

Regulatory capital reforms impacting Australian banks

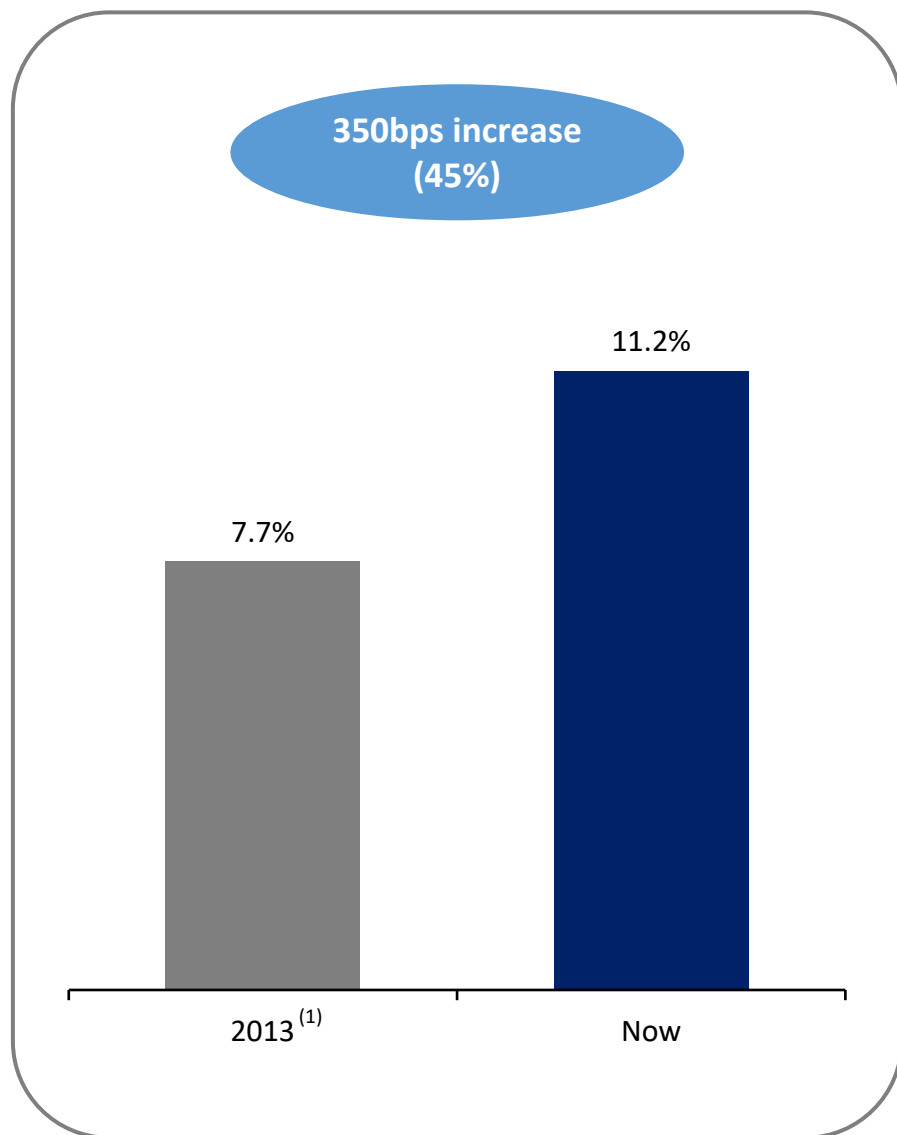
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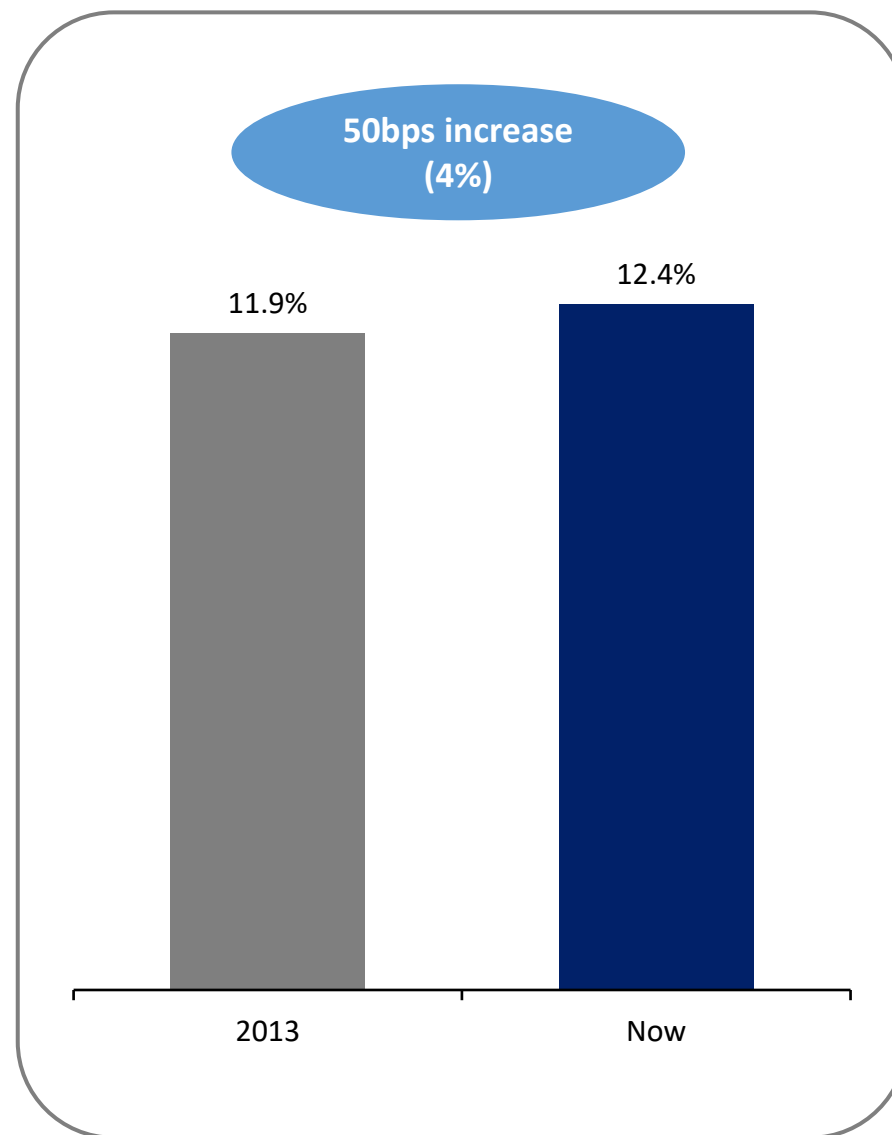
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Historical snapshot: Australian banks' CET1 ratios

Major banks



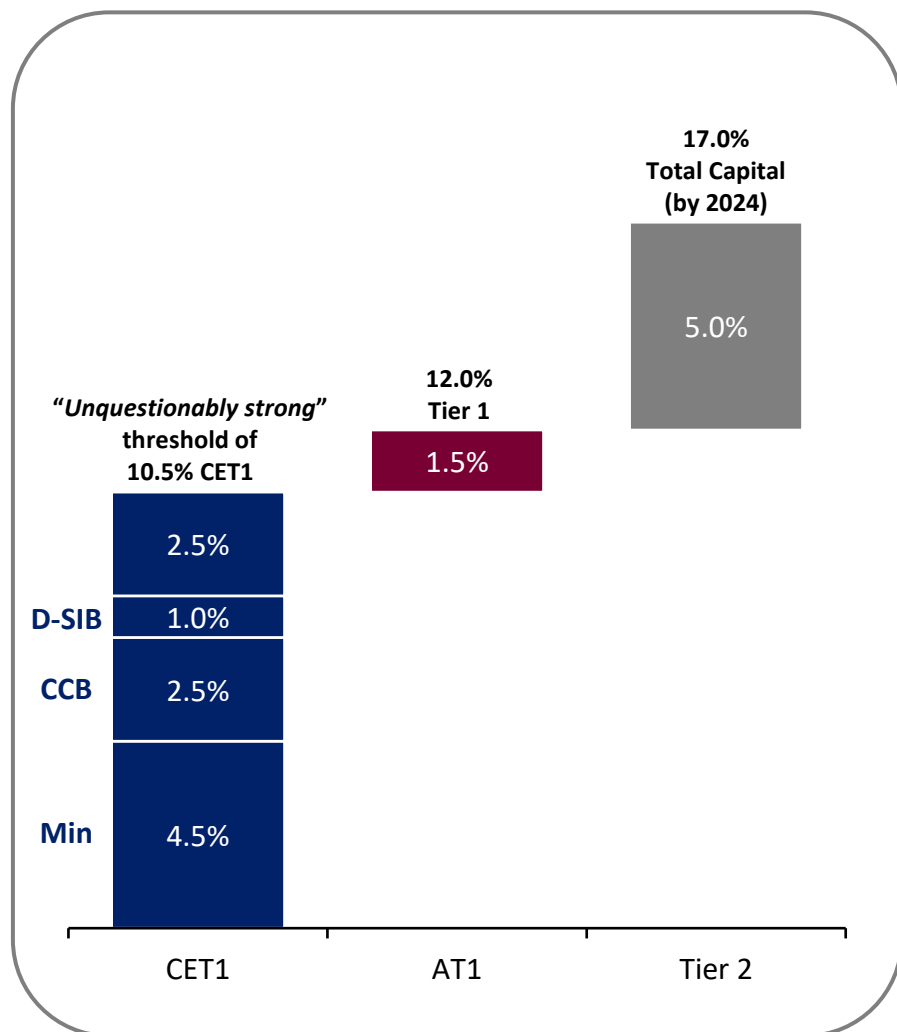
10 largest Standardised banks



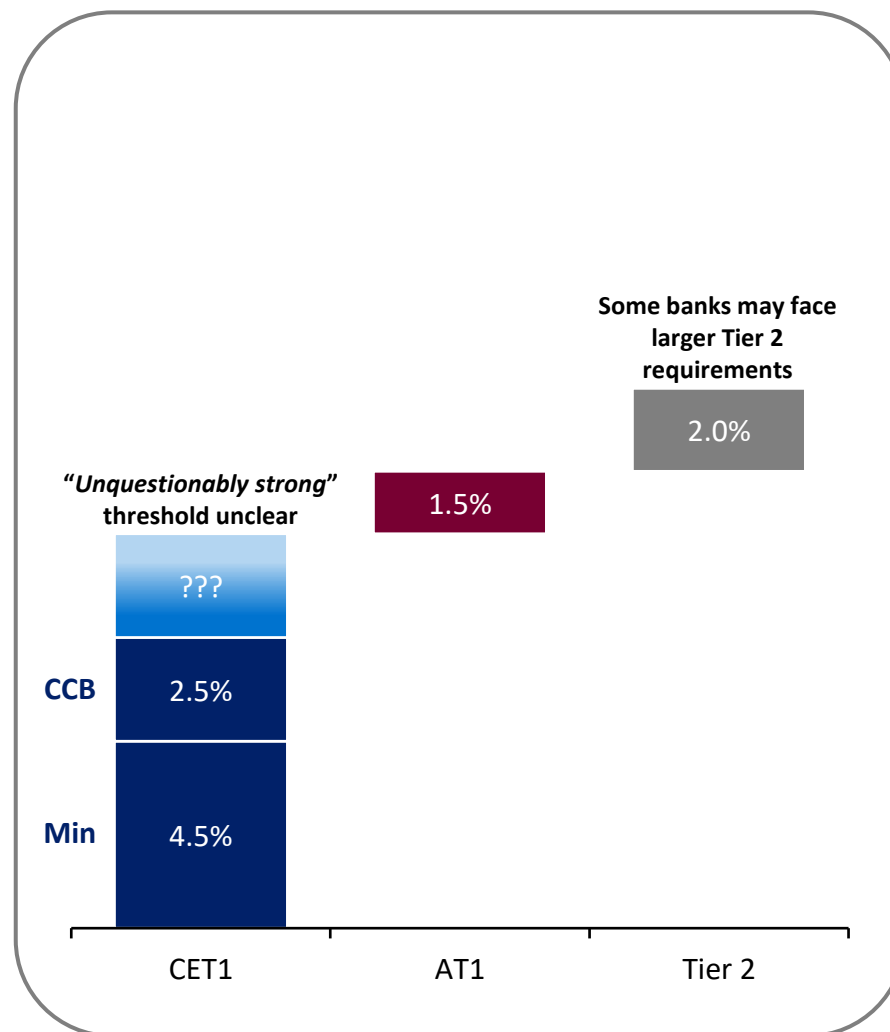
(1) 2013 CET1 ratio for the major banks reduced to account for the change in RWA that APRA implemented in 2016 to increase the risk-weightings for IRB mortgages

Australian banks' capital requirements

Major banks

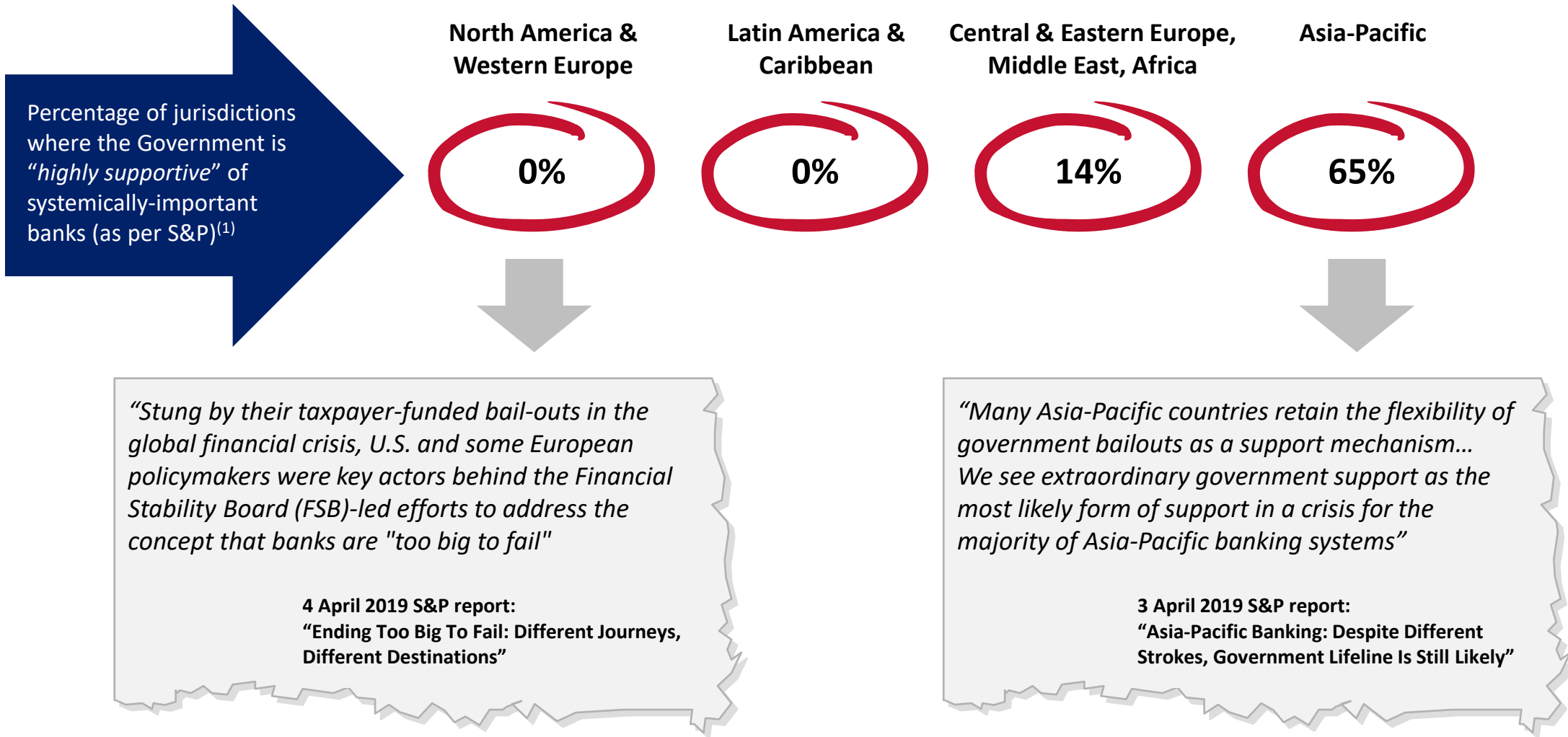


Standardised banks



Ongoing reforms to APRA's bank capital framework might change all of the above

S&P's assessment of Government-support for large banks



(1) S&P report from 3 April 2019 titled "Asia-Pacific Banking: Despite Different Strokes, Government Lifeline Is Still Likely"

New Zealand bank capital requirements

“We are significantly increasing the capital buffer we require banks to have...

***The actual amount of high-quality capital in the banking system will increase by around 50 percent.** In practice, actual changes to the amount they have will vary for each bank...*

The levels of bank capital we are moving to are conservative compared to other countries, but not extreme. We think this is needed to reflect the risk profile of New Zealand”

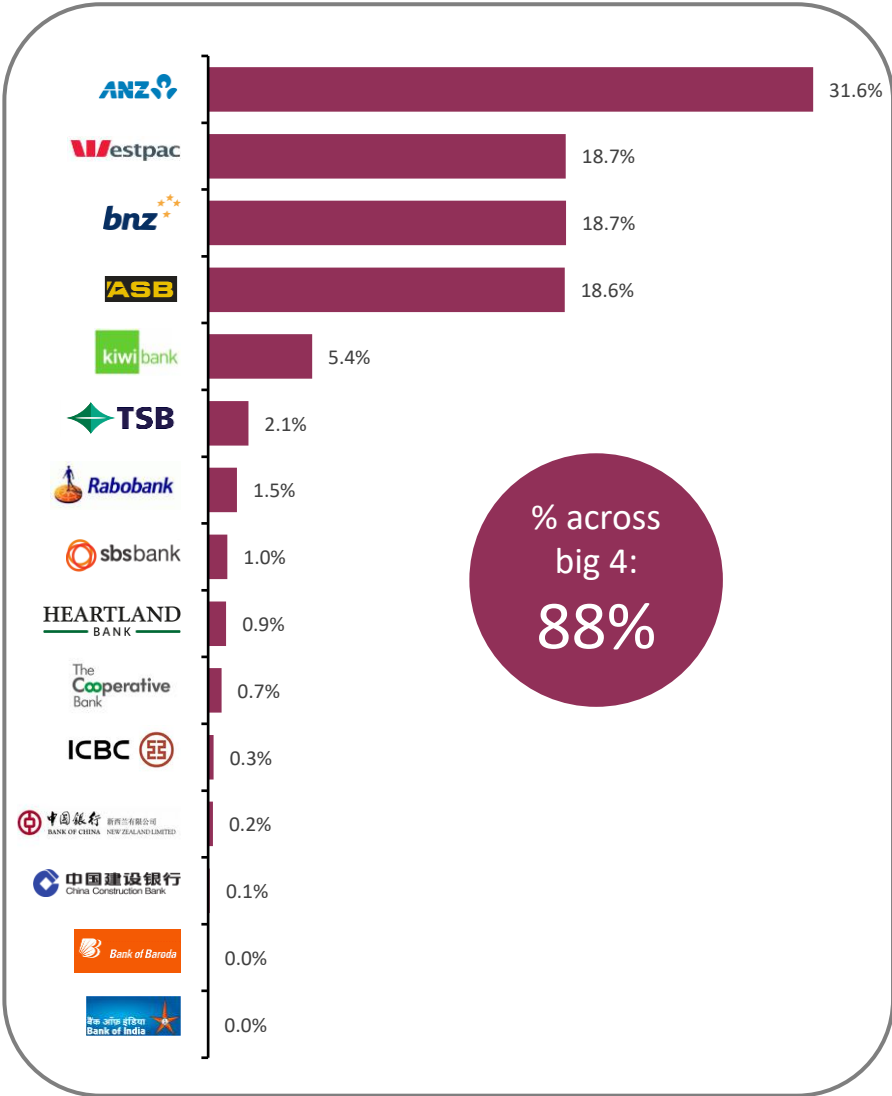
RBNZ Capital Review (5 Dec 2019)

New Zealand banks: Market share

Loans

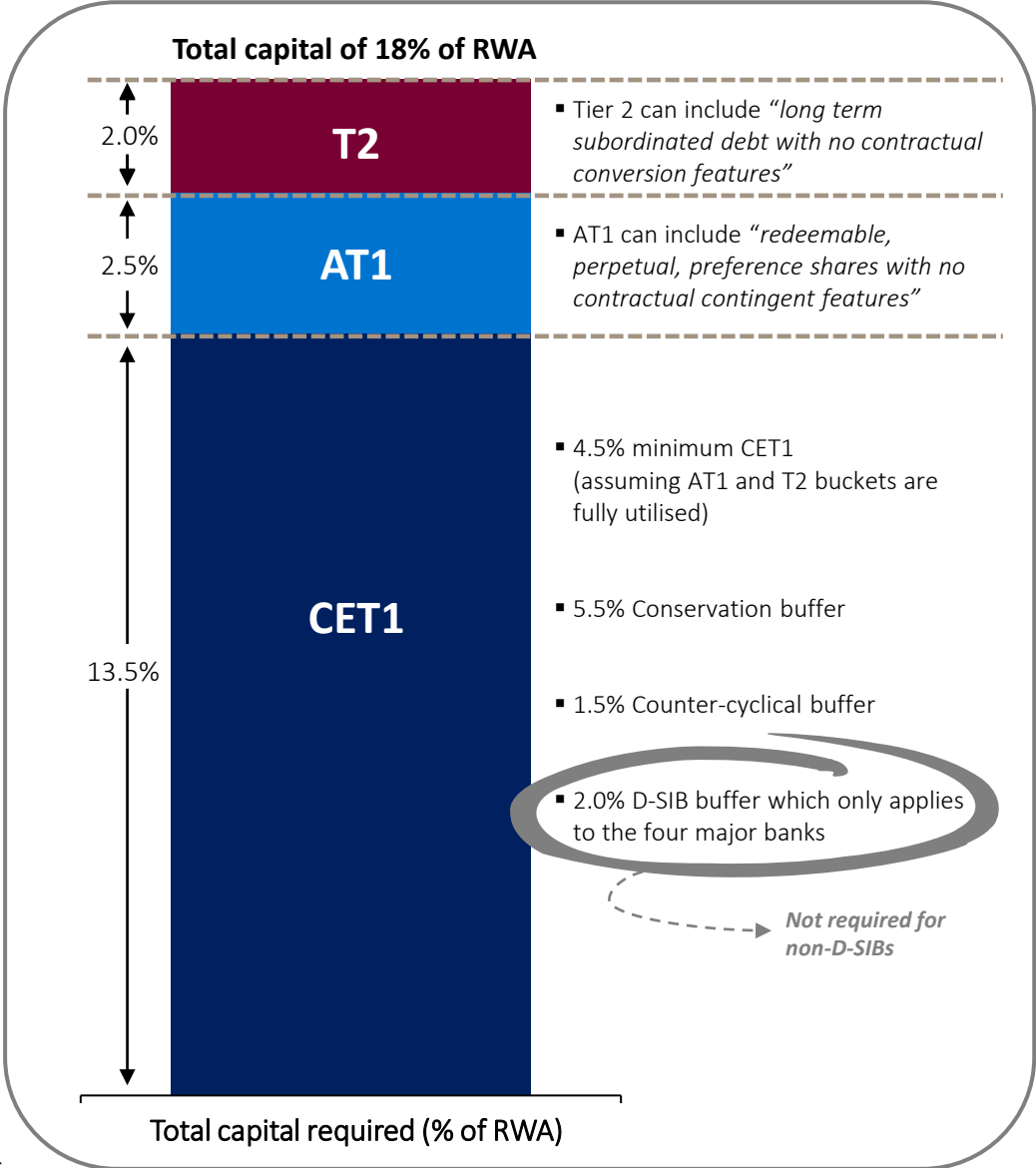


Deposits

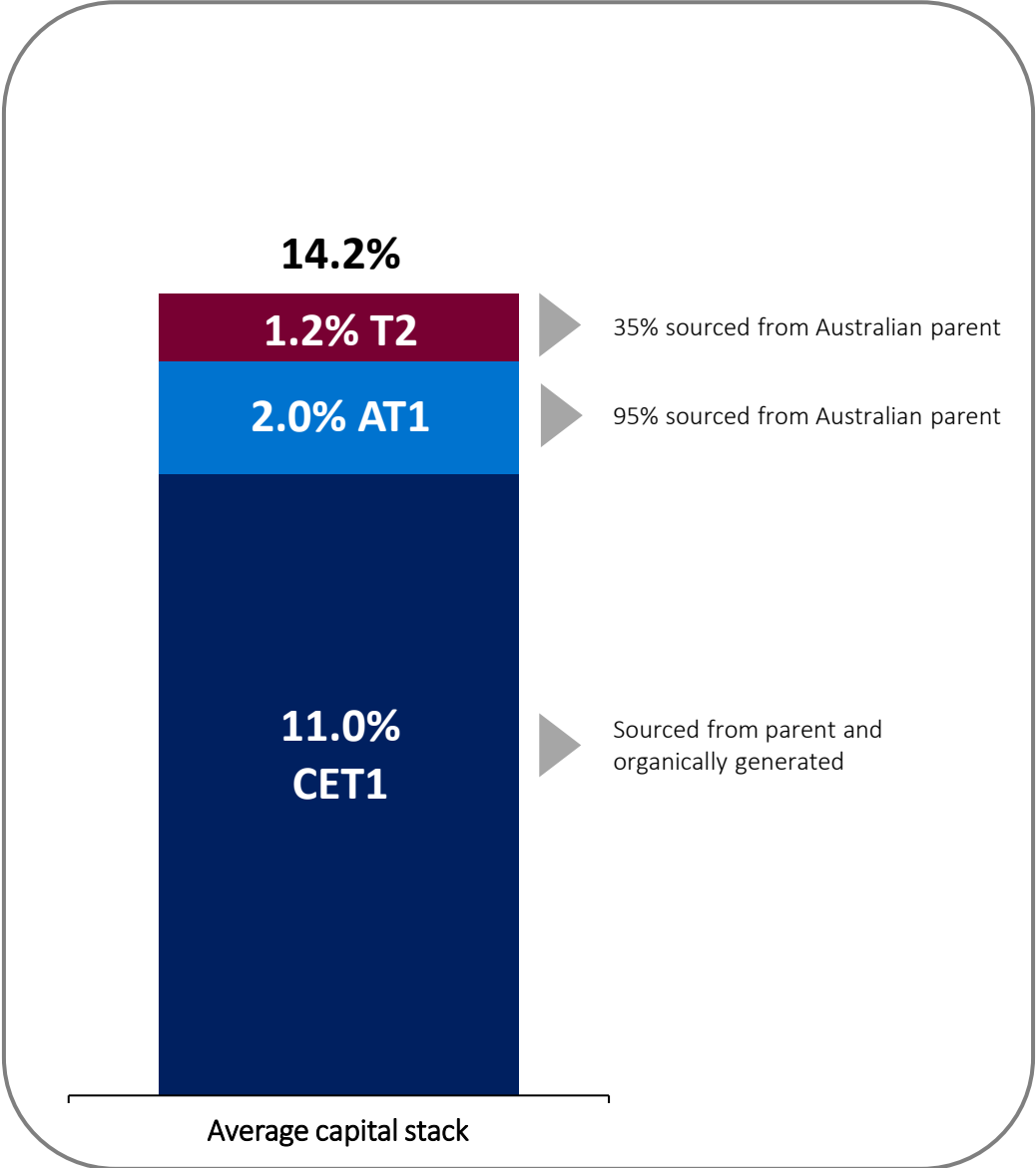


New Zealand bank capital requirements

Capital requirements for systematically important banks (four major banks)

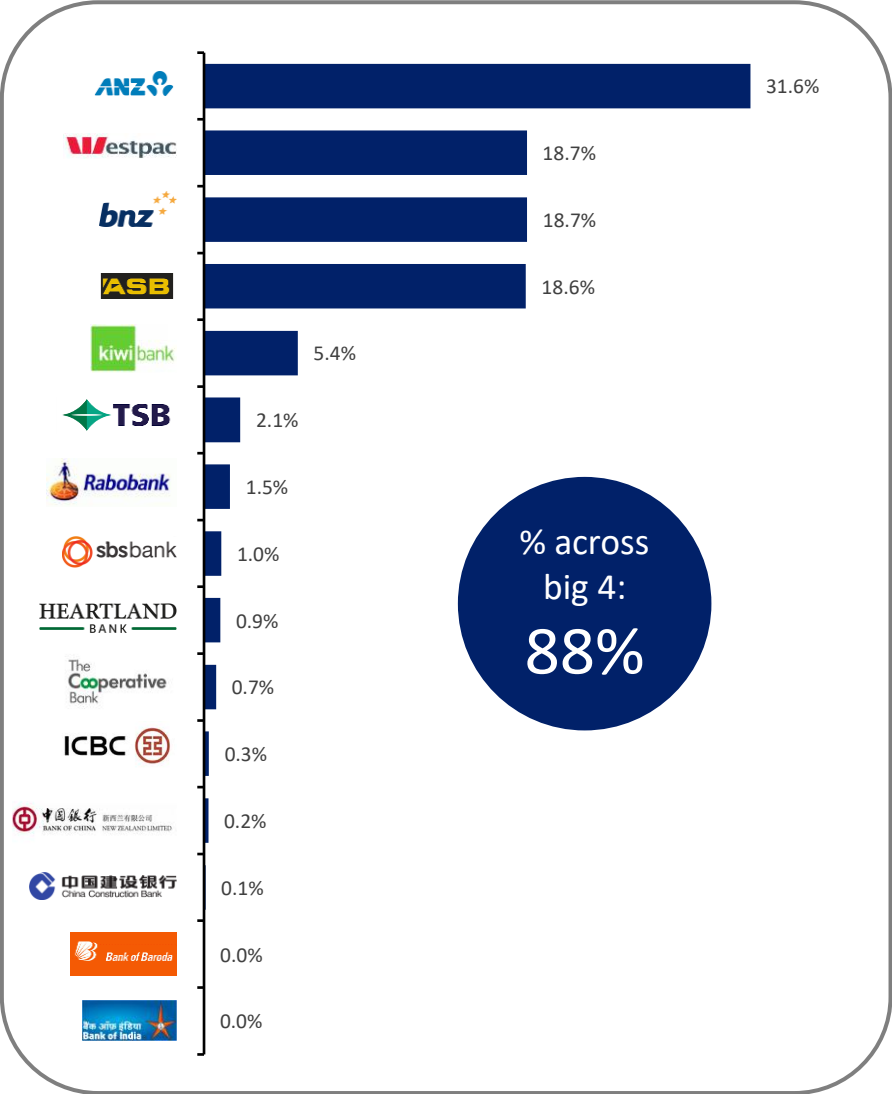


Existing capital stack of New Zealand major banks



New Zealand banks' profitability

Market share of deposits



Return on equity (from March 2018 to September 2019)

