-weighted assets (RWA) for internal ratings based banks such as NAB's New Zealand subsidiary, Bank of New Zealand (BNZ) to approximately 90% of what would be calculated under the standardised approach;
- An increase in the Common Equity Tier 1 capital requirement equal to 13.5 per cent of RWA for banks deemed systemically important (which includes BNZ);
- An increase in the Tier 1 capital requirement equal to 16 per cent of RWA for banks deemed systemically important; and
- An increase in the Total Capital requirement equal to 18 per cent of RWA for banks deemed systemically important.

The RBNZ has confirmed the changes will take effect from 1 July 2020 and banks will be given up to 7 years to comply.

The RBNZ's final decisions are broadly consistent with the RBNZ's initial proposals which were released in December 2018.

Based on BNZ's balance sheet as at 30 September 2019, the changes represent a Common Equity Tier 1 capital increase of NZ\$3-4bn for BNZ by 1 July 2027.”

## Ends

For further information, please contact:

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