News Release

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Operational Risk Capital non-compliance

During a review in April 2019, ANZ New Zealand discovered it wasn’t using an approved model for the calculation of its operational risk capital (ORC).

Once the mistake was discovered, ANZ New Zealand promptly escalated the matter to its Board and reported the issue to the Reserve Bank of New Zealand (RBNZ).

In December 2014, the calculation of ORC was changed to be based on a final run of a previous model (that was decommissioned without RBNZ approval), with an annual adjustment to reflect the growth of the ANZ’s business.

While isolated, and with no impact on customers or the operation of the bank, ANZ New Zealand is disappointed this error occurred.

ANZ New Zealand, its Board and its management takes the attestation regime very seriously. While ANZ believes it has appropriate controls and attestation processes in place, it will work with the RBNZ in its assessment of those controls and processes.

ANZ New Zealand accepts the RBNZ’s decision that the ORC model to be used from now will be based on the RBNZ’s “standardised approach”. This approach means that as at 31 March 2019, ANZ New Zealand’s ORC requirement increased by $277 million, and its capital ratios have decreased by 0.4% for common equity tier 1 capital and 0.6% for total capital.

At 31 March 2019, ANZ New Zealand’s total capital was $12.46 billion.

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